

General Assembly of the International Union of Pure and Applied Physics;

(2) encourages the people of the United States to observe the World Year of Physics as a special occasion for giving impetus to—

(A) education and research in physics; and  
(B) the public's understanding of physics;

(3) calls on the Secretary of Energy to lead and coordinate Federal activities to commemorate the World Year of Physics;

(4) encourages the Secretary, all science-related organizations, the private sector, and the media to highlight and give enhanced recognition to—

(A) the role of physics in social, cultural, and economic development; and

(B) the positive impact and contributions of physics to society; and

(5) encourages the Secretary and all people involved in physics education and research to take additional steps (including strengthening existing and emerging fields of physics research and promoting the understanding of physics) to ensure that—

(A) support for physics continues; and

(B) physics studies at all levels continue to attract an adequate number of students.

#### AMENDMENTS SUBMITTED AND PROPOSED

SA 3555. Mrs. BOXER (for herself, Mr. KENNEDY, Mr. BYRD, Ms. MIKULSKI, Mrs. CLINTON, Mr. LIEBERMAN, Mr. LEVIN, Mr. FEINGOLD, Mr. CORZINE, Mr. SCHUMER, Mr. LEAHY, and Mr. WYDEN) submitted an amendment intended to be proposed by her to the bill S. 2062, to amend the procedures that apply to consideration of interstate class actions to assure fairer outcomes for class members and defendants, and for other purposes; which was ordered to lie on the table.

SA 3556. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill S. 2062, supra; which was ordered to lie on the table.

SA 3557. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill S. 2062, supra; which was ordered to lie on the table.

SA 3558. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill S. 2062, supra; which was ordered to lie on the table.

SA 3559. Mr. ENSIGN (for himself, Mr. SUNUNU, and Mr. ALLEN) submitted an amendment intended to be proposed by him to the bill S. 2062, supra; which was ordered to lie on the table.

SA 3560. Mr. KENNEDY (for himself, Mr. CORZINE, Ms. MIKULSKI, Ms. CANTWELL, Mrs. MURRAY, and Mr. AKAKA) submitted an amendment intended to be proposed by him to the bill S. 2062, supra; which was ordered to lie on the table.

SA 3561. Mr. ENZI submitted an amendment intended to be proposed by him to the bill S. 2062, supra; which was ordered to lie on the table.

#### TEXT OF AMENDMENTS

SA 3555. Mrs. BOXER (for herself, Mr. KENNEDY, Mr. BYRD, Ms. MIKULSKI, Mrs. CLINTON, Mr. LIEBERMAN, Mr. LEVIN, Mr. FEINGOLD, Mr. CORZINE, Mr. SCHUMER, Mr. LEAHY, and Mr. WYDEN) submitted an amendment intended to be proposed by her to the bill S. 2062, to amend the procedures that apply to consideration of interstate class actions to assure fairer outcomes for class members and defendants, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

#### SEC. . . . FAIR MINIMUM WAGE.

(a) SHORT TITLE.—This section may be cited as the “Fair Minimum Wage Act of 2004”.

(b) INCREASE IN THE MINIMUM WAGE.—

(1) IN GENERAL.—Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

“(1) except as otherwise provided in this section, not less than—

“(A) \$5.85 an hour, beginning on the 60th day after the date of enactment of the Fair Minimum Wage Act of 2004;

“(B) \$6.45 an hour, beginning 12 months after that 60th day; and

“(C) \$7.00 an hour, beginning 24 months after that 60th day;”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect 60 days after the date of enactment of this Act.

(c) APPLICABILITY OF MINIMUM WAGE TO THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.—

(1) IN GENERAL.—Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

(2) TRANSITION.—Notwithstanding paragraph (1), the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall be—

(A) \$3.55 an hour, beginning on the 60th day after the date of enactment of this Act; and

(B) increased by \$0.50 an hour (or such lesser amount as may be necessary to equal the minimum wage under section 6(a)(1) of such Act), beginning 6 months after the date of enactment of this Act and every 6 months thereafter until the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under this subsection is equal to the minimum wage set forth in such section.

SA 3556. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill S. 2062, to amend the procedures that apply to consideration of interstate class actions to assure fairer outcomes for class members and defendants, and for other purposes; which was ordered to lie on the table; as follows:

On page 21, lines 1 and 2, after “defendant” insert “or by the court sua sponte”.

On page 21, line 9, strike “solely”.

SA 3557. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill S. 2062, to amend the procedures that apply to consideration of interstate class actions to assure fairer outcomes for class members and defendants, and for other purposes; which was ordered to lie on the table; as follows:

On page 18, line 7, strike “or”.

On page 18, line 8, insert “over a class action in which” after “(B)”.

On page 18, line 11, strike the period and insert “; or”.

On page 18, between lines 11 and 12, insert the following:

“(C) except for a class action in which any member of a proposed plaintiff class is a citizen of a State different from any defendant, over a class action in which—

“(i) the alleged harm that resulted in injuries to the person or risk to the person's life occurred in the State in which the action is filed;

“(ii) the products, goods, or services responsible for causing the injuries to the person or risk to the person's life were sold, marketed, distributed, purchased, or obtained in the State in which the action is filed;

“(iii) the time the alleged harm occurred, all the plaintiff class members were citizens of the State in which the action is filed;

“(iv) the time the alleged harm occurred, the defendant was registered to do business in the State in which the action is filed; and

“(v) the claims asserted allege violations of State law.

SA 3558. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill S. 2062, to amend the procedures that apply to consideration of interstate class actions to assure fairer outcomes for class members and defendants, and for other purposes; which was ordered to lie on the table; as follows:

On page 26, strike line 21 and insert the following:

#### SEC. 9. EXCLUDED ACTIONS.

(a) IN GENERAL.—This Act, and the amendments made by this Act, shall not apply to any civil action relating to a tobacco product.

(b) DEFINED TERM.—As used in this section, the term “tobacco product” means—

(1) a cigarette, as defined in section 3 of the Federal Cigarette Labeling and Advertising Act (15 U.S.C. 1332);

(2) a little cigar, as defined in section 3 of the Federal Cigarette Labeling and Advertising Act (15 U.S.C. 1332);

(3) a cigar, as defined in section 5702(a) of the Internal Revenue Code of 1986;

(4) pipe tobacco;

(5) loose rolling tobacco and papers used to contain that tobacco;

(6) a product referred to as smokeless tobacco, as defined in section 9 of the Comprehensive Smokeless Tobacco Health Education Act of 1986 (15 U.S.C. 4408); and

(7) any other form of tobacco intended for human consumption.

#### SEC. 10. EFFECTIVE DATE.

SA 3559. Mr. ENSIGN (for himself, Mr. SUNUNU, and Mr. ALLEN) submitted an amendment intended to be proposed by him to the bill S. 2062, to amend the procedures that apply to consideration of interstate class actions to assure fairer outcomes for class members and defendants, and for other purposes; which was ordered to lie on the table; as follows:

On page 26, line 23, strike “commenced” and insert “in which the entry of a class certification order (as defined in section 1332(d)(1)(C) of title 28, United States Code) occurs”.

SA 3560. Mr. KENNEDY (for himself, Mr. CORZINE, Ms. MIKULSKI, Ms. CANTWELL, Mrs. MURRAY, and Mr. AKAKA) submitted an amendment intended to be proposed by him to the bill S. 2062, to amend the procedures that apply to consideration of interstate class actions to assure fairer outcomes for class members and defendants, and for other purposes; which was ordered to lie on the table; as follows:

On page 15, strike lines 3 through 7, and insert the following:

“(B) the term ‘class action’—

“(i) means any civil action filed under rule 23 of the Federal Rules of Civil Procedure or

similar State statute or rule of judicial procedure authorizing an action to be brought by 1 or more representative persons as a class action; and

“(ii) does not include—

“(I) any class action brought under a State civil rights law prohibiting discrimination on the basis of race, color, religion, sex, national origin, age, disability, or other classification specified in that law; or

“(II) any class action or collective action brought to obtain relief under State law for failure to pay the minimum wage, overtime pay, or wages for all time worked, failure to provide rest or meal breaks, or unlawful use of child labor;”

**SA 3561.** Mr. ENZI submitted an amendment intended to be proposed by him to the bill S. 2062, to amend the procedures that apply to consideration of interstate class actions to assure fairer outcomes for class members and defendants, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**DIVISION —WORKFORCE  
REINVESTMENT AND ADULT EDUCATION**

**SEC. 1. SHORT TITLE.**

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

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

The table of contents for this division is as follows:

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

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

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

**TITLE II—ADULT EDUCATION**

**PART A—ADULT BASIC SKILLS AND FAMILY  
LITERACY EDUCATION**

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

**PART B—NATIONAL INSTITUTE FOR LITERACY**

- Sec. 211. Short title; purpose.
- Sec. 212. Establishment.

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

**PART C—GENERAL PROVISIONS**

- Sec. 241. Transition.

**TITLE III—AMENDMENTS TO THE  
WAGNER-PEYSER ACT**

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

**TITLE IV—AMENDMENTS TO THE  
REHABILITATION ACT OF 1973**

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

**TITLE V—TRANSITION AND EFFECTIVE  
DATE**

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

**SEC. 3. REFERENCES.**

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

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

**SEC. 101. DEFINITIONS.**

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

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

(2) by striking paragraph (13) and redesignating paragraphs (1) through (12) as paragraphs (2) through (13) respectively;

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

“(1) ACCRUED EXPENDITURES.—The term ‘accrued expenditures’ includes the sum of actual cash disbursements for direct charges for goods and services, the net increase or decrease in the amounts owed by recipients, goods and other property received for services performed by employees, contractors, subgrantees, or other payees, and other amounts becoming owned for which no current service or performance is required.”;

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

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

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

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

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

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

**SEC. 102. PURPOSE.**

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

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

(a) MEMBERSHIP.—

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

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

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

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

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

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

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

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

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

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

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

“(iv) chief elected officials (representing both cities and counties, where appropriate);

“(v) representatives of labor organizations, who have been nominated by State labor federations; and

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

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

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

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

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

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

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

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

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

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

performance of, one-stop delivery systems within the State;"

(2) in paragraph (4), by inserting "and the development of State criteria relating to the appointment and certification of local boards under section 117" after "section 116";

(3) in paragraph (5), by striking "sections 128(b)(3)(B) and 133(b)(3)(B)" and inserting "sections 128(b)(3) and 133(b)(3)"; and

(4) in paragraph (9), by striking "section 503" and inserting "section 136(i)".

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

"(e) **AUTHORITY TO HIRE STAFF.**—The State board may hire staff to assist in carrying out the functions described in subsection (d)."

#### SEC. 104. STATE PLAN.

(a) **PLANNING CYCLE.**—Section 112(a) (29 U.S.C. 2822(a)) is amended by striking "5-year strategy" and inserting "2-year strategy".

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

(1) in clause (iii) by striking "and";

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

"(iv) how the State will serve the employment and training needs of dislocated workers (including displaced homemakers and formerly self-employed and transitioning farmers, ranchers, and fisherman) low income individuals (including recipients of public assistance), homeless individuals, ex-offenders, individuals training for nontraditional employment, and other individuals with multiple barriers to employment (including older individuals);"; and

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

"(v) how the State will serve the employment and training needs of individuals with disabilities, consistent with section 188 and Executive Order 13217 (relating to community-based alternatives for individuals with disabilities) including the provision of outreach, intake, assessments, and service delivery, the development of performance measures, and the training of staff; and"

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

#### SEC. 105. LOCAL WORKFORCE INVESTMENT AREAS.

(a) **DESIGNATION OF AREAS.**—

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

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

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

"(2) **AUTOMATIC DESIGNATION.**—

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

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

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

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

"(B) **CONTINUED DESIGNATION BASED ON PERFORMANCE.**—The Governor may deny a request for designation submitted pursuant to subparagraph (A) if such unit of government was designated as a local area for the preceding 2-year period covered by a State plan

and the Governor determines that such local area did not perform successfully during such period."

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

#### SEC. 106. LOCAL WORKFORCE INVESTMENT BOARDS.

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

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

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

"(ii) superintendents of the local secondary school systems, administrators of entities providing adult education and literacy activities, and the presidents or chief executive officers of postsecondary educational institutions (including community colleges, where such entities exist);";

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

(4) by striking clause (vi).

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

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

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

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

(1) in paragraph (2)(B), by striking "local area" and all that follows and inserting "local area."; and

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

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

"(h) **ESTABLISHMENT OF COUNCILS.**—The local board may establish councils to provide information and advice to assist the local board in carrying out activities under this title. Such councils may include a council composed of one-stop partners to advise the local board on the operation of the one-stop delivery system, a youth council composed of experts and stakeholders in youth programs to advise the local board on activities for youth, and such other councils as the local board determines are appropriate."

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

#### SEC. 107. LOCAL PLAN.

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

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

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

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

(2) in paragraph (4), by striking "and dislocated worker".

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

(a) **ONE-STOP PARTNERS.**—

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

(A) in subparagraph (B)—

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

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

(iii) in clause (ix) (as so redesignated), by striking "and";

(iv) in clause (x) (as so redesignated), by striking the period and inserting "and"; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) in paragraph (1)(B)—

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

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

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

(D) in paragraph (1)(D)—

(i) by striking "section 121(b)" and inserting "subsection (b)"; and

(ii) by striking "and" at the end; and

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

“(E) shall provide access to the information described in section 15(e) of the Wagner-Peyser Act (29 U.S.C. 497-2(e)).”

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

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

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

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

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

“(h) ONE-STOP INFRASTRUCTURE FUNDING.—

“(1) PARTNER CONTRIBUTIONS.—

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

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

“(C) LIMITATIONS.—

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

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

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

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

served by such centers, and the performance of such centers.

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

“(i) OTHER FUNDS.—

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

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

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

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

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

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

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

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

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

“(b) CRITERIA.—

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

“(2) LIMITATION.—In carrying out the requirements of this subsection, no personally identifiable information regarding a student, including Social Security number, student identification number, or other identifier,

may be disclosed without the prior written consent of the parent or eligible student in compliance with section 444 of the General Education Provisions Act (20 U.S.C. 1232g).

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

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

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

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

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

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

Section 123 (29 U.S.C. 2843) is amended to read as follows:

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

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

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

**SEC. 111. YOUTH ACTIVITIES.**

(a) STATE ALLOTMENTS.—

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

“(a) ALLOTMENT AMONG STATES.—

“(1) YOUTH ACTIVITIES.—

“(A) YOUTH CHALLENGE GRANTS.—

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

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

“(B) OUTLYING AREAS AND NATIVE AMERICANS.—After determining the amount to be reserved under subparagraph (A), of the remainder of the amount appropriated under section 137(a) for each fiscal year the Secretary shall—

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

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

“(C) STATES.—

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

“(I) the amount of the remainder that is less than or equal to the total amount that was allotted to States for fiscal year 2003 under section 127(b)(1)(C) of this Act (as in effect on the day before the date of enactment of the Workforce Reinvestment and Adult Education Act of 2003) in accordance with the requirements of such section 127(b)(1)(C); and

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

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

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

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

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

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

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

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

“(A) ALLOTMENT PERCENTAGE.—The term ‘allotment percentage’, used with respect to fiscal year 2004 or a subsequent fiscal year, means a percentage of the remainder described in paragraph (1)(C)(i) that is received through an allotment made under this subsection for the fiscal year. The term, with respect to fiscal year 2003, means the percentage of the amounts allotted to States under this chapter (as in effect on the day before the date of enactment of the Workforce Reinvestment and Adult Education Act of 2003)

that is received by the State involved for fiscal year 2003.

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

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

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

(A) by striking subsection (b);

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

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

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

“(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unexpended balance, excluding accrued expenditures, at the end of such program year of the total amount of funds available to the State under this section during such program year (including amounts allotted to the State in prior program years that remain available during the program year for which the determination is made) exceeds 30 percent of such total amount.”;

(ii) in paragraph (3)—

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

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

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

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

(b) WITHIN STATE ALLOCATIONS.—

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

“(a) RESERVATION FOR STATEWIDE ACTIVITIES.—

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

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

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

“(b) WITHIN STATE ALLOCATION.—

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

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

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

“(2) ESTABLISHED FORMULA.—

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

“(i) 33 and  $\frac{1}{3}$  percent shall be allotted on the basis of the relative number of individ-

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

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

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

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

“(C) DEFINITIONS.—

“(i) ALLOCATION PERCENTAGE.—For purposes of this paragraph, the term ‘allocation percentage’, used with respect to fiscal year 2004 or a subsequent fiscal year, means a percentage of amount described in paragraph(1)(A) that is received through an allocation made under this paragraph for the fiscal year. The term, with respect to fiscal year 2003, means the percentage of the amounts allocated to local areas under this chapter (as in effect on the day before the date of enactment of the Workforce Investment Act Amendments of 2003) that is received by the local area involved for fiscal year 2003.

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

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

“(4) LOCAL ADMINISTRATIVE COST LIMIT.—

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

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

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

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

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

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

(C) by amending paragraph (3)—

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

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

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

(iv) by striking the last sentence; and

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

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

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

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

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

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

“(B) one or more of the following:

“(i) school dropouts;

“(ii) recipients of a secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities) who are deficient in basic skills;

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

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

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

“(I) Deficient in literacy skills.

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

“(III) Pregnant or parents.

“(IV) Offenders.

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

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

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

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

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

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

“(b) **STATEWIDE ACTIVITIES.**—

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

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

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

“(C) conducting evaluations under section 136(e) of activities authorized under this chapter and chapter 5 in coordination with

evaluations carried out by the Secretary under section 172, research, and demonstration projects;

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

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

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

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

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

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

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

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

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

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

(C) in subparagraph (C)—

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

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

“(i) activities leading to the attainment of a secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities);”;

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

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

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

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

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

(A) in subparagraph (A), by striking “secondary school, including dropout prevention strategies” and inserting “secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities), including dropout prevention strategies”;

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

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

(D) by adding at the end the following:

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

“(L) financial literacy skills.”.

(3) **ADDITIONAL REQUIREMENTS.**—Section 129(c)(3)(A) (29 U.S.C. 2854(c)(3)(A)) is amend-

ed in the matter preceding clause (i) by striking “or applicant who meets the minimum income criteria to be considered an eligible youth”;

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

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

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

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

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

## SEC. 112. COMPREHENSIVE PROGRAM FOR ADULTS.

(a) **TITLE OF CHAPTER 5.**—

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

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

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

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

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

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

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

(c) **STATE ALLOTMENTS.**—

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

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

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

“(A) not less than 75 percent shall be used for national dislocated worker grants under section 173;

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

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

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

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

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

“(1) **RESERVATION FOR OUTLYING AREAS.**—From the amount made available under subsection (a)(2) for a fiscal year, the Secretary shall reserve not more than ¼ of 1 percent to provide assistance to outlying areas to carry out employment and training activities for adults and statewide workforce investment activities.

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

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

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

“(3) **BASE FORMULA.**—

“(A) **FISCAL YEAR 2004.**—

“(i) **IN GENERAL.**—Subject to clause (ii), the amount referred to in paragraph (2)(A) shall be allotted for fiscal year 2004 on the basis of allotment percentage of each State under

section 6 of the Wagner-Peyser Act for fiscal year 2003.

“(ii) EXCESS AMOUNTS.—If the amount referred to in paragraph (2)(A) for fiscal year 2004 exceeds the amount that was available for allotment to the States under the Wagner-Peyser Act for fiscal year 2003, such excess amount shall be allotted on the basis of the relative number of individuals in the civilian labor force in each State, compared to the total number of individuals in the civilian labor force in all States, adjusted to ensure that no State receives less than  $\frac{3}{10}$  of one percent of such excess amount.

“(iii) DEFINITION.—For purposes of this subparagraph, the term ‘allotment percentage’ means the percentage of the amounts allotted to States under section 6 of the Wagner-Peyser Act that is received by the State involved for fiscal year 2003.

“(B) FISCAL YEARS 2005 AND THEREAFTER.—

“(i) IN GENERAL.—Subject to clause(ii), the amount referred to in paragraph(2)(A) shall be allotted for fiscal year 2005 and each fiscal year thereafter on the basis of the allotment percentage of each State under this paragraph for the preceding fiscal year.

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

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

“(4) CONSOLIDATED FORMULA.—

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

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

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

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

“(B) MINIMUM AND MAXIMUM PERCENTAGES.—

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

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

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

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

“(i) ALLOTMENT PERCENTAGE.—The term ‘allotment percentage’, used with respect to fiscal year 2004 or a subsequent fiscal year, means a percentage of the amounts described in paragraph (2)(B) that is received through an allotment made under this paragraph for the fiscal year. The term, with respect to fiscal year 2003, means the percentage of the amounts allotted to States under this chapter (as in effect on the day before the date of enactment of the Workforce Reinvestment and Adult Education Act of 2003) and under reemployment service grants received by the State involved for fiscal year 2003.

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

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

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

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

“(B) ADJUSTMENTS IN ALLOTMENTS.—

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

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

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

“(bb) in excess of a percentage established by the Secretary that is greater than 3 percent of the amount described in subparagraph (C)(i)(II) if the Secretary determines that such greater percentage is sufficient to carry out subparagraph (A).

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

“(C) DEFINITION OF ALLOTMENT DIFFERENCE.—

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

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

“(II) the total amount the State would receive of the amounts available for allotment under subsection (b)(2) for the fiscal year if such amounts were allotted pursuant to the unconsolidated formulas (applied as de-

scribed in clause (iii)) that were used in allotting funds for fiscal year 2003.

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

“(I) The requirements for the allotment of funds to the States contained in section 132(b)(1)(B) of this Act (as in effect on the day before the date of enactment of the Workforce Reinvestment and Adult Education Act of 2003) that were applicable to the allotment of funds under such section for fiscal year 2003.

“(II) The requirements for the allotment of funds to the States contained in section 132(b)(2)(B) of this Act (as in effect on the day before the date of enactment of the Workforce Reinvestment and Adult Education Act of 2003) that were applicable to the allotment of funds under such section for fiscal year 2003.

“(III) The requirements for the allotment of funds to the States that were contained in section 6 of the Wagner-Peyser Act (as in effect on the day before the date of enactment of the Workforce Reinvestment and Adult Education Act of 2003) that were applicable to the allotment of funds under such Act for fiscal year 2003.

“(IV) The requirements for the allotment of funds to the States that were established by the Secretary for Reemployment Services Grants that were applicable to the allotment of funds for such grants for fiscal year 2003.

“(iii) PROPORTIONATE APPLICATION OF UNCONSOLIDATED FORMULAS BASED ON FISCAL YEAR 2003.—In calculating the amount under clause (i)(II), each of the unconsolidated formulas identified in clause (ii) shall be applied, respectively, only to the proportionate share of the total amount of funds available for allotment under subsection (b)(2) for a fiscal year that is equal to the proportionate share to which each of the unconsolidated formulas applied with respect to the total amount of funds allotted to the States under all of the unconsolidated formulas in fiscal year 2003.

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

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

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

“(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unexpended balance, excluding accrued expenditures, at the end of such program year of the total amount of funds available to the State under this section during such program year (including amounts allotted to the State in prior program years that remain available during the program year for which the determination is made) exceeds 30 percent of such total amount.”;

(B) in paragraph (3)—

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

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

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

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

(d) WITHIN STATE ALLOCATIONS.—

(1) RESERVATION FOR STATE ACTIVITIES.—Section 133(a) (29 U.S.C. 2863(a)) is amended to read as follows:

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

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

“(b) ALLOCATIONS TO LOCAL AREAS.—

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

“(A) 85 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (2); and

“(B) 15 percent of such amounts shall be allocated by the Governor to local areas in accordance with paragraph (3).

“(2) ESTABLISHED FORMULA.—

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

“(i) 60 percent on the basis of the relative number of unemployed individuals in each local area, compared to the total number of unemployed individuals in all local areas in the State;

“(ii) 25 percent on the basis of the relative excess number of unemployed individuals in each local area, compared to the total excess number of unemployed individuals in all local areas in the State; and

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

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

“(C) DEFINITIONS.—

“(i) ALLOCATION PERCENTAGE.—The term ‘allocation percentage’, used with respect to fiscal year 2004 or a subsequent fiscal year, means a percentage of amount described in paragraph (1)(A) that is received through an allocation made under this paragraph for the fiscal year. The term, with respect to fiscal year 2003, means the percentage of the amounts allocated to local areas under this chapter (as in effect on the day before the date of enactment of the Workforce Reinvestment and Adult Education Act of 2003) that is received by the local area involved for fiscal year 2003.

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

“(iii) EXCESS NUMBER.—The term ‘excess number’ means, used with respect to the excess number of unemployed individuals within a local area, the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the local area.

“(3) DISCRETIONARY ALLOCATION.—The Governor shall allocate to local areas the amounts described in paragraph (1)(B) based on a formula developed in consultation with the State board and local boards. Such formula shall be objective and geographically equitable and may include such demographic and economic factors as the Governor, after consultation with the State board and local boards, determines are appropriate.

“(4) LOCAL ADMINISTRATIVE COST LIMIT.—

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

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

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

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

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

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

(C) by amending paragraph (3)—

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

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

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

(iv) by striking the last sentence; and

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

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

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

(1) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—

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

“(1) IN GENERAL.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) REQUIRED LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—

(A) ALLOCATED FUNDS.—Section 134(c)(1) (29 U.S.C. 2864(c)(1)) (as redesignated by paragraph (2)) is amended to read as follows:

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

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

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

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

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

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

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

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

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

“(D) labor exchange services, including—

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

“(ii) appropriate recruitment services for employers; and

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

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

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

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

(C) INTENSIVE SERVICES.—Section 134(c)(3) (29 U.S.C. 2864(c)(3)) (as redesignated by paragraph (2) of this subsection) is amended—

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

“(A) IN GENERAL.—

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

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

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

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

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

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

(ii) in subparagraph (C)—

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

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

“(vii) Internships and work experience.

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

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

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

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

“(A) IN GENERAL.—

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

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

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

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

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

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

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

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

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

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

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

“(E) PRIORITY.—

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

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

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

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

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

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

“(IV) Individuals with disabilities.”.

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

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

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

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

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

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

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

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

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

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

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

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

“(4) INCUMBENT WORKER TRAINING PROGRAMS.—

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

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

“(C) EMPLOYER MATCH REQUIRED.—

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

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

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

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

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

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

## (a) STATE PERFORMANCE MEASURES.—

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

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

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

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

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

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

“(IV) the efficiency of the program in obtaining the outcomes described in subclauses (I) through (III).”;

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

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

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

“(II) attainment of secondary school diplomas or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities);

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

“(IV) the efficiency of the program in obtaining the outcomes described in subclauses (I) through (III).”;

(D) by striking subparagraph (B);

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

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

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

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

(C) in clause (iii)—

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

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

(D) in clause (iv)—

(i) by striking subclause (I);

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

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

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

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

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

(E) by striking clause (v); and

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

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

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

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

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

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

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

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

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

(2) in paragraph (2)(E), by striking “(excluding participants who received only self-service and informational activities)”;

(3) by adding at the end the following:

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

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

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

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

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

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

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

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

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

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

“(1) INCENTIVE GRANTS FOR STATES.—

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

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

“(2) INCENTIVE GRANTS FOR LOCAL AREAS.—

“(A) IN GENERAL.—From funds reserved under sections 128(a) and 133(a), the Governor may award incentive grants to local areas

for exemplary performance with respect to the measures established under this section and with the performance of the local area in serving special populations, including the levels of service and the performance outcomes.

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

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

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

(a) YOUTH ACTIVITIES.—Section 137(a) (29 U.S.C. 2872(a)) is amended by striking “such sums as may be necessary for each of fiscal years 1999 through 2003” and inserting “\$1,250,000,000 for fiscal year 2004 and such sums as may be necessary for each of fiscal years 2005 through 2009”.

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

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

**SEC. 115. JOB CORPS.**

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

(1) by amending subsection (a) to read as follows:

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

(2) in subsection (b)—

(A) in the heading, by striking “RESPONSIBILITIES” and inserting “NETWORKS”;

(B) by striking “The responsibilities of the Liaison” and inserting “The activities carried out by each Job Corps center under this section”;

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) MIGRANT AND SEASONAL FARMWORKER PROGRAMS.—Section 167(d) is amended by inserting “(including permanent housing)” after “housing”.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“(B) a description of the programs of demonstrated effectiveness on which the provi-

sion of the activities under subparagraph (A) are based, and a description of how such activities will expand the base of knowledge relating to the provision of activities for youth;

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

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

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

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

“(c) DISCRETIONARY GRANTS FOR YOUTH ACTIVITIES.—

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

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

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

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

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

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

**SEC. 118. TECHNICAL ASSISTANCE.**

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

(1) by striking subsection (b);

(2) by striking “(a) GENERAL TECHNICAL ASSISTANCE.—”;

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

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

(A) by inserting “the training of staff providing rapid response services, the training of other staff of recipients of funds under this title, peer review activities under this title, assistance regarding accounting and program operation practices (when such as-

sistance would not be duplicative to assistance provided by the State),” after “localities.”; and

(B) by striking “from carrying out activities” and all that follows up to the period and inserting “to implement the amendments made by the Workforce Reinvestment and Adult Education Act of 2003”; and

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

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

**SEC. 119. DEMONSTRATION, PILOT, MULTISERVICE, RESEARCH AND MULTISTATE PROJECTS.**

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

(1) in paragraph (1)—

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

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

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

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

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

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

(C) by striking subparagraph (E);

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

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

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

(F) by striking subparagraph (H); and

(2) in paragraph (2)—

(A) by striking subparagraph (B); and

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

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

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

(c) WAIVER AUTHORITY TO CARRY OUT DEMONSTRATIONS AND EVALUATIONS.—Section 171 (29 U.S.C. 2916(d)) is further amended by striking subsection (d).

**SEC. 120. EVALUATIONS.**

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

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

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

and

(2) in subsection (a)—

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

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

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

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

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

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

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

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

#### SEC. 121. AUTHORIZATION OF APPROPRIATIONS FOR NATIONAL ACTIVITIES.

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

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

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

#### SEC. 122. REQUIREMENTS AND RESTRICTIONS.

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

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

#### SEC. 123. NONDISCRIMINATION.

Section 188(a)(2) (29 U.S.C. 2931(a)(2)) is amended—

(1) by striking “EMPLOYMENT.—No” and inserting “EMPLOYMENT.—

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

(2) by adding at the end the following subparagraph:

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

#### SEC. 124. ADMINISTRATIVE PROVISIONS.

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

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

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

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

(1) in subparagraph (A), in the matter preceding clause (i), by inserting “, or in accord-

ance with subparagraph (D),” after “subparagraph (B)”;

(2) by adding the following subparagraph:

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

#### SEC. 125. GENERAL PROGRAM REQUIREMENTS.

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

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

### TITLE II—ADULT EDUCATION PART A—ADULT BASIC SKILLS AND FAMILY LITERACY EDUCATION

#### SEC. 201. TABLE OF CONTENTS.

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

“TITLE II—ADULT BASIC SKILLS AND FAMILY LITERACY EDUCATION

“Sec. 201. Short title.

“Sec. 202. Purpose.

“Sec. 203. Definitions.

“Sec. 204. Home schools.

“Sec. 205. Authorization of appropriations.

#### “CHAPTER 1—FEDERAL PROVISIONS

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

“Sec. 212. Performance accountability system.

“Sec. 213. Incentive grants for states.

#### “CHAPTER 2—STATE PROVISIONS

“Sec. 221. State administration.

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

“Sec. 223. State leadership activities.

“Sec. 224. State plan.

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

#### “CHAPTER 3—LOCAL PROVISIONS

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

“Sec. 232. Local application.

“Sec. 233. Local administrative cost limits.

#### “CHAPTER 4—GENERAL PROVISIONS

“Sec. 241. Administrative provisions.

“Sec. 242. National leadership activities.”.

#### SEC. 202. AMENDMENT.

Title II is amended to read as follows:

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

#### “SEC. 201. SHORT TITLE.

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

#### “SEC. 202. PURPOSE.

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

“(1) increase the basic reading, writing, speaking, and math skills necessary for

adults to obtain employment and self-sufficiency and to successfully advance in the workforce;

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

“(3) increase the basic reading, writing, speaking, and math skills of parents to enable them to support the educational development of their children and make informed choices regarding their children’s education; and

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

#### “SEC. 203. DEFINITIONS.

“In this title:

“(1) ADULT BASIC SKILLS AND FAMILY LITERACY EDUCATION PROGRAMS.—The term ‘adult basic skills and family literacy education programs’ means a sequence of academic instruction and educational services below the postsecondary level that increase an individual’s ability to read, write, and speak in English and perform mathematical computations leading to a level of proficiency equivalent to secondary school completion that is provided for individuals—

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

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

“(C) who—

“(i) lack sufficient mastery of basic reading, writing, speaking, and math skills to enable the individuals to function effectively in society;

“(ii) do not have a secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities), and have not achieved an equivalent level of education; or

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

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

“(A) means the sole entity or agency in a State or an outlying area responsible for administering or supervising policy for adult basic skills and family literacy education programs in the State or outlying area, respectively, consistent with the law of the State or outlying area, respectively; and

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

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

“(A) a local educational agency;

“(B) a community-based or faith-based organization of demonstrated effectiveness;

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

“(D) an institution of higher education;

“(E) a public or private educational agency;

“(F) a library;

“(G) a public housing authority;

“(H) an institution that is not described in any of subparagraphs (A) through (G) and has the ability to provide adult basic skills and family literacy education programs to adults and families; or

“(I) a consortium of the agencies, organizations, institutions, libraries, or authorities described in any of subparagraphs (A) through (H).

“(4) ENGLISH LANGUAGE ACQUISITION PROGRAM.—The term ‘English language acquisition program’ means a program of instruction designed to help individuals with limited English proficiency achieve competence in reading, writing, and speaking the English language.

“(5) ESSENTIAL COMPONENTS OF READING INSTRUCTION.—The term ‘essential components of reading instruction’ has the meaning given to that term in section 1208 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368).

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

“(A) assist parents and students, on a voluntary basis, in achieving the purposes of this title as described in section 202; and

“(B) are of sufficient intensity in terms of hours and of sufficient duration to make sustainable changes in a family, are based upon scientific research-based principles, and for the purpose of substantially increasing the ability of parents and children to read, write, and speak English integrate—

“(i) interactive literacy activities between parents and their children;

“(ii) training for parents regarding how to be the primary teacher for their children and full partners in the education of their children;

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

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

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

“(8) INDIVIDUAL WITH A DISABILITY.—

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

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

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

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

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

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

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

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

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

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

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

“(B) a tribally controlled community college; or

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

“(15) READING.—The term ‘reading’ has the meaning given to that term in section 1208 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368).

“(16) SCIENTIFICALLY BASED READING RESEARCH.—The term ‘scientifically based reading research’ has the meaning given to that term in section 1208 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368).

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

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

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

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

#### “SEC. 204. HOME SCHOOLS.

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

#### “SEC. 205. AUTHORIZATION OF APPROPRIATIONS.

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

### “CHAPTER 1—FEDERAL PROVISIONS

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

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

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

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

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

#### “(b) GRANTS TO ELIGIBLE AGENCIES.—

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

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

#### “(c) ALLOTMENTS.—

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

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

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

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

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

“(1) is at least 16 years of age;

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

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

“(4) is not enrolled in secondary school.

#### “(e) SPECIAL RULE.—

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

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

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

#### “(f) HOLD-HARMLESS PROVISIONS.—

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

“(2) EXCEPTION.—An eligible agency that receives for the preceding fiscal year only an initial allotment under subsection 211(c)(1) (and no additional allotment under 211(c)(2)) shall receive an allotment equal to 100 percent of the initial allotment.

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

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

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

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

“(b) ELIGIBLE AGENCY PERFORMANCE MEASURES.—

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

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

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

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

“(2) INDICATORS OF PERFORMANCE.—

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

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

“(ii) Receipt of a secondary school diploma or the General Equivalency Diploma (GED) (including recognized alternative standards for individuals with disabilities).

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

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

“(i) entry into employment;

“(ii) retention in employment; and

“(iii) increase in earnings.

“(3) LEVELS OF PERFORMANCE.—

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

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

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

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

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

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

clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be incorporated into the State plan prior to the approval of such plan.

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

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

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

“(v) AGREEMENT ON ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR SECOND 3 YEARS.—Prior to the fourth program year covered by the State plan, the Secretary and each eligible agency shall reach agreement on levels of student proficiency for each of the core indicators of performance for the fourth, fifth, and sixth program years covered by the State plan, taking into account the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be incorporated into the State plan.

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

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

“(c) REPORT.—

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

“(A) Information on the levels of performance achieved by the eligible agency with respect to the core indicators of performance and employment performance indicators.

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

“(2) INFORMATION DISSEMINATION.—The Secretary—

“(A) shall make the information contained in such reports available to the general public through publication and other appropriate methods;

“(B) shall disseminate State-by-State comparisons of the information; and

“(C) shall provide the appropriate commitments of the Congress with copies of such reports.

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

“(a) IN GENERAL.—From funds appropriated under section 211(a)(2), the Secretary may award grants to States for exemplary performance in carrying out programs under this title. Such awards shall be based on States meeting or exceeding the core indicators of performance established under section 212(b)(2)(A) and may be based on the per-

formance of the State in serving populations, such as those described in section 224(b)(10), including the levels of service provided and the performance outcomes, and such other factors relating to the performance of the State under this title as the Secretary determines appropriate.

“(b) USE OF FUNDS.—The funds awarded to a State under this paragraph may be used to carry out any activities authorized under this title, including demonstrations and innovative programs for hard-to-serve populations.

**“CHAPTER 2—STATE PROVISIONS”****“SEC. 221. STATE ADMINISTRATION.”**

“Each eligible agency shall be responsible for the following activities under this title:

“(1) The development, submission, implementation, and monitoring of the State plan.

“(2) Consultation with other appropriate agencies, groups, and individuals that are involved in, or interested in, the development and implementation of activities assisted under this title.

“(3) Coordination and avoidance of duplication with other Federal and State education, training, corrections, public housing, and social service programs.

**“SEC. 222. STATE DISTRIBUTION OF FUNDS; MATCHING REQUIREMENT.”**

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

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

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

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

“(b) MATCHING REQUIREMENT.—

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

“(A) in the case of an eligible agency serving an outlying area, 12 percent of the total amount of funds expended for adult basic skills and family literacy education programs in the outlying area, except that the Secretary may decrease the amount of funds required under this subparagraph for an eligible agency; and

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

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

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

“(a) IN GENERAL.—Each eligible agency may use funds made available under section 222(a)(2) for any of the following adult basic skills and family literacy education programs:

“(1) The establishment or operation of professional development programs to improve the quality of instruction provided pursuant to local activities required under section

231(b), including instruction incorporating the essential components of reading instruction and instruction provided by volunteers or by personnel of a State or outlying area.

“(2) The provision of technical assistance to eligible providers of adult basic skills and family literacy education programs for development and dissemination of scientific research-based instructional practices in reading, writing, speaking, math, and English language acquisition programs.

“(3) The provision of assistance to eligible providers in developing, implementing, and reporting measurable progress in achieving the objectives of this title.

“(4) The provision of technology assistance, including staff training, to eligible providers of adult basic skills and family literacy education programs, including distance learning activities, to enable the eligible providers to improve the quality of such activities.

“(5) The development and implementation of technology applications or distance learning, including professional development to support the use of instructional technology.

“(6) Coordination with other public programs, including welfare-to-work, workforce development, and job training programs.

“(7) Coordination with existing support services, such as transportation, child care, and other assistance designed to increase rates of enrollment in, and successful completion of, adult basic skills and family literacy education programs, for adults enrolled in such activities.

“(8) The development and implementation of a system to assist in the transition from adult basic education to postsecondary education.

“(9) Activities to promote workplace literacy programs.

“(10) Activities to promote and complement local outreach initiatives described in section 242(7).

“(11) Other activities of statewide significance, including assisting eligible agencies in achieving progress in improving the skill levels of adults who participate in programs under this title.

“(b) COORDINATION.—In carrying out this section, eligible agencies shall coordinate where possible, and avoid duplicating efforts, in order to maximize the impact of the activities described in subsection (a).

“(c) STATE-IMPOSED REQUIREMENTS.—Whenever a State or outlying area implements any rule or policy relating to the administration or operation of a program authorized under this title that has the effect of imposing a requirement that is not imposed under Federal law (including any rule or policy based on a State or outlying area interpretation of a Federal statute, regulation, or guideline), the State or outlying area shall identify, to eligible providers, the rule or policy as being imposed by the State or outlying area.

#### “SEC. 224. STATE PLAN.

“(a) 6-YEAR PLANS.—

“(1) IN GENERAL.—Each eligible agency desiring a grant under this title for any fiscal year shall submit to, or have on file with, the Secretary a 6-year State plan.

“(2) COMPREHENSIVE PLAN OR APPLICATION.—The eligible agency may submit the State plan as part of a comprehensive plan or application for Federal education assistance.

“(b) PLAN CONTENTS.—The eligible agency shall include in the State plan or any revisions to the State plan—

“(1) an objective assessment of the needs of individuals in the State or outlying area for adult basic skills and family literacy education programs, including individuals most in need or hardest to serve;

“(2) a description of the adult basic skills and family literacy education programs that will be carried out with funds received under this title;

“(3) a description of how the eligible agency will evaluate and measure annually the effectiveness and improvement of the adult basic skills and family literacy education programs based on the performance measures described in section 212 including—

“(A) how the eligible agency will evaluate and measure annually such effectiveness on a grant-by-grant basis; and

“(B) how the eligible agency—

“(i) will hold eligible providers accountable regarding the progress of such providers in improving the academic achievement of participants in adult education programs under this title and regarding the core indicators of performance described in section 212(b)(2)(A); and

“(ii) will use technical assistance, sanctions, and rewards (including allocation of grant funds based on performance and termination of grant funds based on nonperformance);

“(4) a description of the performance measures described in section 212 and how such performance measures have significantly improved adult basic skills and family literacy education programs in the State or outlying area;

“(5) an assurance that the eligible agency will, in addition to meeting all of the other requirements of this title, award not less than one grant under this title to an eligible provider that—

“(A) offers flexible schedules and necessary support services (such as child care and transportation) to enable individuals, including individuals with disabilities, or individuals with other special needs, to participate in adult basic skills and family literacy education programs; and

“(B) attempts to coordinate with support services that are not provided under this title prior to using funds for adult basic skills and family literacy education programs provided under this title for support services;

“(6) an assurance that the funds received under this title will not be expended for any purpose other than for activities under this title;

“(7) a description of how the eligible agency will fund local activities in accordance with the measurable goals described in section 231(d);

“(8) an assurance that the eligible agency will expend the funds under this title only in a manner consistent with fiscal requirements in section 241;

“(9) a description of the process that will be used for public participation and comment with respect to the State plan, which process—

“(A) shall include consultation with the State workforce investment board, the State board responsible for administering community or technical colleges, the Governor, the State educational agency, the State board or agency responsible for administering block grants for temporary assistance to needy families under title IV of the Social Security Act, the State council on disabilities, the State vocational rehabilitation agency, other State agencies that promote the improvement of adult basic skills and family literacy education programs, and direct providers of such programs; and

“(B) may include consultation with the State agency on higher education, institutions responsible for professional development of adult basic skills and family literacy education programs instructors, representatives of business and industry, refugee assistance programs, and faith-based organizations;

“(10) a description of the eligible agency's strategies for serving populations that include, at a minimum—

“(A) low-income individuals;

“(B) individuals with disabilities;

“(C) the unemployed;

“(D) the underemployed; and

“(E) individuals with multiple barriers to educational enhancement, including individuals with limited English proficiency;

“(11) a description of how the adult basic skills and family literacy education programs that will be carried out with any funds received under this title will be integrated with other adult education, career development, and employment and training activities in the State or outlying area served by the eligible agency;

“(12) a description of the steps the eligible agency will take to ensure direct and equitable access, as required in section 231(c)(1), including—

“(A) how the State will build the capacity of community-based and faith-based organizations to provide adult basic skills and family literacy education programs; and

“(B) how the State will increase the participation of business and industry in adult basic skills and family literacy education programs; and

“(13) a description of how the eligible agency will consult with any State agency responsible for postsecondary education to develop adult education that prepares students to enter postsecondary education without the need for remediation upon completion of secondary school equivalency programs.

“(c) PLAN REVISIONS.—When changes in conditions or other factors require substantial revisions to an approved State plan, the eligible agency shall submit the revisions of the State plan to the Secretary.

“(d) CONSULTATION.—The eligible agency shall—

“(1) submit the State plan, and any revisions to the State plan, to the Governor, the chief State school officer, or the State officer responsible for administering community or technical colleges, or outlying area for review and comment; and

“(2) ensure that any comments regarding the State plan by the Governor, the chief State school officer, or the State officer responsible for administering community or technical colleges, and any revision to the State plan, are submitted to the Secretary.

“(e) PLAN APPROVAL.—A State plan submitted to the Secretary shall be approved by the Secretary only if the plan is consistent with the specific provisions of this title.

#### “SEC. 225. PROGRAMS FOR CORRECTIONS EDUCATION AND OTHER INSTITUTIONALIZED INDIVIDUALS.

“(a) PROGRAM AUTHORIZED.—From funds made available under section 222(a)(1) for a fiscal year, each eligible agency shall carry out corrections education and education for other institutionalized individuals.

“(b) USES OF FUNDS.—The funds described in subsection (a) shall be used for the cost of educational programs for criminal offenders in correctional institutions and for other institutionalized individuals, including academic programs for—

“(1) basic skills education;

“(2) special education programs as determined by the eligible agency;

“(3) reading, writing, speaking, and math programs; and

“(4) secondary school credit or diploma programs or their recognized equivalent.

“(c) PRIORITY.—Each eligible agency that is using assistance provided under this section to carry out a program for criminal offenders within a correctional institution shall give priority to serving individuals who are likely to leave the correctional institution within 5 years of participation in the program.

“(d) DEFINITIONS.—For purposes of this section:

“(1) CORRECTIONAL INSTITUTION.—The term ‘correctional institution’ means any—

“(A) prison;

“(B) jail;

“(C) reformatory;

“(D) work farm;

“(E) detention center; or

“(F) halfway house, community-based rehabilitation center, or any other similar institution designed for the confinement or rehabilitation of criminal offenders.

“(2) CRIMINAL OFFENDER.—The term ‘criminal offender’ means any individual who is charged with, or convicted of, any criminal offense.

### “CHAPTER 3—LOCAL PROVISIONS

#### “SEC. 231. GRANTS AND CONTRACTS FOR ELIGIBLE PROVIDERS.

“(a) GRANTS AND CONTRACTS.—From grant funds made available under section 211(b), each eligible agency shall award multiyear grants or contracts, on a competitive basis, to eligible providers within the State or outlying area that meet the conditions and requirements of this title to enable the eligible providers to develop, implement, and improve adult basic skills and family literacy education programs within the State.

“(b) LOCAL ACTIVITIES.—The eligible agency shall require eligible providers receiving a grant or contract under subsection (a) to establish or operate one or more programs of instruction that provide services or instruction in one or more of the following categories:

“(1) Adult basic skills and family literacy education programs (including proficiency in reading, writing, speaking, and math).

“(2) Workplace literacy programs.

“(3) English language acquisition programs.

“(4) Family literacy education programs.

“(c) DIRECT AND EQUITABLE ACCESS; SAME PROCESS.—Each eligible agency receiving funds under this title shall ensure that—

“(1) all eligible providers have direct and equitable access to apply for grants or contracts under this section; and

“(2) the same grant or contract announcement process and application process is used for all eligible providers in the State or outlying area.

“(d) MEASURABLE GOALS.—The eligible agency shall require eligible providers receiving a grant or contract under subsection (a) to demonstrate—

“(1) the eligible provider’s measurable goals for participant outcomes to be achieved annually on the core indicators of performance and employment performance indicators described in section 212(b)(2);

“(2) the past effectiveness of the eligible provider in improving the basic academic skills of adults and, for eligible providers receiving grants in the prior year, the success of the eligible provider receiving funding under this title in meeting or exceeding its performance goals in the prior year;

“(3) the commitment of the eligible provider to serve individuals in the community who are the most in need of basic academic skills instruction services, including individuals who are low-income or have minimal reading, writing, speaking, and math skills, or limited English proficiency;

“(4) the program—

“(A) is of sufficient intensity and duration for participants to achieve substantial learning gains; and

“(B) uses instructional practices that include the essential components of reading instruction;

“(5) educational practices are based on scientifically based research;

“(6) the activities of the eligible provider effectively employ advances in technology,

as appropriate, including the use of computers;

“(7) the activities provide instruction in real-life contexts, when appropriate and scientifically based, to ensure that an individual has the skills needed to compete in the workplace and exercise the rights and responsibilities of citizenship;

“(8) the activities are staffed by well-trained instructors, counselors, and administrators;

“(9) the activities are coordinated with other available resources in the community, such as through strong links with elementary schools and secondary schools, postsecondary educational institutions, one-stop centers, job training programs, community-based and faith-based organizations, and social service agencies;

“(10) the activities offer flexible schedules and support services (such as child care and transportation) that are necessary to enable individuals, including individuals with disabilities or other special needs, to attend and complete programs;

“(11) the activities include a high-quality information management system that has the capacity to report measurable participant outcomes and to monitor program performance against the performance measures established by the eligible agency;

“(12) the local communities have a demonstrated need for additional English language acquisition programs;

“(13) the capacity of the eligible provider to produce valid information on performance results, including enrollments and measurable participant outcomes;

“(14) adult basic skills and family literacy education programs offer rigorous reading, writing, speaking, and math content that are based on scientific research; and

“(15) applications of technology, and services to be provided by the eligible providers, are of sufficient intensity and duration to increase the amount and quality of learning and lead to measurable learning gains within specified time periods.

“(e) SPECIAL RULE.—Eligible providers may use grant funds under this title to serve children participating in family literacy programs assisted under this part, provided that other sources of funds available to provide similar services for such children are used first.

#### “SEC. 232. LOCAL APPLICATION.

“Each eligible provider desiring a grant or contract under this title shall submit an application to the eligible agency containing such information and assurances as the eligible agency may require, including—

“(1) a description of how funds awarded under this title will be spent consistent with the requirements of this title;

“(2) a description of any cooperative arrangements the eligible provider has with other agencies, institutions, or organizations for the delivery of adult basic skills and family literacy education programs; and

“(3) each of the demonstrations required by section 231(d).

#### “SEC. 233. LOCAL ADMINISTRATIVE COST LIMITS.

“(a) IN GENERAL.—Subject to subsection (b), of the amount that is made available under this title to an eligible provider—

“(1) at least 95 percent shall be expended for carrying out adult basic skills and family literacy education programs; and

“(2) the remaining amount shall be used for planning, administration, personnel and professional development, development of measurable goals in reading, writing, speaking, and math, and interagency coordination.

“(b) SPECIAL RULE.—In cases where the cost limits described in subsection (a) are too restrictive to allow for adequate planning, administration, personnel develop-

ment, and interagency coordination, the eligible provider may negotiate with the eligible agency in order to determine an adequate level of funds to be used for noninstructional purposes.

### “CHAPTER 4—GENERAL PROVISIONS

#### “SEC. 241. ADMINISTRATIVE PROVISIONS.

“(a) SUPPLEMENT NOT SUPPLANT.—Funds made available for adult basic skills and family literacy education programs under this title shall supplement and not supplant other State or local public funds expended for adult basic skills and family literacy education programs.

“(b) MAINTENANCE OF EFFORT.—

“(1) IN GENERAL.—

“(A) DETERMINATION.—An eligible agency may receive funds under this title for any fiscal year if the Secretary finds that the fiscal effort per student or the aggregate expenditures of such eligible agency for activities under this title, in the second preceding fiscal year, were not less than 90 percent of the fiscal effort per student or the aggregate expenditures of such eligible agency for adult basic skills and family literacy education programs, in the third preceding fiscal year.

“(B) PROPORTIONATE REDUCTION.—Subject to paragraphs (2), (3), and (4), for any fiscal year with respect to which the Secretary determines under subparagraph (A) that the fiscal effort or the aggregate expenditures of an eligible agency for the preceding program year were less than such effort or expenditures for the second preceding program year, the Secretary—

“(i) shall determine the percentage decreases in such effort or in such expenditures; and

“(ii) shall decrease the payment made under this title for such program year to the agency for adult basic skills and family literacy education programs by the lesser of such percentages.

“(2) COMPUTATION.—In computing the fiscal effort and aggregate expenditures under paragraph (1), the Secretary shall exclude capital expenditures and special one-time project costs.

“(3) DECREASE IN FEDERAL SUPPORT.—If the amount made available for adult basic skills and family literacy education programs under this title for a fiscal year is less than the amount made available for adult basic skills and family literacy education programs under this title for the preceding fiscal year, then the fiscal effort per student and the aggregate expenditures of an eligible agency required in order to avoid a reduction under paragraph (1)(B) shall be decreased by the same percentage as the percentage decrease in the amount so made available.

“(4) WAIVER.—The Secretary may waive the requirements of this subsection for not more than 1 fiscal year, if the Secretary determines that a waiver would be equitable due to exceptional or uncontrollable circumstances, such as a natural disaster or an unforeseen and precipitous decline in the financial resources of the State or outlying area of the eligible agency. If the Secretary grants a waiver under the preceding sentence for a fiscal year, the level of effort required under paragraph (1) shall not be reduced in the subsequent fiscal year because of the waiver.

#### “SEC. 242. NATIONAL LEADERSHIP ACTIVITIES.

“The Secretary shall establish and carry out a program of national leadership activities that may include the following:

“(1) Technical assistance, on request, including assistance—

“(A) on requests to volunteer community- and faith-based organizations, including but not limited to, improving their fiscal management, research-based instruction, and reporting requirements, and the development

of measurable objectives to carry out the requirements of this title;

“(B) in developing valid, measurable, and reliable performance data, and using performance information for the improvement of adult basic skills and family literacy education programs;

“(C) on adult education professional development; and

“(D) in using distance learning and improving the application of technology in the classroom.

“(2) Providing for the conduct of research on national literacy basic skill acquisition levels among adults, including the number of adults functioning at different levels of reading proficiency.

“(3) Improving the coordination, efficiency, and effectiveness of adult education and workforce development services at the national, State, and local levels.

“(4) Determining how participation in adult basic skills and family literacy education programs prepares individuals for entry into and success in postsecondary education and employment, and in the case of prison-based services, the effect on recidivism.

“(5) Evaluating how different types of providers, including community and faith-based organizations or private for-profit agencies measurably improve the skills of participants in adult basic skills and family literacy education programs.

“(6) Identifying model integrated basic and workplace skills education programs, coordinated literacy and employment services, and effective strategies for serving adults with disabilities.

“(7) Supporting the development of an entity that would produce and distribute technology-based programs and materials for adult basic skills and family literacy education programs using an intercommunication system, as that term is defined in section 397 of the Communications Act of 1934 (47 U.S.C. 397), and expand the effective outreach and use of such programs and materials to adult education eligible providers.

“(8) Initiating other activities designed to improve the measurable quality and effectiveness of adult basic skills and family literacy education programs nationwide.”

#### **PART B—NATIONAL INSTITUTE FOR LITERACY**

##### **SEC. 211. SHORT TITLE; PURPOSE.**

(a) **SHORT TITLE.**—This part may be cited as the “National Institute for Literacy Establishment Act”.

(b) **PURPOSE.**—The purpose of this part is to establish a National Institute for Literacy to provide national leadership in promoting reading research, reading instruction, and professional development in reading based on scientifically based research by—

(1) disseminating widely information on scientifically based reading research to improve academic achievement for children, youth, and adults;

(2) identifying and disseminating information about schools, local educational agencies, and State educational agencies that have effectively developed and implemented classroom reading programs that meet the requirements of subpart 1 of part B of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6361 et seq.), including those State educational agencies, local educational agencies, and schools that are identified as effective through the External Evaluation of Reading First under section 1205 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6365);

(3) serving as a national resource for information on reading instruction programs that contain the essential components of reading instruction as supported by scientifically

based reading research, and that can lead to improved reading outcomes for children, youth, and adults;

(4) developing print and electronic materials that describe and model the application of scientifically based reading research;

(5) providing national and regional reading leadership for State and local personnel for the application and implementation of scientifically based reading research;

(6) coordinating efforts among Federal agencies, especially the Department of Labor, the Department of Health and Human Services, and the National Institute of Child Health and Human Development, that provide reading programs, conduct research, and provide services to recipients of Federal financial assistance under titles I and III of the Elementary and Secondary Education Act of 1965, the Head Start Act, the Individuals with Disabilities Education Act, and the Adult Basic Skills and Family Literacy Education Act, and each Bureau funded school (as defined in title XI of the Education Amendments of 1978 (25 U.S.C. 2001 et seq.)); and

(7) informing the Congress, Federal departments and agencies, schools of education, and the public of successful local, State, and Federal program activities in reading instruction that are determined to be effective based on the findings of scientifically based reading research.

##### **SEC. 212. ESTABLISHMENT.**

(a) **IN GENERAL.**—There is established the National Institute for Literacy. The Institute shall be administered, in accordance with this part, under the supervision and direction of a Director. There shall be an agreement between an Interagency Group (comprised of the Secretary of Education, the Secretary of Labor, and the Secretary of Health and Human Services) and the Institute on how the purposes of the Institute may be achieved effectively. Such agreement—

(1) shall be regularly reviewed, and modified as needed to remain current with any changes in the purposes of the Institute; and

(2) shall be updated no later than 1 year after the enactment of this part.

(b) **DIRECTOR.**—

(1) **APPOINTMENT.**—The Interagency Group shall appoint a Director of the Institute, who has an understanding of, supports, and is familiar with scientifically based reading research, instruction, and professional development applicable to children, youth, and adults. If a vacancy in the position of the Director of the Institute occurs, the Interagency Group shall appoint an Interim Director until such time as a new Director can be appointed.

(2) **PAY.**—The Director of the Institute shall receive the rate of basic pay for level IV of the Executive Schedule.

(3) **TERM.**—The Director of the Institute shall be appointed for an initial term of 3 years and may serve not more than 1 additional term of 3 years.

##### **SEC. 213. ADMINISTRATION.**

(a) **IN GENERAL.**—The Director of the Institute shall be responsible for administering the Institute. The Director of the Institute shall—

(1) provide leadership for the Institute, consistent with the purposes described in section 211(b);

(2) supervise all employees in the Institute;

(3) assign responsibility to carry out the duties of the Institute among officers and employees, and offices of the Institute;

(4) prepare requests for appropriations for the Institute and submit those requests to the Interagency Group;

(5) oversee the expenditure of all funds allocated for the Institute to carry out the purposes under section 211(b); and

(6) ensure that the Institute’s standards for research quality are consistent with those promulgated by the Institute for Education Sciences.

(b) **OFFICES.**—The Institute shall have separate offices from the Department of Education, the Department of Labor, and the Department of Health and Human Services, and shall have maximum flexibility in its operations to carry out the purposes of the Institute.

(c) **ADMINISTRATIVE SUPPORT.**—The Secretary of Education shall provide administrative support for the Institute, including the administration of grants, contracts and cooperative agreements, personnel, legal counsel, and payroll.

##### **SEC. 214. DUTIES.**

(a) **IN GENERAL.**—In order to provide leadership for the improvement and expansion of the system for delivery of scientifically based reading instructional practices, the Director of the Institute shall—

(1) establish a national electronic database of effective reading programs for children, youth, and adults that include the essential components of reading instruction, and disseminate such information to parents, teachers, State and Federal elected officials, and the public;

(2) develop print and electronic materials for professional development that provide applications of scientifically based reading research, and instructional practices in reading for children, youth, and adults;

(3) provide technical assistance to the Congress, school Boards, Federal agencies, State departments of education, adult education programs, local school districts, local public and private schools, and schools of education, on scientifically based reading instructional practices including diagnostic and assessment instruments and instructional materials;

(4) collaborate and support Federal research programs in reading instruction, including, where appropriate, those areas of study addressed by the National Institute of Child Health and Human Development, the Institute for Education Sciences, the National Science Foundation, the Department of Labor, and the National Research Council;

(5) coordinate with the Department of Education, the Department of Labor, the Department of Health and Human Services, and the National Institute of Child Health and Human Development on all programs that include improving reading instructional practices for children, youth, and adults, and teacher training in reading instructional practices;

(6) use and support the collection of the best possible information in carrying out this section, and where appropriate, including reviews of research on instruction using the criteria for quality identified by the Institute for Education Sciences;

(7) conduct reviews of research, including randomized field trials, on reading programs, and conduct reviews of Federal reading policies and reading program implementation using a board of visitors as described in subchapter 300 of the National Science Foundation Administrative Manual; and

(8) develop an Internet site that provides useful information to educators and the public on reading literacy that is consistent with the purposes described in section 211(b).

(b) **GRANTS, CONTRACTS, AND COOPERATIVE AGREEMENTS.**—The Institute may award grants to, or enter into contracts or cooperative agreements with, individuals, public or private institutions, agencies, organizations, or other legal entities to carry out the activities of the Institute.

(c) **RELATION TO OTHER LAWS.**—The duties and powers of the Institute under this part

are in addition to the duties and powers of the Institute under subparts 1, 2, and 3 of part B of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 1201 et seq.) (commonly referred to as Reading First, Early Reading First, and the William F. Goodling Even Start Family Literacy Programs, respectively).

**SEC. 215. LEADERSHIP IN SCIENTIFICALLY BASED READING INSTRUCTION.**

(a) **IN GENERAL.**—The Director of the Institute may award fellowships, with such stipends and allowances as necessary, to outstanding individuals who are pursuing careers in scientifically based research in reading instruction or pre-service or in-service training in reading instruction, including teaching children and adults to read.

(b) **FELLOWSHIPS.**—Fellowships awarded under this subsection shall be used, under the auspices of the Institute, to engage in research, education training, technical assistance, or other activities to advance the field of scientifically based reading instruction for children, youth, and adults, including the training of volunteers in such reading skills instruction.

(c) **INTERNS AND VOLUNTEERS.**—The Director of the Institute may award paid and unpaid internships to individuals seeking to assist the Institute in carrying out its mission. Notwithstanding section 1342 of title 31, United States Code, the Institute may accept and use voluntary and uncompensated services as the Institute deems necessary.

**SEC. 216. NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD.**

(a) **ESTABLISHMENT.**—

(1) **IN GENERAL.**—There shall be a National Institute for Literacy Advisory Board, which shall consist of 10 individuals appointed by the President with the advice and consent of the Senate.

(2) **COMPOSITION.**—The Board shall be comprised of individuals who are not otherwise officers or employees of the Federal Government and who are knowledgeable about scientifically based reading instruction, and the findings of scientifically based reading research. The members of the Board may include—

(A) representatives from teacher training institutions where scientifically based reading instruction is a major component of pre-service training;

(B) teachers who have been successful in teaching children to read proficiently;

(C) members of the business community who have developed successful employee reading instruction programs;

(D) volunteer tutors in reading who are using scientifically based reading instruction;

(E) reading researchers who have conducted scientifically based research; and

(F) other qualified individuals knowledgeable about scientifically based reading instruction, including adult education.

(b) **DUTIES.**—The Board shall—

(1) provide advice to the Director of the Institute to ensure that the purposes of the Institute under section 211 are carried out effectively; and

(2) approve the annual report to the Congress;

(c) **FEDERAL ADVISORY COMMITTEE ACT.**—Except as otherwise provided in this part, the Board established by this section shall be subject to the provisions of the Federal Advisory Committee Act (5 U.S.C. App.).

(d) **APPOINTMENTS.**—

(1) **IN GENERAL.**—Each member of the Board shall be appointed for a term of 3 years, except that the initial terms for members may be 1, 2, or 3 years in order to establish a rotation, in which  $\frac{1}{3}$  of the members are selected each year. Any such member may be ap-

pointed for not more than 2 consecutive terms.

(2) **VACANCIES.**—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office.

(e) **QUORUM.**—A majority of the members of the Board shall constitute a quorum, but a lesser number may hold hearings. Any recommendation of the Board may be passed only by a majority of the Board members present.

(f) **ELECTION OF OFFICERS.**—The Chairperson and Vice Chairperson of the Board shall be elected by the members of the Board. The term of office of the Chairperson and Vice Chairperson shall be 2 years.

(g) **MEETINGS.**—The Board shall meet at the call of the Chairperson, or a majority of the members of the Board, but not less than quarterly.

**SEC. 217. GIFTS, BEQUESTS, AND DEVICES.**

(a) **IN GENERAL.**—The Institute may accept, administer, and use gifts or donations of services, money, or property, whether real or personal, tangible or intangible.

(b) **RULES.**—The Director of the Institute shall establish written rules setting forth the criteria to be used by the Institute in determining whether the acceptance of contributions of services, money, or property whether real or personal, tangible or intangible, would reflect unfavorably upon the ability of the Institute or any employee to carry out the responsibilities of the Institute or employee, or official duties, in a fair and objective manner, or would compromise the integrity or the appearance of the integrity of the Institute's programs or any official involved in those programs.

**SEC. 218. MAILS.**

The Board and the Institute may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

**SEC. 219. APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.**

The Director of the Institute and the staff of the Institute may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the annual rate of basic pay payable for level IV of the Executive Schedule.

**SEC. 220. EXPERTS AND CONSULTANTS.**

The Institute may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

**SEC. 221. REPORT.**

(a) **IN GENERAL.**—The Institute shall submit a biennial report to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate. Each report submitted under this section shall include—

(1) a comprehensive and detailed description of the Institute's operations, activities, financial condition, and accomplishments in carrying out the purposes of the Institute as specified in section 211, for the period covered by the report; and

(2) a summary description of how the Institute will advance the purposes of the Institute for the next biennium.

(b) **FIRST REPORT.**—The Institute shall submit a report under this section not later than 1 year after the date of enactment of this part.

**SEC. 222. DEFINITIONS.**

For purposes of this part—

(1) the term "Board" means the National Institute for Literacy Advisory Board;

(2) the term "Institute" means the National Institute for Literacy;

(3) the term "Interagency Group" means the Secretary of Education, the Secretary of Labor, and the Secretary of Health and Human Services;

(4) the term "literacy" means the ability to read, write, and speak the English language with competence, knowledge, and comprehension; and

(5) the terms "reading", "scientifically based reading research", and "essential components of reading instruction" have the meanings given those terms in section 1208 of part B of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368).

**SEC. 223. AUTHORIZATION OF APPROPRIATIONS.**

There are authorized to be appropriated to administer and carry out this part \$6,700,000 for fiscal year 2004 and such sums as may be necessary for each of the 5 succeeding fiscal years.

**SEC. 224. RESERVATION.**

From amounts appropriated to the Institute, the Director of the Institute may use not more than 5 percent of such amounts for the administration of information dissemination under section 1207 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6367).

**SEC. 225. AUTHORITY TO PUBLISH.**

The Institute, including the Board, may prepare, publish, and present (including through oral presentations) such research-based information and research reports as needed to carry out the purposes and mission of the Institute.

**PART C—GENERAL PROVISIONS**

**SEC. 241. TRANSITION.**

The Secretary shall take such actions as the Secretary determines to be appropriate to provide for the orderly implementation of this title.

**TITLE III—AMENDMENTS TO THE WAGNER-PEYSER ACT**

**SEC. 301. AMENDMENTS TO THE WAGNER-PEYSER ACT.**

The Wagner-Peyser Act (29 U.S.C. 49 et seq.) is amended—

(1) by striking sections 1 through 13;

(2) in section 14 by inserting "of Labor" after "Secretary"; and

(3) by amending section 15 to read as follows:

**"SEC. 15. WORKFORCE AND LABOR MARKET INFORMATION SYSTEM.**

**"(a) SYSTEM CONTENT.**—

**"(1) IN GENERAL.**—The Secretary of Labor, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide workforce and labor market information system that includes—

**"(A)** statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems that, taken together, enumerate, estimate, and project employment opportunities and conditions at national, State, and local levels in a timely manner, including statistics on—

**"(i)** employment and unemployment status of national, State, and local populations, including self-employed, part-time, and seasonal workers;

**"(ii)** industrial distribution of occupations, as well as current and projected employment opportunities, wages, benefits (where data is available), and skill trends by occupation and industry, with particular attention paid to State and local conditions;

**"(iii)** the incidence of, industrial and geographical location of, and number of workers

displaced by, permanent layoffs and plant closings; and

“(iv) employment and earnings information maintained in a longitudinal manner to be used for research and program evaluation;

“(B) information on State and local employment opportunities, and other appropriate statistical data related to labor market dynamics, which—

“(i) shall be current and comprehensive;

“(ii) shall meet the needs identified through the consultations described in subparagraphs (A) and (B) of subsection (e)(2); and

“(iii) shall meet the needs for the information identified in section 134(d);

“(C) technical standards (which the Secretary shall publish annually) for data and information described in subparagraphs (A) and (B) that, at a minimum, meet the criteria of chapter 35 of title 44, United States Code;

“(D) procedures to ensure compatibility and additivity of the data and information described in subparagraphs (A) and (B) from national, State, and local levels;

“(E) procedures to support standardization and aggregation of data from administrative reporting systems described in subparagraph (A) of employment-related programs;

“(F) analysis of data and information described in subparagraphs (A) and (B) for uses such as—

“(i) national, State, and local policy-making;

“(ii) implementation of Federal policies (including allocation formulas);

“(iii) program planning and evaluation; and

“(iv) researching labor market dynamics;

“(G) wide dissemination of such data, information, and analysis in a user-friendly manner and voluntary technical standards for dissemination mechanisms; and

“(H) programs of—

“(i) training for effective data dissemination;

“(ii) research and demonstration; and

“(iii) programs and technical assistance.

“(2) INFORMATION TO BE CONFIDENTIAL.—

“(A) IN GENERAL.—No officer or employee of the Federal Government or agent of the Federal Government may—

“(i) use any submission that is furnished for exclusively statistical purposes under the provisions of this section for any purpose other than the statistical purposes for which the submission is furnished;

“(ii) make any publication or media transmittal of the data contained in the submission described in clause (i) that permits information concerning individual subjects to be reasonably inferred by either direct or indirect means; or

“(iii) permit anyone other than a sworn officer, employee, or agent of any Federal department or agency, or a contractor (including an employee of a contractor) of such department or agency, to examine an individual submission described in clause (i); without the consent of the individual, agency, or other person who is the subject of the submission or provides that submission.

“(B) IMMUNITY FROM LEGAL PROCESS.—Any submission (including any data derived from the submission) that is collected and retained by a Federal department or agency, or an officer, employee, agent, or contractor of such a department or agency, for exclusively statistical purposes under this section shall be immune from the legal process and shall not, without the consent of the individual, agency, or other person who is the subject of the submission or provides that submission, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

“(C) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to provide immunity from the legal process for such submission (including any data derived from the submission) if the submission is in the possession of any person, agency, or entity other than the Federal Government or an officer, employee, agent, or contractor of the Federal Government, or if the submission is independently collected, retained, or produced for purposes other than the purposes of this Act.

“(b) SYSTEM RESPONSIBILITIES.—

“(1) IN GENERAL.—The workforce and labor market information system described in subsection (a) shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and States.

“(2) DUTIES.—The Secretary, with respect to data collection, analysis, and dissemination of labor employment statistics for the system, shall carry out the following duties:

“(A) Assign responsibilities within the Department of Labor for elements of the workforce and labor market information system described in subsection (a) to ensure that all statistical and administrative data collected is consistent with appropriate Bureau of Labor Statistics standards and definitions.

“(B) Actively seek the cooperation of other Federal agencies to establish and maintain mechanisms for ensuring complementarity and nonduplication in the development and operation of statistical and administrative data collection activities.

“(C) Eliminate gaps and duplication in statistical undertakings, with the systemization of wage surveys as an early priority.

“(D) In collaboration with the Bureau of Labor Statistics and States, develop and maintain the elements of the workforce and labor market information system described in subsection (a), including the development of consistent procedures and definitions for use by the States in collecting the data and information described in subparagraphs (A) and (B) of subsection (a)(1).

“(E) Establish procedures for the system to ensure that—

“(i) such data and information are timely;

“(ii) paperwork and reporting for the system are reduced to a minimum; and

“(iii) States and localities are fully involved in the development and continuous improvement of the system at all levels, including ensuring the provision, to such States and localities, of budget information necessary for carrying out their responsibilities under subsection (e).

“(c) NATIONAL ELECTRONIC TOOLS TO PROVIDE SERVICES.—The Secretary is authorized to assist in the development of national electronic tools that may be used to facilitate the delivery of core services described in section 134 and to provide workforce information to individuals through the one-stop delivery systems described in section 121 and through other appropriate delivery systems.

“(d) COORDINATION WITH THE STATES.—

“(1) IN GENERAL.—The Secretary, working through the Bureau of Labor Statistics and the Employment and Training Administration, shall regularly consult with representatives of State agencies carrying out workforce information activities regarding strategies for improving the workforce and labor market information system.

“(2) FORMAL CONSULTATIONS.—At least twice each year, the Secretary, working through the Bureau of Labor Statistics, shall conduct formal consultations regarding programs carried out by the Bureau of Labor Statistics with representatives of each of the 10 Federal regions of the Department of Labor, elected from the State directors af-

filiated with State agencies that perform the duties described in subsection (e)(2).

“(e) STATE RESPONSIBILITIES.—

“(1) DESIGNATION OF STATE AGENCY.—In order to receive Federal financial assistance under this section, the Governor of a State shall—

“(A) designate a single State agency to be responsible for the management of the portions of the workforce and labor market information system described in subsection (a) that comprise a statewide workforce and labor market information system and for the State's participation in the development of the annual plan; and

“(B) establish a process for the oversight of such system.

“(2) DUTIES.—In order to receive Federal financial assistance under this section, the State agency shall—

“(A) consult with State and local employers, participants, and local workforce investment boards about the labor market relevance of the data to be collected and disseminated through the statewide workforce and labor market information system;

“(B) consult with State educational agencies and local educational agencies concerning the provision of employment statistics in order to meet the needs of secondary school and postsecondary school students who seek such information;

“(C) collect and disseminate for the system, on behalf of the State and localities in the State, the information and data described in subparagraphs (A) and (B) of subsection (a)(1);

“(D) maintain and continuously improve the statewide workforce and labor market information system in accordance with this section;

“(E) perform contract and grant responsibilities for data collection, analysis, and dissemination for such system;

“(F) conduct such other data collection, analysis, and dissemination activities as will ensure an effective statewide workforce and labor market information system;

“(G) actively seek the participation of other State and local agencies in data collection, analysis, and dissemination activities in order to ensure complementarity, compatibility, and usefulness of data;

“(H) participate in the development of the annual plan described in subsection (c); and

“(I) utilize the quarterly records described in section 136(f)(2) of the Workforce Investment Act of 1998 to assist the State and other States in measuring State progress on State performance measures.

“(3) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as limiting the ability of a State agency to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this section.

“(f) NONDUPLICATION REQUIREMENT.—None of the functions and activities carried out pursuant to this section shall duplicate the functions and activities carried out under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

“(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 2004 through 2009.

“(h) DEFINITION.—In this section, the term ‘local area’ means the smallest geographical area for which data can be produced with statistical reliability.”

**TITLE IV—AMENDMENTS TO THE  
REHABILITATION ACT OF 1973**

**SEC. 401. CHAIRPERSON.**

Section 705(b)(5) of the Rehabilitation Act of 1973 (29 U.S.C. 796d(b)(5)) is amended to read as follows:

“(5) CHAIRPERSON.—The Council shall select a chairperson from among the voting membership of the Council.”.

**SEC. 402. REHABILITATION SERVICES ADMINISTRATION.**

Section 3(a) of the Rehabilitation Act of 1973 (29 U.S.C. 702(a)) is amended—

(1) by striking “Office of the Secretary” and inserting “Department of Education”;

(2) by striking “President by and with the advice and consent of the Senate” and inserting “Secretary, except that the current Commissioner appointed under the authority existing on the day prior to the date of enactment of this Act may continue to serve in the former capacity”;

(3) by striking “, and the Commissioner shall be the principal officer.”.

**SEC. 403. DIRECTOR.**

(a) IN GENERAL.—The Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) is amended by striking “Commissioner” each place it appears, except in section 21, and inserting “Director”.

(b) EXCEPTION.—Section 21 of the Rehabilitation Act of 1973 (29 U.S.C. 718) is amended—

(1) in subsection (b)(1)—

(A) by striking “Commissioner” the first place it appears and inserting “Director of the Rehabilitation Services Administration”;

(B) by striking “(referred to in this subsection as the ‘Director’)”;

(2) by striking “Commissioner and the Director” each place it appears and inserting “both such Directors”.

**SEC. 404. STATE GOALS.**

Section 101(a) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)) is amended—

(1) in paragraph (11)(D)(i) by inserting “, which may be provided using alternative means of meeting participation (such as video conferences and conference calls)” before the semicolon; and

(2) in paragraph (15)—

(A) in subparagraph (A), by redesignating clauses (ii) and (iii) as clauses (iii) and (iv), respectively, and inserting after clause (i) the following:

“(ii) include an assessment of the transition services provided under this Act, and coordinated with transition services under the Individuals with Disabilities Education Act, as to those services meeting the needs of individuals with disabilities.”; and

(B) by amending subparagraph (D)(i) to read as follows:

“(i) the methods to be used to expand and improve the services to individuals with disabilities including—

“(I) how a broad range of assistive technology services and assistive technology devices will be provided to such individuals at each stage of the rehabilitative process and how such services and devices will be provided to such individuals on a statewide basis; and

“(II) how transition services will be better coordinated with those services under the Individuals with Disabilities Education Act in order to improve transition services for individuals with disabilities served under this Act”.

**SEC. 405. AUTHORIZATIONS OF APPROPRIATIONS.**

The Rehabilitation Act of 1973 is further amended—

(1) in section 100(b)(1) by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2004 through 2009”;

(2) in section 100(d)(1)(B) by striking “fiscal year 2003” and inserting “fiscal year 2009”;

(3) in section 110(c) by amending paragraph (2) to read as follows:

“(2) The sum referred to in paragraph (1) shall be, as determined by the Secretary, not less than 1 percent and not more than 1.5 percent of the amount referred to in paragraph (1) for each of fiscal years 2003 through 2009.”;

(4) in section 112(h) by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2004 through 2009”;

(5) in section 201(a) by striking “fiscal years 1999 through 2003” each place it appears and inserting “fiscal years 2004 through 2009”;

(6) in section 302(i) by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2004 through 2009”;

(7) in section 303(e) by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2004 through 2009”;

(8) in section 304(b) by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2004 through 2009”;

(9) in section 305(b) by striking “fiscal years 1999 through 2003” and insert “fiscal years 2004 through 2009”;

(10) in section 405 by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2004 through 2009”;

(11) in section 502(j) by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2004 through 2009”;

(12) in section 509(l) by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2004 through 2009”;

(13) in section 612 by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2004 through 2009”;

(14) in section 628 by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2004 through 2009”;

(15) in section 714 by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2004 through 2009”;

(16) in section 727 by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2004 through 2009”;

(17) in section 753 by striking “fiscal years 1999 through 2003” and inserting “fiscal years 2004 through 2009”.

**SEC. 406. HELEN KELLER NATIONAL CENTER ACT.**

(a) GENERAL AUTHORIZATION OF APPROPRIATIONS.—The first sentence of section 205(a) of the Helen Keller National Center Act (29 U.S.C. 1904(a)) is amended by striking “1999 through 2003” and inserting “2004 through 2009”.

(b) HELEN KELLER NATIONAL CENTER FEDERAL ENDOWMENT FUND.—The first sentence of section 208(h) of such Act (29 U.S.C. 1907(h)) is amended by striking “1999 through 2003” and inserting “2004 through 2009”.

**TITLE V—TRANSITION AND EFFECTIVE DATE**

**SEC. 501. TRANSITION PROVISIONS.**

The Secretary of Labor shall take such actions as the Secretary determines to be appropriate to provide for the orderly implementation of this division.

**SEC. 502. EFFECTIVE DATE.**

Except as otherwise provided in this division, this division and the amendments made by this division, shall take effect on the date of enactment of this division.

**NOTICES OF HEARINGS/MEETINGS**

**SUBCOMMITTEE ON NATIONAL PARKS**

Mr. THOMAS. Mr. President, I would like to announce for the information of the Senate and the public that a hear-

ing has been scheduled before the Subcommittee on National Parks of the Committee on Energy and Natural Resources. The purpose of this hearing is to conduct oversight on the implementation of the National Parks Air Tour Management Act of 2000, Public Law 106-181.

The hearing will take place on Thursday July 22, 2004 at 2:30 p.m. in room SD-366 of the Dirksen Senate Office Building in Washington, DC.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, United States Senate, SD-364 Dirksen Senate Office Building, Washington, DC 20510-6150.

For further information, please contact: Tom Lillie at (202) 224-5161 or Sarah Creachbaum at (202) 224-6293.

**AUTHORITY FOR COMMITTEES TO MEET**

**COMMITTEE ON ARMED SERVICES**

Mr. SMITH. Mr. President, I ask unanimous consent that the committee on Armed Services be authorized to meet during the session of the Senate on July 8, 2004, at 10 a.m., in open session to consider the following nominations: Admiral Vernon E. Clark, USN, for reappointment to the grade of Admiral and to be chief of Naval Operations; and Lieutenant General James E. Cartwright, USMC, for appointment to the grade of General and to be Commander, United States Strategic Command.

**COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION**

Mr. SMITH. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to meet on Thursday, July 8, 2004, at 9:30 a.m. on S. 2411—Assistance to Firefighters Act of 2004.

**COMMITTEE ON THE JUDICIARY**

Mr. SMITH. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet to conduct a markup on Thursday, July 8, 2004, at 9:30 a.m. in Dirksen Senate Building Room 226.

**Agenda:**

*I. Nominations:* Claude A. Allen to be U.S. Circuit Judge for the Fourth Circuit, Michael H. Watson to be U.S. District Judge for the Southern District of Ohio, David W. McKeague to be United States Circuit Judge for the Sixth Circuit, Richard A. Griffin to be United States Circuit Judge for the Sixth Circuit, Virginia Maria Hernandez Covington to be United States District Judge for the Middle District of Florida.

*II. Legislation:* S. 1635, L-1 Visa (Intracompany Transferee) Reform Act of 2003, Chambliss, S.J. Res. 4, Proposing an amendment to the Constitution of the United States authorizing