AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

Calendar No. 366

108TH CONGRESS
1ST SESSION

S. 1627

[Report No. 108–187]

To reauthorize the Workforce Investment Act of 1998, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 17, 2003

Mr. ENZI (for himself, Mr. KENNEDY, Mr. GREGG, and Mrs. MURRAY) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

NOVEMBER 5, 2003

Reported by Mr. GREGG, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To reauthorize the Workforce Investment Act of 1998, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

~~**SECTION 1. SHORT TITLE.**~~

~~This Act may be cited as the "Workforce Investment Act Amendments of 2003".~~

~~SEC. 2. TABLE OF CONTENTS.~~

~~The table of contents of this Act is as follows:~~

~~Sec. 1. Short title.~~
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~~TITLE I—AMENDMENTS TO TITLE I OF THE WORKFORCE INVESTMENT ACT OF 1998~~

~~Subtitle A—Definitions~~

~~Sec. 101. Definitions.~~

~~Subtitle B—Statewide and Local Workforce Investment Systems~~

~~Sec. 111. Purpose.~~
~~Sec. 112. State workforce investment boards.~~
~~Sec. 113. State plan.~~
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~~Sec. 115. Local workforce investment boards.~~
~~Sec. 116. Local plan.~~
~~Sec. 117. Establishment of one-stop delivery systems.~~
~~Sec. 118. Eligible providers of training services.~~
~~Sec. 119. Eligible providers of youth activities.~~
~~Sec. 120. Youth activities.~~
~~Sec. 121. Adult and dislocated worker employment and training activities.~~
~~Sec. 122. Performance accountability system.~~
~~Sec. 123. Authorization of appropriations.~~

~~Subtitle C—Job Corps~~

~~Sec. 131. Job Corps.~~

~~Subtitle D—National Programs~~

~~Sec. 141. Native American programs.~~
~~Sec. 142. Migrant and seasonal farmworker programs.~~
~~Sec. 143. Veterans' workforce investment programs.~~
~~Sec. 144. Youth challenge grants.~~
~~Sec. 145. Technical assistance.~~
~~Sec. 146. Demonstration, pilot, multiservice, research, and multistate projects.~~
~~Sec. 147. National dislocated worker grants.~~
~~Sec. 148. Authorization of appropriations for national activities.~~

~~Subtitle E—Administration~~

~~Sec. 151. Requirements and restrictions.~~
~~Sec. 152. Cost principles.~~
~~Sec. 153. Reports.~~
~~Sec. 154. Administrative provisions.~~
~~Sec. 155. Use of certain real property.~~

~~TITLE II—AMENDMENTS TO THE ADULT EDUCATION AND FAMILY LITERACY ACT~~

~~Sec. 201. Short title; purpose.~~

~~Sec. 202. Definitions.~~
~~Sec. 203. Authorization of appropriations.~~
~~Sec. 204. Reservation of funds; grants to eligible agencies; allotments.~~
~~Sec. 205. Performance accountability system.~~
~~Sec. 206. State administration.~~
~~Sec. 207. State distribution of funds; matching requirement.~~
~~Sec. 208. State leadership activities.~~
~~Sec. 209. State plan.~~
~~Sec. 210. Programs for corrections education and other institutionalized individuals.~~
~~Sec. 211. Grants and contracts for eligible providers.~~
~~Sec. 212. Local application.~~
~~Sec. 213. Local administrative cost limits.~~
~~Sec. 214. Administrative provisions.~~
~~Sec. 215. National Institute for Literacy.~~
~~Sec. 216. National leadership activities.~~
~~Sec. 217. Integrated English literacy and civics education.~~
~~Sec. 218. Transition.~~

~~TITLE III—AMENDMENTS TO OTHER PROVISIONS OF LAW~~

~~Sec. 301. Wagner-Peyser Act.~~

~~TITLE IV—REHABILITATION ACT AMENDMENTS~~

~~Sec. 401. Short title.~~
~~Sec. 402. Technical amendments to table of contents.~~
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~~Sec. 404. Definitions.~~
~~Sec. 405. Administration of the Act.~~
~~Sec. 406. Carryover.~~

~~Subtitle A—Vocational Rehabilitation Services~~

~~Sec. 411. Declaration of policy; authorization of appropriations.~~
~~Sec. 412. State plans.~~
~~Sec. 413. Eligibility and individualized plan for employment.~~
~~Sec. 414. Vocational rehabilitation services.~~
~~Sec. 415. State rehabilitation council.~~
~~Sec. 416. Evaluation standards and performance indicators.~~
~~Sec. 417. State allotments.~~
~~Sec. 418. Client assistance program.~~
~~Sec. 419. Incentive grants.~~
~~Sec. 420. Vocational rehabilitation services grants.~~
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~~Subtitle B—Research and Training~~

~~Sec. 431. Authorization of appropriations.~~
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~~Sec. 442. Demonstration and training programs.~~
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~~Subtitle D—National Council on Disability~~

~~Sec. 451. Authorization of appropriations.~~

~~Subtitle E—Rights and Advocacy~~

~~Sec. 461. Architectural and transportation barriers compliance board.~~
~~Sec. 462. Protection and advocacy of individual rights.~~

~~Subtitle F—Employment Opportunities for Individuals With Disabilities~~

~~Sec. 471. Projects with industry authorization of appropriations.~~
~~Sec. 472. Services for individuals with significant disabilities authorization of appropriations.~~

~~Subtitle G—Independent Living Services and Centers for Independent Living~~

~~Sec. 481. State plan.~~
~~Sec. 482. Statewide independent living council.~~
~~Sec. 483. Independent living services authorization of appropriations.~~
~~Sec. 484. Program authorization.~~
~~Sec. 485. Grants to centers for independent living in States in which Federal funding exceeds State funding.~~
~~Sec. 486. Grants to centers for independent living in States in which State funding equals or exceeds Federal funding.~~
~~Sec. 487. Standards and assurances for centers for independent living.~~
~~Sec. 488. Centers for independent living authorization of appropriations.~~
~~Sec. 489. Independent living services for older individuals who are blind.~~
~~Sec. 490. Program of grants.~~
~~Sec. 491. Independent living services for older individuals who are blind authorization of appropriations.~~

~~Subtitle H—Miscellaneous~~

~~Sec. 495. 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 Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the amendment or repeal shall be considered to be~~

made to a section or other provision of the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.).

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

Subtitle A—Definitions

SEC. 101. DEFINITIONS.

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

(1) by striking paragraph (24);

(2) by redesignating paragraphs (1) through (4), (5) through (16), (17), (18) through (23), (25) through (41), and (42) through (53) as paragraphs (2) through (5), (7) through (18), (20), (23) through (28), (29) through (45), and (47) through (58), respectively;

(3) by inserting before paragraph (3) (as redesignated by paragraph (2)) the following:

"(1) ACCRUED EXPENDITURES.—The term 'accrued expenditures' means charges incurred by recipients of funds under this title for a given period requiring the provision of funds for—

"(A) goods or other tangible property received;

~~"(B) services performed by employees, contractors, subgrantees, subcontractors, and other payees; and~~

~~"(C) other amounts becoming owed under programs assisted under this title for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments.~~

~~(4) in paragraph (2) (as redesignated by paragraph (2)), by striking "Except in sections 127 and 132," and inserting "Except in section 132,";~~

~~(5) by inserting after paragraph (5) (as redesignated by paragraph (2)) the following:~~

~~"(6) BUSINESS INTERMEDIARY.—The term 'business intermediary' means an entity that brings together various stakeholders with an expertise in an industry or business sector.";~~

~~(6) in paragraph (9) (as redesignated by paragraph (2)), by inserting ", including a faith-based organization," after "nonprofit organization";~~

~~(7) in paragraph (10) (as redesignated by paragraph (2))—~~

~~(A) in subparagraph (B), by striking "and" after the semicolon;~~

~~(B) in subparagraph (C)—~~

~~(i) by striking "not less than 50 percent of the cost of the training" and inserting "a significant portion of the cost of training as determined by the local board, taking into account the size of the employer and such other factors as the local board determines to be appropriate"; and~~

~~(ii) by striking the period and inserting "; and"; and~~

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

~~"(D) for customized training with employers in various parts of the State, a significant portion of the cost of the training, as determined by the Governor, taking into account the size of the employer and such other factors as the Governor determines appropriate.";~~

~~(8) in paragraph (11) (as redesignated by paragraph (2))—~~

~~(A) in subparagraph (A)(ii)(II), by striking "section 134(c)" and inserting "section 121(c)";~~

~~(B) in subparagraph (C), by striking "or" after the semicolon;~~

~~(C) in subparagraph (D), by striking the period and inserting "; or"; and~~

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

~~"(E)(i) is a member of the Armed Forces on active duty, who has been involuntarily separated with an honorable discharge, from the Armed Forces, or who has received notice of such separation;~~

~~"(ii) is the spouse or adult dependent of a member of the Armed Forces who has experienced the loss of employment as a direct result of relocation to accommodate a change in duty station of such member; or~~

~~"(iii) is the spouse of a member of the Armed Forces on active duty who meets the criteria described in paragraph (13)(B).";~~

~~(9) in paragraph (12)(A) (as redesignated by paragraph (2))—~~

~~(A) by striking "and" after the semicolon and inserting "or";~~

~~(B) by striking "(A)" and inserting "(A)(i)"; and~~

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

~~"(ii) is the dependent spouse of a member of the Armed Forces, whose family income is significantly reduced because of a deployment, an activation, a transfer of duty station, or the~~

~~service-connected death or disability of the spouse; and'';~~

~~(10) in paragraph (14)(A) (as redesignated by paragraph (2)), by striking ''section 122(c)(3)'' and inserting ''section 122'';~~

~~(11) by inserting after paragraph (18) (as redesignated by paragraph (2)) the following:~~

~~''(19) HARD-TO-SERVE POPULATIONS.—The term 'hard-to-serve populations' means populations of individuals who are hard-to-serve, including displaced homemakers, low-income individuals, Native Americans, individuals with disabilities, older individuals, ex-offenders, homeless individuals, individuals with limited English proficiency, individuals who do not meet the definition of literacy in section 203, individuals facing substantial cultural barriers, migrant and seasonal farmworkers, individuals 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 such other groups as the Governor determines to be hard-to-serve.'';~~

~~(12) by inserting after paragraph (20) (as redesignated by paragraph (2)) the following:~~

~~''(21) INTEGRATED TRAINING PROGRAM.—The term 'integrated training program' means a program~~

~~that combines occupational skills training with language acquisition.~~

~~"(22) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given the term in section 102(a)(1) (A) and (B) of the Higher Education Act of 1965 (20 U.S.C. 1002(a)(1)).";~~

~~(13) in paragraph (29) (as redesignated by paragraph (2))—~~

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

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

~~(C) by inserting after subparagraph (C) the following:~~

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

~~(14) in paragraph (34) (as redesignated by paragraph (2)), by inserting ", subject to section 121(b)(1)(C)" after "121(b)(1)";~~

~~(15) by striking paragraph (37) (as redesignated by paragraph (2)) and inserting the following:~~

~~"(37) OUT-OF-SCHOOL YOUTH.—The term 'out-of-school youth' means an out-of-school youth as defined in section 129(a)(1)(B).";~~

~~(16) in paragraph (45) (as redesignated by paragraph (2)), by striking ", and the term means such Secretary for purposes of section 503";~~

~~(17) by inserting after paragraph (45) (as redesignated by paragraph (2)) the following:~~

~~"(46) SELF-SUFFICIENCY.—The term 'self-sufficiency' has the meaning given the term in section 134(a)(3)(A)(4)(x) and section 134(c)(1)(A)(ix).";~~

~~(18) in paragraph (48) (as redesignated by paragraph (2)), by striking "clause (iii) or (v) of section 136(b)(3)(A)" and inserting "section 136(b)(3)(A)(iii)";~~

~~(19) in paragraph (57) (as redesignated by paragraph (2)), by striking "(or as described in section 129(c)(5))" and inserting "(or as described in section 129(a)(2))"; and~~

~~(20) in paragraph (58) (as redesignated by paragraph (2)), by striking "established under section 117(h)" and inserting "that may be established under section 117(h)(2)".~~

~~Subtitle B—Statewide and Local Workforce Investment Systems~~

~~SEC. 111. PURPOSE.~~

~~Section 106 (29 U.S.C. 2811) is amended to read as follows:~~

~~"SEC. 106. PURPOSES.~~

~~''The purposes of this subtitle are the following:~~

~~''(1)(A) Primarily, to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, self-sufficiency, and earnings of participants, and increase occupational skill attainment by participants.~~

~~''(B) As a result of the provision of the activities, to improve the quality of the workforce, reduce welfare dependency, increase self-sufficiency, and enhance the productivity and competitiveness of the Nation.~~

~~''(2) To enhance the workforce investment system of the Nation by strengthening one-stop centers, providing for more effective governance arrangements, promoting access to a more comprehensive array of employment and training and related services, establishing a targeted approach to serving~~

~~youth, improving performance accountability, and promoting State and local flexibility.~~

~~"(3) 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.~~

~~"(4) To provide workforce investment systems that are demand-driven and responsive to the needs of all employers, including small employers.~~

~~"(5) To provide workforce investment systems that work in all areas of the Nation, including urban and rural areas.~~

~~"(6) To allow flexibility to meet State, local, regional, and individual workforce investment needs.~~

~~"(7) To recognize and reinforce the vital link between economic development and workforce investment activities.~~

~~"(8) To provide for accurate data collection, reporting, and performance measures that are not unduly burdensome.~~

~~"(9) To address the ongoing shortage of essential skills in the United States workforce related to both manufacturing and knowledge-based economies to ensure that the United States remains competitive in the global economy.~~

~~"(10) To equip workers with higher skills and contribute to lifelong education.~~

~~"(11) To eliminate training disincentives for hard-to-serve populations and minority workers, including effectively utilizing community programs, services, and agencies.~~

~~"(12) To educate limited English proficient individuals about skills and language so the individuals are employable.~~

~~"(13) To increase the employment, retention and earnings of individuals with disabilities.".~~

~~SEC. 112. STATE WORKFORCE INVESTMENT BOARDS.~~

~~(a) MEMBERSHIP.—~~

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

~~(A) in paragraph (1), by striking subparagraph (C) and inserting the following:~~

~~"(C) representatives appointed by the Governor, who—~~

~~"(i) are 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, except that—~~

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

~~"(II) in the case of the programs authorized under title I of the Rehabilitation Act of 1973, the representative shall be the head of the designated State unit, as defined in section 7 of the Rehabilitation Act of 1973 (29 U.S.C. 705);~~

~~"(ii) are the State agency officials responsible for economic development;~~

~~"(iii) are representatives of all business in the State, including small businesses, who—~~

~~"(I) are owners of businesses, chief executive or operating officers of businesses, or other business executives or employers with optimum policymaking or hiring authority;~~

~~"(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, business trade associations, and local boards;~~

~~"(iv) is a chief elected official (representing cities and counties, where appropriate);~~

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

~~"(vi) are such other State agency officials and other representatives as the Governor may designate."; and~~

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

~~(2) CONFORMING AMENDMENT.—Section 111(c) (29 U.S.C. 2821(c)) is amended by striking "subsection (b)(1)(C)(i)" and inserting "subsection (b)(1)(C)(iii)".~~

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

~~(1) in paragraph (1), by striking "development" and inserting "development, implementation, and revision";~~

~~(2) in paragraph (2), by striking "section 134(c)" and inserting "section 121(c)";~~

~~(3) by striking paragraph (3) and inserting the following:~~

~~"(3) reviewing and providing comment on the State plans of all one-stop partner programs, where applicable, in order to provide effective strategic leadership in the development of a high quality, comprehensive statewide workforce investment system, including commenting at least once annually on the measures taken pursuant to section 113(b)(3) of the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C 2323(b)(3)) and title II of this Act;";~~

~~(4) by redesignating paragraphs (4) through (9) as paragraphs (5) through (10), respectively;~~

~~(5) by inserting after paragraph (3) the following:~~

~~"(4) development and review of statewide policies affecting the coordinated provision of services through the one-stop delivery systems described in section 121(c) within the State, including—~~

~~"(A) the development of objective procedures and criteria for use by local boards in assessing the effectiveness and continuous improvement of one-stop centers under section 121(g);~~

~~"(B) the development of guidance for the allocation of one-stop center infrastructure funds under section 121(h)(1)(B);~~

~~"(C) the development of—~~

~~"(i) statewide policies relating to the appropriate roles and contributions of one-stop partner programs within the one-stop delivery system, including approaches to facilitating equitable and efficient cost allocation in the one-stop delivery system;~~

~~"(ii) statewide strategies for providing effective outreach to individuals, including hard-to-serve populations, and employers who could benefit from services provided through the one-stop delivery system; and~~

~~"(iii) strategies for technology improvements to facilitate access to services provided through the one-stop delivery system, in remote areas, and for individuals~~

~~with disabilities, which may be utilized throughout the State;~~

~~"(D) identification and dissemination of information on best practices for effective operation of one-stop centers, including use of innovative business outreach, partnerships, and service delivery strategies, including for hard-to-serve populations; and~~

~~"(E) such other matters as may promote statewide objectives for, and enhance the performance of, the one-stop delivery systems;";~~

~~(6) in paragraph (5) (as redesignated by paragraph (4)), by inserting "and the development of Statewide criteria to be used by chief elected officials for the appointment of local boards and for use in certification of local boards consistent with section 117" after "section 116";~~

~~(7) in paragraph (6) (as redesignated by paragraph (4)), by striking "sections 128(b)(3)(B) and 133(b)(3)(B)" and inserting "sections 128(b)(3) and 133(b)(3)(B)";~~

~~(8) in paragraph (8) (as redesignated by paragraph (4), by striking "and" after the semicolon;~~

~~(9) in paragraph (10) (as redesignated by paragraph (4))—~~

~~(A) by striking "section 503" and inserting "section 136(i)(1)"; and~~

~~(B) by striking the period and inserting "; and"; and~~

~~(10) by adding at the end the following:~~

~~"(11) increasing the availability of skills training, employment opportunities, and career advancement for hard-to-serve populations.".~~

~~(c) ALTERNATIVE ENTITY.—Section 111(c) (29 U.S.C. 2811(c)) is amended—~~

~~(1) in paragraph (1), by striking "For" and inserting "Subject to paragraph (3), for"; and~~

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

~~"(3) FAILURE TO MEET PERFORMANCE MEASURES.—If a State fails to meet the State adjusted levels of performance established pursuant to section 136, the Secretary may require the State to establish a State board in accordance with subsections (a), (b), and (c) in lieu of the alternative entity established under paragraph (1).".~~

~~(d) SUNSHINE PROVISION.—Section 111(g) (29 U.S.C. 2822(g)) is amended—~~

~~(1) by inserting ", and modifications to the State plan," before "prior"; and~~

~~(2) by inserting ", and modifications to the State plan" after "the plan".~~

~~(c) AUTHORITY TO HIRE STAFF.—Section 111 (29 U.S.C. 2811)) is amended by adding at the end the following:~~

~~"(h) AUTHORITY TO HIRE STAFF.—The State board may hire staff to assist in carrying out the functions described in subsection (d) using funds allocated under section 127(b)(1)(C) and section 132(b).".~~

~~SEC. 113. STATE PLAN.~~

~~(a) PLANNING CYCLE.—Section 112(a) (29 U.S.C. 2822(a)) is amended—~~

~~(1) by striking "5-year strategy" and inserting "4-year strategy"; and~~

~~(2) by adding at the end the following: "At the end of the first 2-year period of the 4-year State plan, the State board shall review and, as needed, amend the 4-year State plan to reflect labor market and economic conditions. In addition, the State shall submit a modification to the State plan at the end of the first 2-year period of the State plan, which may include redesignation of local areas pursuant to section 116(a) and the levels of performance under sections 136 for the third and fourth years of the plan.".~~

~~(b) CONTENTS.—Section 112(b) (29 U.S.C. 2822(b)) is amended—~~

~~(1) in paragraph (8)(A)—~~

~~(A) in clause (ix), by striking "and" after the semicolon; and~~

~~(B) by adding at the end the following:~~

~~"(xi) programs authorized under title II of the Social Security Act (42 U.S.C. 401 et seq.) (relating to Federal old-age, survivors, and disability insurance benefits), title XVI of such Act (42 U.S.C. 1381 et seq.) (relating to supplemental security income), title XIX of such Act (42 U.S.C. 1396 et seq.) (relating to medicaid), and title XX of such Act (relating to block grants to States for social services), programs authorized under title VII of the Rehabilitation Act of 1973 (29 U.S.C. 796 et seq.), and programs carried out by State agencies relating to mental retardation and developmental disabilities; and";~~

~~(2) by striking paragraph (10) and inserting the following:~~

~~"(10) a description of how the State will use funds the State received under this subtitle to leverage other Federal, State, local, and private resources, in order to maximize the effectiveness of such resources, expand resources for the provision of education and training services, and expand the participation of businesses, employees, and individuals in the Statewide workforce investment system, including a description of incentives and technical assistance the State will provide to local areas for such purposes,";~~

~~(3) in paragraph (12)(A), by striking "sections 128(b)(3)(B) and 133(b)(3)(B)" and inserting "sections 128(b)(3) and 133(b)(3)(B)";~~

~~(4) in paragraph (14), by striking "section 134(c)" and inserting "section 121(c)";~~

~~(5) in paragraph (17)—~~

~~(A) in subparagraph (A)—~~

~~(i) in clause (iii)—~~

~~(I) by inserting "local" before "customized training"; and~~

~~(II) by striking "and" at the end;~~

~~(ii) in clause (iv), by striking "homemakers)," and all that follows through "disabilities)" and inserting "hard-to-serve~~

~~populations and individuals training for nontraditional employment'';~~ ~~and~~

~~(iii) by adding after clause (iv) the following:~~

~~''(v) how the State will serve the employment and training needs of individuals with disabilities, consistent with section 188 and Executive Order 13217 (42 U.S.C. 12131 note; relating to community-based alternatives for individuals with disabilities), including the provision of outreach, intake, the conduct of assessments, service delivery, the development of performance measures, and the training of staff; and'';~~ ~~and~~

~~(B) in subparagraph (B), by striking ''and'' at the end;~~

~~(6) in paragraph (18)(D)—~~

~~(A) by striking ''youth opportunity grants'' and inserting ''youth challenge grants authorized under section 169 and other federally funded youth programs'';~~ ~~and~~

~~(B) by striking the period and inserting a semicolon;~~ ~~and~~

~~(7) by adding at the end the following:~~

~~"(19) a description of how the State will utilize technology to facilitate access to services in remote areas, which may be utilized throughout the State;~~

~~"(20) a description of the State strategy for coordinating workforce investment activities and economic development activities;~~

~~"(21) a description of the State strategy and assistance needed for ensuring regional cooperation;~~

~~"(22) a description of how the State will use funds the State receives under this subtitle to—~~

~~"(A) implement innovative programs and strategies designed to meet the needs of all businesses in the State, including small businesses, which may include incumbent worker training programs, sectoral and industry cluster strategies, regional skills alliances, career ladder programs, utilization of effective business intermediaries, and other business services and strategies that better engage employers in workforce activities and make the statewide workforce investment system more relevant to the needs of State and local businesses, consistent with the purposes of this Act; and~~

~~"(B) provide incentives and technical assistance to assist local areas in more fully en-~~

~~gaging large and small employers in local workforce development activities, to make the workforce investment system more relevant to the needs of area businesses, and to better coordinate workforce investment and economic development efforts to contribute to the economic well being of the local area, as determined appropriate by the local board;~~

~~"(23) a description of the State strategy for ensuring cooperation between transportation providers, including public transportation providers, and workforce investment activities;~~

~~"(24) a description of how the State will assist local areas in assuring physical and programmatic assessability for individuals with disabilities at one-stop centers;~~

~~"(25) a description of the process and methodology that will be used by the State board to—~~

~~"(A) review statewide policies and provide guidance on the coordinated provision of services through the one-stop delivery system described in section 121;~~

~~"(B) establish, in consultation with chief elected officials and local boards, procedures and objective criteria for use by local boards in~~

~~periodically assessing the effectiveness and continuous improvement of one-stop centers and one-stop delivery systems as described in section 121(g); and~~

~~"(C) determine one-stop partner program contributions for—~~

~~"(i) the costs of the infrastructure of one-stop centers under section 121(h)(2); and~~

~~"(ii) the formula for allocating the funds described in section 121(h)(2) to local areas; and~~

~~"(26) a description of the State strategy for ensuring that activities carried out under this title are placing men and women in jobs, education, or training that lead to comparable pay.".~~

~~(c) MODIFICATIONS TO PLAN.—Section 112(d) (29 U.S.C. 2822(d)) is amended—~~

~~(1) by striking "5-year period" and inserting "4-year period"; and~~

~~(2) by adding at the end the following: "In addition, the State shall submit the modifications to the State plan required under subsection (a), and under circumstances prescribed by the Secretary~~

that are due to changes in Federal law that significantly affect elements of the State plan.''.

SEC. 114. 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:

''(vi) The extent to which such local areas will promote maximum effectiveness 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.—The Governor shall approve a request for designation as a local area that is submitted prior to the submission of the State plan, or of a modification to the State plan relating to area designation, from any area that—

''(i) is a unit of general local government with a population of 500,000 or more, except that after the initial 2-year period following such designation pursuant

~~to this clause that occurs after the date of enactment of the Workforce Investment Act Amendments of 2003, the Governor shall only be required to approve a request for designation from such area if such area—~~

~~"(I) performed successfully; and~~

~~"(II) sustained fiscal integrity;~~

~~"(ii) was a local area under this title for the preceding 2-year period, if such local area—~~

~~"(I) performed successfully; and~~

~~"(II) sustained fiscal integrity; or~~

~~"(iii) is served by a rural concentrated employment program grant recipient, except that after the 2-year period following any such designation under the initial State plan submitted after the date of enactment of the Workforce Investment Act Amendments of 2003, the Governor shall only be required to approve a request for designation under this clause if such area—~~

~~"(I) performed successfully; and~~

~~"(II) sustained fiscal integrity.~~

~~"(B) DEFINITIONS.—For purposes of this paragraph:~~

~~"(i) PERFORMED SUCCESSFULLY.—The term 'performed successfully' means that the local area involved is not subject to sanctions under section 136(h)(2) due to the failure to meet the levels of performance established under section 136(c) for 2 consecutive years.~~

~~"(ii) SUSTAINED FISCAL INTEGRITY.—The term 'sustained fiscal integrity' means that the Secretary has not made a formal determination during the preceding 2-year period that either the grant recipient or the administrative entity of the area misexpended funds provided under this title due to willful disregard of the requirements of the Act involved, gross negligence, or failure to comply with accepted standards of administration.".~~

~~(3) CONFORMING AMENDMENTS.—Section 116(a) (29 U.S.C. 2831(a)) is amended—~~

~~(A) by striking paragraph (3);~~

~~(B) by redesignating paragraphs (4) and (5) as paragraph (3) and (4), respectively;~~

~~(C) in paragraph (3) (as redesignated by subparagraph (B))—~~

~~(i) by striking "(including temporary designation)"; and~~

~~(ii) by striking "(v)" and inserting "(vi)"; and~~

~~(D) in paragraph (4) (as redesignated by subparagraph (B))—~~

~~(i) by striking "under paragraph (2) or (3)" and inserting "under paragraph (2)"; and~~

~~(ii) by striking the second sentence.~~

~~(b) SINGLE LOCAL AREA STATES.—Section 116(b) (29 U.S.C. 2831(b)) is amended to read as follows:~~

~~"(b) SINGLE LOCAL AREA STATES.—~~

~~"(1) CONTINUATION OF PREVIOUS DESIGNATION.—Notwithstanding subsection (a)(2), the Governor of any State that was a single local area for purposes of this title as of July 1, 2002, may continue to designate the State as a single local area for purposes of this title if the Governor identifies the State as a local area in the State plan under section 112(b)(5).~~

~~"(2) REDESIGNATION.—The Governor may redesignate the State as a single local area if, prior to~~

the submission of the State plan or modification to such plan so designating the State, no local area meeting the requirements for automatic designation under subsection (a)(2) requests such designation as a separate local area.

"(3) EFFECT ON LOCAL PLAN.—In any case in which a State is designated as a local area pursuant to this subsection, the local plan prepared under section 118 for the area shall be submitted to the Secretary for approval as part of the State plan under section 112.".

(c) REGIONAL PLANNING.—Section 116(c) (29 U.S.C. 2831(c)) is amended—

(1) by striking paragraph (1) and inserting the following:

"(1) PLANNING.—

"(A) IN GENERAL.—As part of the process for developing the State plan, a State may require regional planning by local boards for a designated region in the State. The State may require the local boards for a designated region to participate in a regional planning process that results in the establishment of regional performance measures for workforce investment activities authorized under this subtitle. The

~~State, after consultation with local boards and chief elected officials, may require the local boards for the designated region to prepare, submit, and obtain approval of a single regional plan that incorporates local plans for each of the local areas in the region, as required under section 118. The State may award regional incentive grants to the designated regions that meet or exceed the regional performance measures pursuant to section 134(a)(2)(C).~~

~~"(B) TECHNICAL ASSISTANCE.—If the State requires regional planning as provided in subparagraph (A), the State shall provide technical assistance and labor market information to such local areas in the designated regions to assist with such regional planning and subsequent service delivery efforts.";~~

~~(2) in paragraph (2), by inserting "information about the skill requirements of existing and emerging industries and industry clusters," after "information about employment opportunities and trends,"; and~~

~~(3) in paragraph (3), by adding at the end the following: "Such services may be required to be co-~~

~~ordinated with regional economic development services and strategies.''.~~

~~SEC. 115. LOCAL WORKFORCE INVESTMENT BOARDS.~~

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

~~(1) in paragraph (2)(A)—~~

~~(A) in clause (i), by striking subclause (II) and inserting the following:~~

~~''(II) collectively, represent businesses with employment opportunities that reflect the employment opportunities of the local area, and include representatives of businesses that are in high-growth and emerging industries, and representatives of all businesses, including small businesses, in the local area; and'';~~

~~(B) by striking clause (ii) and inserting the following:~~

~~''(ii)(I) a superintendent representing the local school districts involved or another high-level official from such districts;~~

~~''(II) the president or highest ranking official of an institution of higher education serving the local area; and~~

~~"(III) an administrator of local entities providing adult education and literacy activities in the local area;";~~

~~(C) in clause (iv), by inserting ", hard-to-serve populations," after "disabilities"; and~~

~~(D) by striking clause (vi) and inserting the following:~~

~~"(vi) if the local board does not establish a youth council, representatives with experience serving out-of-school youth, particularly out-of-school youth facing barriers to employment."; and~~

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

~~"(6) SPECIAL RULE.—In the case that there are multiple school districts or institutions of higher education serving a local area, the representatives described in paragraph (2)(A)(ii) shall be appointed from among individuals nominated by regional or local educational agencies, institutions, or organizations representing such agencies or institutions.".~~

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

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

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

~~(c) CONFORMING AMENDMENT.—Section 117(c)(1)(C) (29 U.S.C. 2832 (c)(1)(C)) is amended by striking "section 116(a)(2)(B)" and inserting "section 116(a)(2)(A)(ii)".~~

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

~~(1) in paragraph (2)—~~

~~(A) in subparagraph (B)—~~

~~(i) by inserting "(except as provided in section 123(b))" after "basis"; and~~

~~(ii) by inserting "where appropriate" after "youth council"; and~~

~~(B) by adding at the end the following:~~

~~"(E) CONSUMER CHOICE REQUIREMENTS.—Consistent with section 134(d)(3) and (d)(4), the local board shall work to ensure there are sufficient providers of intensive services and training services serving the local area in a manner that maximizes consumer choice, including providers with expertise in assisting individuals with disabilities.";~~

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

~~(3) in paragraph (8)—~~

~~(A) by inserting "all" before "private sector";~~

~~(B) by inserting ", including small employers," after "private sector employers"; and~~

~~(C) by striking the period and inserting ", taking into account the unique needs of small businesses."; and~~

~~(4) by adding at the end the following:~~

~~"(9) TECHNOLOGY IMPROVEMENTS.—The local board shall develop strategies for technology improvements to facilitate access to services, in remote areas, for services authorized under this subtitle and carried out in the local area.".~~

~~(e) CONFORMING AMENDMENT.—Section 117(f)(2) (29 U.S.C. 2832(f)(2)) is amended by striking "described in section 134(c)".~~

~~(f) 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) COUNCILS.—The local board may establish or continue councils to provide information and advice to assist the local board in carrying out activities under this title. Such councils may include—~~

~~"(1) a council composed of one-stop partners to advise the local board on the operation of the one-stop delivery system involved;~~

~~"(2) a youth council composed of experts and stakeholders in youth programs to advise the local board on youth activities; and~~

~~"(3) such other councils as the local board determines are appropriate.".~~

~~(g) ALTERNATIVE ENTITY PROVISION.—Section 117(i)(1) (29 U.S.C. 2832(i)(1)) is amended—~~

~~(1) by striking subparagraph (B) and inserting the following:~~

~~"(B) was in existence on August 7, 1998, pursuant to State law; and";~~

~~(2) by striking subparagraph (C); and~~

~~(3) by redesignating subparagraph (D) as subparagraph (C).~~

~~SEC. 116. LOCAL PLAN.~~

~~(a) PLANNING CYCLE.—Section 118(a) (29 U.S.C. 2833(a)) is amended—~~

~~(1) by striking "5-year" and inserting "4-year"; and~~

~~(2) by adding at the end the following: "At the end of the first 2-year period of the 4-year plan, the local board shall review and, as needed, amend the 4-year plan to reflect labor market and economic conditions.".~~

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

~~(1) in paragraph (2)—~~

~~(A) in subparagraph (A), by striking "and" after the semicolon;~~

~~(B) by striking subparagraph (B) and inserting the following:~~

~~"(B) a description of how the local board will facilitate access to services provided through the one-stop delivery system, in remote areas, including facilitating access through the use of technology; and"; and~~

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

~~"(C) a description of how the local board will ensure physical and programmatic assessability for individuals with disabilities at one-stop centers;";~~

~~(2) in paragraph (9), by striking "; and" and inserting a semicolon;~~

~~(3) by redesignating paragraph (10) as paragraph (14); and~~

~~(4) by inserting after paragraph (9) the following:~~

~~"(10) a description of how the local board will coordinate workforce investment activities carried out in the local area with economic development activities carried out in the local area;~~

~~"(11) a description of the strategies and services that will be initiated in the local area to more fully engage all employers, including small employers, in workforce development activities, to make the workforce investment system more relevant to the needs of area businesses, and to better coordinate workforce investment and economic development efforts, which may include the implementation of innovative initiatives such as incumbent worker training programs, sectoral and industry cluster strategies, regional skills alliances, career ladder programs, utilization of effective business intermediaries, and other business services and strategies designed to meet the needs of area employers and contribute to the economic well being of the local area, as deter-~~

~~mined appropriate by the local board, consistent with the purposes of this Act;~~

~~"(12) a description of how the local board will expand access to education and training services for eligible individuals who are in need of such services through—~~

~~"(A) the utilization of programs funded under this title; and~~

~~"(B) the increased leveraging of resources other than those provided under this title, including tax credits, private sector-provided training, and other Federal, State, local, and private funding sources that are brokered through the one-stop centers for training;~~

~~"(13) a description of how the local board will coordinate workforce investment activities carried out in the local area with the provision of transportation, including public transportation, in the local area; and".~~

~~SEC. 117. 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) by striking subparagraph (A) and inserting the following:~~

~~"(A) ROLES AND RESPONSIBILITIES OF ONE-STOP PARTNERS.—Each entity that carries out a program or activities described in subparagraph (B) shall—~~

~~"(i) provide access through the one-stop delivery system to the programs and activities carried out by the entity, including making the core services described in section 134(d)(2) that are applicable to the program of the entity available at the comprehensive one-stop centers (in addition to any other appropriate locations);~~

~~"(ii) use a portion of the funds available to the program of the entity to maintain the one-stop delivery system, including payment of the infrastructure costs of one-stop centers in accordance with subsection (h);~~

~~"(iii) enter into the local memorandum of understanding with the local board relating to the operation of the one-stop system that meets the requirements of subsection (c);~~

~~"(iv) participate in the operation of the one-stop system consistent with the terms of the memorandum of understanding, the requirements of this title, and the requirements of the Federal laws authorizing the programs carried out by the entity; and~~

~~"(v) provide representation on the State board to the extent provided under section 111.";~~

~~(B) in subparagraph (B)—~~

~~(i) by striking clause (v);~~

~~(ii) by redesignating clauses (vi) through (xii) as clauses (v) through (xi), respectively;~~

~~(iii) in clause (x) (as redesignated by clause (ii)), by striking "and" at the end;~~

~~(iv) in clause (xi) (as redesignated by clause (ii)), by striking the period and inserting "; and"; and~~

~~(v) by adding at the end the following:~~

~~"(xii) 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~~

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

~~"(C) DETERMINATION BY THE GOVERNOR.—~~

~~"(i) IN GENERAL.—An entity that carries out programs referred to in subparagraph (B)(xii) shall be included in the one-stop partners for the local area, as a required partner, for purposes of this title unless the Governor of the State provides the notification described in clause (ii).~~

~~"(ii) NOTIFICATION.—The notification referred to in clause (i) is a notification that—~~

~~"(I) is made in writing of a determination by the Governor not to include such entity in the one-stop partners described in clause (i); and~~

~~"(II) is provided to the Secretary and the Secretary of Health and Human Services.".~~

~~(2) ADDITIONAL PARTNERS.—~~

~~(A) IN GENERAL.—Section 121(b)(2)(A) (29 U.S.C. 2841(b)(2)(A)) is amended to read as follows:~~

~~"(A) IN GENERAL.—With the approval of the local board and chief elected official, in addition to the entities described in paragraph (1), other entities that carry out a human resource program described in subparagraph (B) may be a one-stop partner and carry out the responsibilities described in paragraph (1)(A).".~~

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

~~(i) by redesignating clauses (iv) and (v) as clauses (v) and (vi), respectively; and~~

~~(ii) by striking clauses (i) through (iii) and inserting the following:~~

~~"(i) employment and training programs administered by the Social Security Administration, including the Ticket to Work and Self-Sufficiency program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19);~~

~~"(ii) programs carried out in the local area for individuals with disabilities, including programs carried out by State agencies relating to mental retardation and~~

~~developmental disabilities, Statewide Independent Living Councils established under section 705 of the Rehabilitation Act of 1973 (29 U.S.C. 796d), and centers for independent living defined in section 702 of the Rehabilitation Act of 1973 (29 U.S.C. 796a);~~

~~"(iii) employment and training programs carried out by the Small Business Administration;~~

~~"(iv) programs authorized under section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4));".~~

~~(b) LOCAL MEMORANDUM OF UNDERSTANDING.—~~

~~(1) CONTENTS OF MEMORANDUM.—Section 121(c)(2)(A) (29 U.S.C. 2841(c)(2)(A)) is amended to read as follows:~~

~~"(A) provisions describing—~~

~~"(i) the services to be provided through the one-stop delivery system consistent with the requirements of this section, including the manner in which the services will be coordinated through such system;~~

~~"(ii) how the costs of such services and the operating costs of such system will be funded to provide a stable and equitable funding stream for ongoing one-stop system operations, including the funding of the infrastructure costs of one-stop centers in accordance with subsection (h);~~

~~"(iii) methods of referral of individuals between the one-stop operator and the one-stop partners for appropriate services and activities;~~

~~"(iv) methods to ensure the needs of hard-to-serve populations are addressed in accessing services through the one-stop system; and~~

~~"(v) the duration of the memorandum of understanding and the procedures for amending the memorandum during the term of the memorandum, and assurances that such memorandum shall be reviewed not less than once every 2-year period to ensure appropriate funding and delivery of services; and".~~

~~(c) CONFORMING AMENDMENT.—Section 121(d)(2) (29 U.S.C. 2841(d)(2)) is amended by striking "section 134(c)" and inserting "section 121(c)".~~

~~(d) PROVISION OF SERVICES.—~~

~~(1) ELIMINATION OF PROVISIONS CONCERNING ESTABLISHED SYSTEMS.—Section 121 (29 U.S.C. 2841) is amended by striking subsection (e).~~

~~(2) REDESIGNATION.—Subtitle B of title I is amended—~~

~~(A) in section 134 (29 U.S.C. 2864), by redesignating subsection (e) as subsection (e); and~~

~~(B) by transferring that subsection (e) so that the subsection appears after subsection (d) of section 121.~~

~~(3) ONE-STOP DELIVERY SYSTEMS.—Paragraph (1) of section 121(e) (29 U.S.C. 2841(e)) (as redesignated by paragraph (2)) is amended—~~

~~(A) in subparagraph (A), by striking "subsection (d)(2)" and inserting "section 134(d)(2)";~~

~~(B) in subparagraph (B)—~~

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

~~(ii) by striking "individual training accounts" and inserting "career scholarship accounts"; and~~

~~(iii) by striking "subsection (d)(4)(G)" and inserting "section 134(d)(4)(G)";~~

~~(C) in subparagraph (C), by striking "subsection (e)" and inserting "section 134(e)";~~

~~(D) in subparagraph (D), by striking "section 121(b)" and inserting "subsection (b)"; and~~

~~(E) in subparagraph (E), by striking "information described in section 15" and inserting "data, information, and analysis described in section 15(a)".~~

~~(e) CONTINUOUS IMPROVEMENT OF ONE-STOP CENTERS.—Section 121 (29 U.S.C. 2841) is amended by adding at the end the following:~~

~~"(g) CONTINUOUS IMPROVEMENT OF ONE-STOP CENTERS.—~~

~~"(1) IN GENERAL.—The State board, in consultation with chief local elected officials and local boards, shall establish procedures and objective criteria for use by local boards in periodically assessing the effectiveness, physical and programmatic accessi-~~

~~bility, and continuous improvement of one-stop centers and one-stop delivery systems.~~

~~"(2) CRITERIA.—The procedures and criteria developed under this subsection shall include minimum standards relating to the scope and degree of service coordination achieved by the one-stop delivery system with respect to the programs administered by the one-stop partners at the one-stop centers, consistent with the guidance provided by the Governor and by the State board, in consultation with the chief elected official and local boards, for such partners' participation under subsections (h)(1)(B) and subsection (i), respectively, and such other factors relating to the quality, accessibility, and effectiveness of the one-stop delivery system as the State board determines appropriate.~~

~~"(3) LOCAL BOARDS.—Consistent with the criteria developed by the State, the local board may develop additional criteria of higher standards to respond to local labor market and demographic conditions and trends.~~

~~"(h) FUNDING OF ONE-STOP INFRASTRUCTURE AND OTHER COSTS.—~~

~~"(1) IN GENERAL.—~~

~~"(A) OPTIONS FOR INFRASTRUCTURE FUNDING.—~~

~~"(i) LOCAL OPTIONS.—The local board, chief elected officials, and one-stop partners in a local area may choose to fund the costs of the infrastructure of one-stop centers through—~~

~~"(I) alternative methods described in the local memorandum of understanding, if one-stop partners, the local board, and chief elected official agree to such alternative methods; or~~

~~"(II) the State infrastructure funding mechanism described in paragraph (2).~~

~~"(ii) FAILURE TO REACH AGREEMENT ON FUNDING METHODS.—If, as of July 1, 2004, the local board, chief elected official, and one-stop partners in a local area fail to reach agreement on methods of funding the infrastructure costs of one-stop centers, the State infrastructure funding mechanism described in paragraph (2) shall be applicable to such local area.".~~

~~"(B) GUIDANCE FOR INFRASTRUCTURE FUNDING.—In addition to carrying out the requirements relating to the State mechanism for one-stop center infrastructure funding described in paragraph (2), the Governor, after consultation with chief local elected official, local boards, and the State board, and consistent with the guidelines provided by the State board under subsection (i), shall provide—~~

~~"(i) guidelines for State administered one-stop partner programs in determining such program's contributions to and participation in the one-stop delivery system, including funding for the costs of infrastructure as described in paragraph (4), negotiated pursuant to the local memorandum of understanding under subsection (b); and~~

~~"(ii) guidance to assist local areas in identifying equitable and stable alternative methods of funding of the costs of the infrastructure of one-stop centers in local areas.~~

~~"(2) STATE ONE-STOP INFRASTRUCTURE FUNDING.—~~

~~"(A) PARTNER CONTRIBUTIONS.—~~

~~"(i) IN GENERAL.—Notwithstanding any other provision of law, but subject to clause (iii), a portion determined under clause (ii) of the Federal funds provided to the State and areas within the State under the Federal laws authorizing the programs described in subsection (b) and administered by one-stop partners for a fiscal year shall be provided to the Governor from such programs to assist in paying the costs of infrastructure of one-stop centers in those local areas of the State not funded under the option described in paragraph (1)(B)(i)(I).~~

~~"(ii) DETERMINATION OF GOVERNOR.—~~

~~"(I) IN GENERAL.—Subject to subclause (II) and clause (iii), the Governor, after consultation with chief local elected officials, local boards, and the State board, shall determine the portion of funds to be provided under clause (i) by each one-stop partner from each program described~~

~~in clause (i). In making such determination, the Governor shall consider the proportionate use of the one-stop centers pursuant to clause (i)(II) or (ii) of paragraph (1)(A) 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). The Governor shall exclude from such determination the portion of funds and use of one-stop centers attributable to the programs of one-stop partners for those local areas of the State where the infrastructure of one-stop centers is funded under the option described in paragraph (1)(B)(i)(I).~~

~~"(II) SPECIAL RULE.—In a State in which the State constitution places policymaking authority that is independent of the authority of the Governor in an entity or official with respect to the funds provided for adult education and literacy activities au-~~

~~thorized under title II and for postsecondary vocational and technical education activities authorized under the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301 et seq.), or vocational rehabilitation services offered under the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.), the determination described in subclause (I) with respect to the programs authorized under that title and that Act shall be made by the Governor and the appropriate entity or official with such independent policymaking authority.~~

~~"(III) APPEAL BY ONE-STOP PARTNERS.—The Governor shall establish a procedure for the one-stop partner administering a program described in subsection (b) to appeal a determination regarding the portion of funds to be contributed under this paragraph on the basis that such determination is inconsistent with the criteria described in the State plan or~~

~~with the requirements of this paragraph. Such procedure shall ensure prompt resolution of the appeal.~~

~~"(iii) 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 program limitations with respect to the portion of funds under such program that may be used for administration.~~

~~"(II) CAP ON REQUIRED CONTRIBUTIONS.—~~

~~"(aa) WIA FORMULA PROGRAMS AND EMPLOYMENT SERVICE.—The portion of funds required to be contributed under this paragraph by the programs authorized under chapters 4 and 5 of this title and under the Wagner-Peyser Act shall not be~~

~~in excess of 3 percent of the amount of Federal funds provided to carry out each such program in the State for a fiscal year.~~

~~"(bb) OTHER ONE-STOP PARTNERS.—The portion of funds required to be contributed under paragraph (1)(B)(ii) by a one-stop partner from a program described in subsection (b)(1) other than the programs described under item (aa) shall not be in excess of 1 and ½ percent of the amount of Federal funds provided to carry out such program in the State for a fiscal year.~~

~~"(cc) SPECIAL RULE.—Notwithstanding items (aa) and (bb), an agreement, including local memorandums of understanding, entered into prior to the date of enactment of the Workforce Investment Act Amendments of~~

~~2003 by an entity regarding contributions under this title that permits the percentages described in such items to be exceeded, may continue to be in effect until terminated by the parties.~~

~~"(dd) VOCATIONAL REHABILITATION.—Notwithstanding items (aa) and (bb), an entity administering a program under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) shall not be required to provide, for the purposes of this paragraph, an amount in excess of—~~

~~"(AA) 0.75 percent of the amount provided for such program in the State for the second program year that begins after the date of enactment of the Workforce Investment Act Amendments of 2003;~~

~~"(BB) 1.0 percent of the amount provided for such program in the State for the third~~

~~program year that begins after such date;~~

~~"(CC) 1.25 percent of the amount provided for such program in the State for the fourth program year that begins after such date; and~~

~~"(DD) 1.5 percent of the amount provided for such program in the State for the fifth and each succeeding program year that begins after such date.~~

~~"(III) FEDERAL DIRECT SPENDING PROGRAMS.—An entity administering a program funded with direct spending as defined in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900(c)(8)) shall not be required to provide, for purposes of this paragraph, an amount in excess of the amount determined to be equivalent to the cost of the proportionate use of the one-stop centers for such program in the State.~~

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

~~"(B) ALLOCATION BY GOVERNOR.—From the funds provided under subparagraph (A), the Governor shall allocate the funds to local areas in accordance with the formula established under subparagraph (C) for the purposes of assisting in paying the costs of infrastructure of one-stop centers.~~

~~"(C) ALLOCATION FORMULA.—The State board shall develop a formula to be used by the Governor to allocate the funds provided under~~

~~subparagraph (A) to local areas not funding infrastructure costs under the option described in paragraph (1)(B)(i)(II). The formula shall be based on factors including the number of one-stop centers in a local area, the population served by such centers, the services provided by such centers, and other factors relating to the performance of such centers that the State board determines are appropriate.~~

~~"(D) COSTS OF INFRASTRUCTURE.—In this subsection, the term 'costs of infrastructure', used with respect to a one-stop center, means the nonpersonnel costs that are necessary for the general operation of the one-stop center, including the rental costs of the facilities, the costs of utilities and maintenance, equipment (including adaptive technology for individuals with disabilities), and technology to facilitate remote access to the one-stop center's strategic planning activities, 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 programs described in subsection (b) and administered by one-stop partners, or the noncash resources available under such programs, shall be used to pay the additional costs relating to the operation of the one-stop delivery system involved that are not paid from the funds provided under subsection (h), as determined in accordance with paragraph (2), to the extent not inconsistent with the Federal law involved. Such costs shall include the costs of the provision of core services described in section 134(d)(2) applicable to each program and may include—~~

~~"(A) costs of infrastructure, as defined in subsection (h), that are in excess of the amount of funds provided under subsection (h); and~~

~~"(B) common costs that are in addition to the costs of infrastructure that are not paid from the funds provided under subsection (h).~~

~~"(2) DETERMINATION AND GUIDANCE.—The method for determining the appropriate portion of funds and noncash resources to be provided by each program under paragraph (1) for a one-stop center shall be determined as part of the development of the memorandum of understanding under subsection (c) for the one-stop center and shall be stated in the memorandum. The State board shall provide guid-~~

~~ance to facilitate the determination of an appropriate allocation of the funds and noncash resources in local areas.''.~~

~~SEC. 118. 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, after consultation with the State board, shall establish criteria and procedures regarding the eligibility of providers of training services described in section 134(d)(4) (referred to in this section as 'training services') to receive funds provided under section 133(b) for the provision of training services.~~

~~''(b) CRITERIA.—~~

~~''(1) IN GENERAL.—The criteria established by the Governor pursuant to subsection (a) shall take into account—~~

~~''(A) the performance of providers of training services with respect to the performance measures described in section 136 or other appropriate measures of performance outcomes for those individuals receiving training services under this subtitle (taking into consideration~~

~~the characteristics of the population served and relevant economic conditions);~~

~~"(B) the need to ensure access to training services throughout the State, including any rural areas;~~

~~"(C) the information such providers are required to report to State agencies with respect to Federal and State programs (other than the program carried out under this subtitle), including partner programs;~~

~~"(D) the requirements for State licensing of providers of training services, and the licensing status of each provider of training services if applicable;~~

~~"(E) to the extent practicable, encouraging the use of industry recognized standards and certification;~~

~~"(F) the ability to provide training services to hard-to-serve populations, including individuals with disabilities; and~~

~~"(G) such other factors as the Governor determines are appropriate to ensure—~~

~~"(i) the quality of services provided;~~

~~"(ii) the accountability of the providers;~~

~~"(iii) that the one-stop centers in the State will ensure that such providers meet the needs of local employers and participants;~~

~~"(iv) the informed choice of participants under chapter 5; and~~

~~"(v) that the collection of information required is not unduly burdensome or costly to providers.~~

~~"(2) INFORMATION AND RENEWAL.—The criteria established by the Governor shall require that a provider of training services submit appropriate, accurate, and timely information to the State for purposes of carrying out subsection (d). The criteria shall also provide for annual review and renewal of eligibility under this section for providers of training services.~~

~~"(3) LOCAL CRITERIA.—A local board in the State may establish criteria in addition to the criteria established by the Governor, or may require higher levels of performance than required under the criteria established by the Governor, for purposes of determining the eligibility of providers of training services to receive funds described in subsection (a) to provide the services in the local areas involved.~~

1 ~~"(c) PROCEDURES.—The procedures established~~
2 ~~under subsection (a) shall identify the application process~~
3 ~~for a provider of training services to become eligible to~~
4 ~~receive funds provided under section 133(b) for the provi-~~
5 ~~sion of training services, and identify the respective roles~~
6 ~~of the State and local areas in receiving and reviewing the~~
7 ~~applications and in making determinations of such eligi-~~
8 ~~bility based on the criteria established under this section.~~
9 ~~The procedures shall also establish a process for a pro-~~
10 ~~vider of training services to appeal a denial or termination~~
11 ~~of eligibility under this section, that includes an oppor-~~
12 ~~tunity for a hearing and prescribes appropriate time limits~~
13 ~~to ensure prompt resolution of the appeal.~~
14 ~~"(d) INFORMATION TO ASSIST PARTICIPANTS IN~~
15 ~~CHOOSING PROVIDERS.—~~
16 ~~"(1) IN GENERAL.—In order to facilitate and~~
17 ~~assist participants in choosing employment and~~
18 ~~training activities under chapter 5 and in choosing~~
19 ~~providers of training services, the Governor shall en-~~
20 ~~sure that an appropriate list of providers determined~~
21 ~~to be eligible under this section in the State, accom-~~
22 ~~panied by appropriate information provided by pro-~~
23 ~~viders of training in the State in accordance with~~
24 ~~subsection (b) and such other information as the~~
25 ~~Governor determines is appropriate, including infor-~~

~~mation on program costs for participants in applicable programs, is provided to the one-stop delivery system in the State. The list and the information shall be made available to such participants and to members of the public through the one-stop delivery system in the State.~~

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

~~"(c) ENFORCEMENT.—~~

~~"(1) IN GENERAL.—The criteria and procedures established under this section shall provide the following:~~

~~"(A) INTENTIONALLY SUPPLYING INACCURATE INFORMATION.—Upon a determination that a provider of training services, or individual providing information on behalf of the provider, intentionally supplied inaccurate information under this section, the eligibility of such provider to receive funds under chapter 5 shall~~

be terminated for a period of time that is not less than 2 years.

"(B) SUBSTANTIAL VIOLATIONS.—Upon a determination that a provider of training services substantially violated any requirement under this title, the eligibility of such provider to receive funds under the program involved may be terminated, or other appropriate action may be taken.

"(C) REPAYMENT.—A provider of training services whose eligibility is terminated under subparagraph (A) or (B) shall be liable for the repayment of funds received under chapter 5 during a period of noncompliance described in such paragraph.

"(2) CONSTRUCTION.—Paragraph (1) shall be construed to provide remedies and penalties that supplement, but do not supplant, other civil and criminal remedies and penalties.".

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

"(g) OPPORTUNITY TO SUBMIT COMMENTS.—In establishing criteria, procedures, and information required

~~under this section, the Governor shall provide an opportunity for interested members of the public to make recommendations and submit comments regarding such criteria, procedures, and information.~~

~~"(h) TRANSITION PERIOD FOR IMPLEMENTATION.—The requirements of this section shall be implemented not later than December 31, 2004. In order to facilitate early implementation of this section, the Governor may establish transition procedures under which providers eligible to provide training services under chapter 5 of this title as such chapter was in effect on the day before the date of enactment of the Workforce Investment Act Amendments of 2003 may continue to be eligible to provide such services until December 31, 2004, or until such earlier date as the Governor determines appropriate.~~

~~"(i) ON-THE-JOB TRAINING OR CUSTOMIZED TRAINING EXCEPTION.—~~

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

~~"(2) COLLECTION AND DISSEMINATION OF INFORMATION.—A one-stop operator in a local area shall collect such performance information from on-the-job training and customized training providers as the Governor may require, determine whether the~~

~~providers meet such performance criteria as the Governor may require, and disseminate information identifying providers that meet the criteria as eligible providers, and the performance information, through the one-stop delivery system. Providers determined to meet the criteria shall be considered to be identified as eligible providers of training services.''.~~

~~SEC. 119. 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 described in section 112 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 is an insufficient number of eligible providers of youth activities in the local area involved (such as a rural area) for grants and contracts to be awarded on a competitive basis under subsection (a).''.~~

~~SEC. 120. YOUTH ACTIVITIES.~~

~~(a) STATE ALLOTMENTS.—Section 127 (29 U.S.C. 2852) is amended—~~

~~(1) in subsection (a)(1), by striking "opportunity" and inserting "challenge"; and~~

~~(2) by striking subsection (b) and inserting the following:~~

~~"(b) ALLOTMENT AMONG STATES.—~~

~~"(1) YOUTH ACTIVITIES.—~~

~~"(A) YOUTH CHALLENGE GRANTS.—~~

~~"(i) IN GENERAL.—For each fiscal year in which the amount appropriated under section 137(a) exceeds $1,000,000,000, the Secretary shall reserve a portion of the amount to provide youth challenge grants and other activities under section 169 (relating to youth challenge grants) and provide youth activities under section 167 (relating to migrant and seasonal farmworker programs).~~

~~"(ii) PORTION.—The portion referred to in clause (i) shall equal, for a fiscal year—~~

~~"(I) except as provided in subclause (II), the difference obtained by subtracting $1,000,000,000 from the~~

~~amount appropriated under section 137(a) for the fiscal year; or~~

~~"(II) for any fiscal year in which the amount is $1,250,000,000 or greater, $250,000,000.~~

~~"(iii) YOUTH ACTIVITIES FOR FARMWORKERS.—The Secretary shall reserve the greater of $10,000,000 or 4 percent of the portion described in clause (i) for a fiscal year to provide youth activities under section 167.~~

~~"(iv) NATIVE AMERICANS.—From the remainder of the amount appropriated under section 137(a) for each fiscal year the Secretary shall reserve not more than 1½ percent of such amount to provide youth activities under section 166 (relating to native Americans).~~

~~"(B) OUTLYING AREAS.—~~

~~"(i) IN GENERAL.—From the amount made available under subsection (a)(2) for each fiscal year the Secretary shall reserve not more than ¼ of 1 percent of the amount appropriated under section 137(a) for the fiscal year to provide assistance to~~

~~the outlying areas to carry out youth activities and statewide workforce investment activities.~~

~~"(ii) LIMITATION FOR FREELY ASSOCIATED STATES.—~~

~~"(I) COMPETITIVE GRANTS.—The Secretary shall use funds described in clause (i)(II) to award grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Freely Associated States to carry out youth activities and statewide workforce investment activities.~~

~~"(II) AWARD BASIS.—The Secretary shall award grants pursuant to subclause (I) on a competitive basis and pursuant to the recommendations of experts in the field of employment and training, working through the Pacific Region Educational Laboratory in Honolulu, Hawaii.~~

~~"(III) ASSISTANCE REQUIREMENTS.—Any Freely Associated State that desires to receive assistance~~

~~under this subparagraph shall submit an application to the Secretary and shall include in the application for assistance—~~

~~"(aa) information demonstrating that the Freely Associated State will meet all conditions that apply to States under this title;~~

~~"(bb) an assurance that, notwithstanding any other provision of this title, the Freely Associated State will use such assistance only for the direct provision of services; and~~

~~"(cc) such other information and assurances as the Secretary may require.~~

~~"(IV) ADMINISTRATIVE COSTS.—The Secretary may provide not more than 5 percent of the funds made available for grants under subclause (I) to pay the administrative costs of the Pacific Region Educational Laboratory in Honolulu, Hawaii, regard-~~

~~ing activities assisted under this clause.~~

~~"(iii) ADDITIONAL REQUIREMENT.—The provisions of Public Law 95–134, permitting the consolidation of grants by the outlying areas, shall not apply to assistance provided to those areas, including the Freely Associated States, under this subparagraph.~~

~~"(C) STATES.—~~

~~"(i) IN GENERAL.—From the remainder of the amount appropriated under section 137(a) for a fiscal year that exists after the Secretary determines the amounts to be reserved under subparagraphs (A) and (B), the Secretary shall allot to the States—~~

~~"(I) an 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 Investment Act Amendments 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 subclause (I), in accordance with clause (ii).~~

~~"(ii) FORMULA.—Subject to clauses (iii) and (iv), of the amount described in clause (i)(II)—~~

~~"(I) 33⅓ percent shall be allotted on the basis of the relative number of individuals in the civilian labor force who are ages 16 through 21 in each State, compared to the total number of individuals in the civilian labor force who are ages 16 through 21 in all States;~~

~~"(II) 33⅓ 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) 33⅓ percent shall be allotted on the basis of the relative num-~~

~~ber 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.—~~

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

~~"(II) MAXIMUM PERCENTAGE.—Subject to subclause (I), the Secretary shall ensure that no State shall receive an allotment percentage under this subparagraph for a fiscal year that is more than 130 percent of the allotment percentage of the State for the preceding fiscal year.~~

~~"(iv) SMALL STATE MINIMUM ALLOTMENT.—Subject to clause (iii), the Secretary shall ensure that no State shall re-~~

~~ceive an allotment under this subparagraph that is less than the total of—~~

~~"(I) 3/10 of 1 percent of $1,000,000,000 of the remainder described in clause (i) for the fiscal year; and~~

~~"(II) if the remainder described in clause (i) for the fiscal year exceeds $1,000,000,000, 2/5 of 1 percent of the excess.~~

~~"(2) DEFINITIONS.—For the purposes of paragraph (1):~~

~~"(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 by the State involved through an allotment made under this subsection for the fiscal year. The term, used 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 Investment Act Amendments of 2003)~~

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

"(B) DISADVANTAGED YOUTH.—Subject to paragraph (3), the term 'disadvantaged youth' means an individual who is age 16 through 21 who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the poverty line.

"(C) FREELY ASSOCIATED STATES.—The term 'Freely Associated States' means the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

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

(b) REALLOTMENT.—

(1) AMENDMENT.—Section 127(c) (29 U.S.C. 2852(c)) is amended—

(A) by striking paragraph (2) and inserting the following:

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

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

~~"(B) the accrued expenditures during such prior program year.";~~

~~(B) in paragraph (3)—~~

~~(i) by striking "for the prior program year" and inserting "for the program year for which the determination is made"; and~~

~~(ii) by striking "such prior program year" and inserting "such program year";~~

~~(C) by striking paragraph (4) and inserting the following:~~

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

~~(D) in paragraph (5), by striking "obligation" and inserting "expenditure".~~

~~(2) EFFECTIVE DATE.—The amendments made by paragraph (1)(C) shall take effect for the later of—~~

~~(A) the program year that begins after the date of enactment of this Act; or~~

~~(B) program year 2004.~~

~~(c) WITHIN STATE ALLOCATIONS.—~~

~~(1) RESERVATION FOR STATEWIDE ACTIVITIES.—Section 128(a) (29 U.S.C. 2853(a)) is amended to read as follows:~~

~~"(a) RESERVATIONS FOR STATEWIDE ACTIVITIES.—~~

~~"(1) IN GENERAL.—The Governor of a State shall reserve not more than 15 percent of each of the amounts allotted to the State under section 127(b)(1)(C) and paragraphs (1)(B) and (2)(B) of~~

~~section 132(b) for a fiscal year for statewide workforce investment activities.~~

~~"(2) USE OF FUNDS.—Regardless of whether the reserved amounts were allotted under section 127(b)(1)(C), or under paragraph (1)(B) or (2)(B) of section 132(b), the Governor may use the reserved amounts to carry out statewide youth activities under section 129(b) or statewide employment and training activities, for adults or dislocated workers, under section 134(a).".~~

~~(2) WITHIN STATE ALLOCATION.—Section 128(b) (29 U.S.C. 2853(b)) is amended to read as follows:~~

~~"(b) WITHIN STATE ALLOCATIONS.—~~

~~"(1) IN GENERAL.—Of the amount allotted to the State under section 127(b)(1)(C) and not reserved under subsection (a)(1)—~~

~~"(A) a portion equal to not less than 80 percent of such amount shall be allocated by the Governor to local areas in accordance with paragraph (2); and~~

~~"(B) a portion equal to not more than 20 percent of such amount may be allocated by the Governor to local areas in accordance with paragraph (3).~~

~~"(2) ESTABLISHED FORMULA.—~~

~~"(A) IN GENERAL.—Of the portion described in paragraph (1)(A), the Governor shall allocate—~~

~~"(i) 33⅓ percent on the basis of the relative number of individuals in the civilian labor force who are ages 16 through 21 in each local area, compared to the total number of individuals in the civilian labor force who are ages 16 through 21 in all local areas in the State;~~

~~"(ii) 33⅓ 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; and~~

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

~~"(B) MINIMUM AND MAXIMUM PERCENTAGES.—~~

~~"(i) MINIMUM PERCENTAGE.—The Governor shall ensure that no local area shall receive an allocation percentage under this paragraph for a fiscal year that is less than 90 percent of the allocation percentage of the local area for the preceding fiscal year.~~

~~"(ii) MAXIMUM PERCENTAGE.—Subject to clause (i), the Governor shall ensure that no local area shall receive an allocation percentage under this paragraph for a fiscal year that is more than 130 percent of the allocation percentage of the local area for the preceding fiscal year.~~

~~"(C) DEFINITIONS.—In this paragraph:~~

~~"(i) ALLOCATION PERCENTAGE.—The term 'allocation percentage', used with respect to fiscal year 2004 or a subsequent fiscal year, means a percentage of the portion described in paragraph (1)(A) that is received by the local area involved through an allocation made under this paragraph for the fiscal year. The term, used 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—

"(I) is age 16 through 21;

"(II) is not a college student or member of the Armed Forces; and

"(III) 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 may allocate the portion described in paragraph (1)(B) to local areas where there are a significant number of eligible youth, after consultation with the State board and local board.

"(4) LOCAL ADMINISTRATIVE COST LIMIT.—

"(A) IN GENERAL.—Of the amount allocated to a local area under this subsection and section 133(b) for a fiscal year, not more than

~~10 percent of the amount may be used by the local board involved 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.—~~

~~(A) AMENDMENT.—Section 128(c) (29 U.S.C. 2853(c)) is amended—~~

~~(i) in paragraph (1), by striking "paragraph (2)(A) or (3) of";~~

~~(ii) by striking paragraph (2) and inserting the following:~~

~~"(2) AMOUNT.—The amount available for reallocation for a program year is equal to the amount by which the unexpended balance at the end of the program year prior to the program year for which the determination is made exceeds 30 percent of the total amount of funds available to the local area under this section during such prior program year~~

~~(including amounts allocated to the local area in all prior program years that remained available). For purposes of this paragraph, the unexpended balance is the amount that is the difference between—~~

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

~~"(B) the accrued expenditures during such prior program year.";~~

~~(iii) by amending paragraph (3)—~~

~~(I) by striking "subsection (b)(3)" each place it appears and inserting "subsection (b)";~~

~~(II) by striking "for the prior program year" and inserting "for the program year for 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~~

~~(iv) by striking paragraph (4) and inserting the following:~~

~~"(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means a local area 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.".~~

~~(B) EFFECTIVE DATE.—The amendments made by subparagraph (A) shall take effect for the later of—~~

~~(i) the program year that begins after the date of enactment of this Act; or~~

~~(ii) program year 2004.~~

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

~~"(a) YOUTH PARTICIPANT ELIGIBILITY.—~~

~~"(1) ELIGIBILITY.—~~

~~"(A) IN GENERAL.—To be eligible to participate in activities carried out under this chapter during any program year an individual shall, at the time the eligibility determination is made, be an out-of-school youth or an in-school youth.~~

~~"(B) OUT-OF-SCHOOL YOUTH.—In this section the term 'out-of-school youth' means an individual who is—~~

~~"(i) not younger than age 16 (subject to paragraph (3)) nor older than age 21; and~~

~~"(ii) one of the following:~~

~~"(I) A school dropout.~~

~~"(II) A youth who is within the age for compulsory school attendance, but has not attended school for at least 1 school year calendar quarter.~~

~~"(III) A recipient of a secondary school diploma or its equivalent who is—~~

~~"(aa) deficient in basic skills, including limited English proficiency;~~

~~"(bb) a low-income individual; and~~

~~"(cc) not attending any school; or~~

~~"(IV) Subject to the juvenile justice system or ordered by a court to an alternative school.~~

~~"(V) A low-income individual who is pregnant or parenting and not attending any school.~~

~~"(VI) A youth who is not attending school or a youth attending an alternative school, who is homeless, a runaway, a foster child, a child eligible for assistance under section 477 of the Social Security Act, or in an out-of-home placement.~~

~~"(C) IN-SCHOOL YOUTH.—In this section the term 'in-school youth' means an individual who is—~~

~~"(i) not younger than age 14 nor older than age 21;~~

~~"(ii) a low-income individual; and~~

~~"(iii) one or more of the following:~~

~~"(I) Deficient in basic literacy skills, including limited English proficiency.~~

~~"(II) Homeless, a runaway, a foster child, a child eligible for assistance under section 477 of the Social Security Act, or in an out-of-home placement.~~

~~"(III) Pregnant or parenting.~~

~~"(IV) An offender (other than an individual described in subparagraph (B)(ii)(IV)).~~

~~"(V) An individual who requires additional assistance to complete an educational program, or to secure or hold employment.~~

~~"(2) EXCEPTION.—Not more than 5 percent of the individuals assisted under this section in each local area may be individuals who are not low-income with respect to individuals for whom low-income is a requirement for eligibility under this section.~~

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

~~"(A) IN GENERAL.—For any program year, not more than 60 percent of the funds available for statewide activities that serve youth under subsection (b), and not more than 60 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).~~

~~"(B) EXCEPTION.—A State that receives a minimum allotment under section 127(b)(1) in accordance with section 127(b)(1)(C)(iv)(II) or under section 132(b)(1) in accordance with section 132(b)(1)(B)(iv)(II) may increase the percentage described in subparagraph (A) for a local area in the State, if—~~

~~"(i) after an analysis of the eligible youth population in the local area, the State determines that the local area will be unable to use at least 40 percent of the funds available for activities that serve youth under subsection (b) to serve out-of-school youth due to a low number of out-of-school youth; and~~

~~"(ii)(I) the State submits to the Secretary, for the local area, a request including a proposed reduced percentage for purposes of subparagraph (A), and the summary of the eligible youth population analysis; and~~

~~"(II) the request is approved by the Secretary.~~

~~"(4) CONSISTENCY WITH COMPULSORY SCHOOL ATTENDANCE LAWS.—In providing assistance under~~

~~this section to an individual who is required to attend school under applicable State compulsory school attendance laws, the priority in providing such assistance shall be for the individual to attend school regularly.''.~~

~~(c) STATEWIDE 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) shall be used, regardless of whether the funds were allotted to the State under section 127(b)(1)(C) or under paragraph (1) or (2) of section 132(b) for statewide activities, which may include—~~

~~''(A) conducting—~~

~~''(i) evaluations under section 136(c) of activities authorized under this chapter and chapter 5 in coordination with evaluations carried out by the Secretary under section 172;~~

~~''(ii) research; and~~

~~''(iii) demonstration projects;~~

~~''(B) 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 title, and for exemplary performance by local areas under section 136(i)(2);~~

~~"(C) providing technical assistance and capacity building activities 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, the provision of technical assistance to local areas that fail to meet local performance measures described in section 136(c), and the provision of technology to facilitate remote access to services provided through one-stop delivery systems;~~

~~"(D) operating a fiscal and management accountability information system under section 136(f);~~

~~"(E) carrying out monitoring and oversight of activities carried out under this chapter and chapter 5, which may include a review comparing the services provided to male and female youth;~~

~~"(F) providing additional assistance to local areas that have high concentrations of eligible youth;~~

~~"(G) supporting the development of alternative programs and other activities that enhance the choices available to eligible youth and encourage such youth to reenter secondary education, enroll in postsecondary education and advanced training, and obtain career path employment; and~~

~~"(H) supporting the provision of core services described in section 134(d)(2) in the one-stop delivery system in the State;~~

~~"(2) LIMITATION.—Not more than 5 percent of the funds allotted to a State under section 127(b)(1)(C) shall be used by the State for administrative activities carried out under this subsection or section 134(a).~~

~~"(3) PROHIBITION.—No funds described in this subsection may be used to develop or implement education curricula for school systems in the State.".~~

~~(f) LOCAL ELEMENTS AND REQUIREMENTS.—~~

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

~~(A) in the matter that precedes subparagraph (A), by striking "paragraph (2)(A) or (3), as appropriate, of";~~

~~(B) in subparagraph (B), by inserting "are directly linked to 1 or more of the performance measures 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 redesignated by clause (i)) the following:~~

~~"(i) activities leading to the attainment of a secondary school diploma or its equivalent, or another recognized credential;";~~

~~(iii) in clause (ii) (as redesignated by clause (i)), by inserting "and advanced training" after "opportunities";~~

~~(iv) in clause (iii) (as redesignated by clause (i))—~~

~~(I) by inserting "instruction based on State academic content and~~

~~student academic achievement standards established under section 1111 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311)'' after ''academic''; and~~

~~(II) by inserting ''that lead to the attainment of recognized credentials'' after ''learning''; and~~

~~(v) by striking clause (v) (as redesignated by clause (i)) and inserting the following:~~

~~''(v) effective connections to all employers, including small employers, in sectors of the local and regional labor markets that are 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 ''the requirements for a secondary school diploma or its recognized equivalent (including recognized alternative standards for individuals with disabilities) or~~

~~for another recognized credential, including dropout prevention strategies'';~~

~~(B) in subparagraph (B), by inserting '', with a priority on exposing youth to technology and nontraditional jobs'' before the semicolon;~~

~~(C) in subparagraph (F), by striking ''during nonschool hours'';~~

~~(D) in subparagraph (I), by striking ''and'' at the end;~~

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

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

~~''(K) on-the-job training opportunities;~~

~~''(L) opportunities to acquire financial literacy skills;~~

~~''(M) entrepreneurial skills training and microenterprise services; and~~

~~''(N) information about average wages for a range of jobs available in the local area, including technology jobs.''.~~

~~(3) ADDITIONAL REQUIREMENTS.—Section 129(c)(3)(A) (29 U.S.C. 2854(c)(3)(A)) is amended in the matter preceding clause (i) by striking ''or ap-~~

~~plicant 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 amended by striking paragraphs (4) and (5).~~

~~(5) PROHIBITIONS AND LINKAGES.—Section 129(c) (29 U.S.C. 2854(c)), as amended by paragraph (4), is further amended—~~

~~(A) by redesignating paragraphs (6), (7), and (8) as paragraphs (4), (5), and (6), respectively;~~

~~(B) in paragraph (4) (as redesignated by subparagraph (A))—~~

~~(i) by striking subparagraph (B); and~~

~~(ii) by redesignating subparagraph (C) as subparagraph (B); and~~

~~(C) in paragraph (5) (as redesignated by subparagraph (A)), by striking ''youth councils'' and inserting ''local boards''.~~

~~SEC. 121. ADULT AND DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES.~~

~~(a) STATE ALLOTMENTS.—~~

~~(1) RESERVATIONS.—Section 132(a)(2)(A) is amended by striking ''national emergency grants'' and inserting ''national dislocated worker grants''.~~

~~(2) ALLOTMENT AMONG STATES.—Section 132(b) (29 U.S.C. 2862(b)) is amended—~~

~~(A) in paragraph (1)(A)(ii), by striking "section 127(b)(1)(B)" and all that follows and inserting "section 127(b)(1)(D).";~~

~~(B) by striking paragraph (1)(B)(ii) and inserting the following:~~

~~"(ii) FORMULA.—Subject to clauses (iii) and (iv), of the remainder—~~

~~"(I) 40 percent shall be allotted on the basis of the relative number of unemployed individuals in areas of substantial unemployment in each State, compared to the total number of unemployed individuals in areas of substantial unemployment in all States;~~

~~"(II) 25 percent 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 such individuals in all States; and~~

~~"(III) 35 percent shall be allotted on the basis of the relative number of~~

~~disadvantaged adults in each State, compared to the total number of disadvantaged adults in all States, except as described in clause (iii).'';~~

~~(C) in paragraph (1)(B)(iii), by striking ''section 116(a)(2)(B)'' and inserting ''section 116(a)(2)(A)(ii)''; and~~

~~(D) in paragraph (2)(A)(ii), by striking ''section 127(b)(1)(B)'' and all that follows and inserting ''section 127(b)(1)(D).''.~~

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

~~(A) by striking paragraph (2) and inserting the following:~~

~~''(2) AMOUNT.—The amount available for reallotment for a program year for programs funded under subsection (b)(1)(B) (relating to adult employment and training) and subsection (b)(2)(B) (relating to dislocated worker employment and training), respectively, is equal to the amount by which the unexpended balance at the end of the program year prior to the program year for which the determination is made exceeds 30 percent of the total amount of funds available to the State under subsection (b)(1)(B) or (b)(2)(B), respectively, during~~

~~such prior program year (including amounts allotted to the State in all prior program years under such provisions that remained available). For purposes of this paragraph, the unexpended balance is the amount that is the difference between—~~

~~"(A) the total amount of funds available to the State under subsection (b)(1)(B) or (b)(2)(B), respectively, during the program year prior to the program year for which the determination is made (including amounts allotted to the State in all prior program years under such provisions that remained available); and~~

~~"(B) the accrued expenditures from such total amount of funds available under subsection (b)(1)(B) or (b)(2)(B), respectively, during such prior program year.";~~

~~(B) in paragraph (3)—~~

~~(i) by striking "under this section for such activities for the prior program year" and inserting "under subsection (b)(1)(B) or (b)(2)(B), as appropriate, for the program year for which the determination is made"; and~~

~~(ii) by striking "under this subsection for such activities for such prior program~~

~~year'' and inserting ''under subsection (b)(1)(B) or (b)(2)(B), as appropriate, for such program year'';~~

~~(C) by striking paragraph (4) and inserting the following:~~

~~''(4) ELIGIBILITY.—For purposes of this subsection, an eligible State means—~~

~~''(A) with respect to funds allotted under subsection (b)(1)(B), a State that does not have an amount of such funds available for reallotment under paragraph (2) for the program year for which the determination under paragraph (2) is made; and~~

~~''(B) with respect to funds allotted under subsection (b)(2)(B), a State that does not have an amount of such funds available for reallotment under paragraph (2) for the program year for which the determination under paragraph (2) is made.''; and~~

~~(D) in paragraph (5), by striking ''obligation'' and inserting ''expenditure''.~~

~~(4) EFFECTIVE DATE.—The amendments made by paragraph (3) shall take effect for the later of—~~

~~(A) the program year that begins after the date of enactment of this Act; or~~

~~(B) program year 2004.~~

~~(b) WITHIN STATE ALLOCATIONS.—~~

~~(1) ALLOCATION.—Section 133(b)(5)(B)(ii) (29 U.S.C. 2863(b)(5)(B)(ii)) is amended by striking "section 134(c)" and inserting "section 121(e).~~

~~(2) REALLOCATION.—Section 133(c) (29 U.S.C. 2863(c)) is amended—~~

~~(A) in paragraph (1), by inserting ", and under subsection (b)(2)(B) for dislocated worker employment and training activities," after "activities";~~

~~(B) by striking paragraph (2) and inserting the following:~~

~~"(2) AMOUNT.—The amount available for reallocation for a program year for programs funded under paragraphs (2)(A) and (3) of subsection (b) (relating to adult employment and training) and subsection (b)(2)(B) (relating to dislocated worker employment and training), respectively, is equal to the amount by which the unexpended balance at the end of the program year prior to the program year for which the determination is made exceeds 30 percent of the total amount of funds available to the local area under paragraphs (2)(A) and (3) of subsection (b), or subsection (b)(2)(B), respectively,~~

~~during such prior program year (including amounts allocated to the local area in all prior program years under such provisions that remained available). For purposes of this paragraph, the unexpended balance is the amount that is the difference between—~~

~~"(A) the total amount of funds available to the local area under paragraphs (2)(A) and (3) of subsection (b), or subsection (b)(2)(B), respectively, during the program year prior to the program year for which the determination is made (including amounts allotted to the local area in all prior program years under such provisions that remained available); and~~

~~"(B) the accrued expenditures from such total amount of funds available under paragraphs (2)(A) and (3) of subsection (b), or subsection (b)(2)(B), respectively, during such prior program year.";~~

~~(C) by striking paragraph (3) and inserting the following:~~

~~"(3) REALLOCATION.—In making reallocations to eligible local areas of amounts available pursuant to paragraph (2) for a program year, the Governor shall allocate to each eligible local area within the State—~~

~~"(A) with respect to amounts that are available for reallocation under paragraph (2) that were allocated under paragraphs (2)(A) or (3) of subsection (b), an amount based on the relative amount allocated to such local area under paragraphs (2)(A) or (3) of subsection (b), as appropriate, for the program year for which the determination is made, as compared to the total amount allocated to all eligible local areas under paragraphs (2)(A) or (3) of subsection (b), as appropriate, of such program year; and~~

~~"(B) with respect to amounts that are available for reallocation under paragraph (2) that were allocated under subsection (b)(2)(B), an amount based on the relative amount allocated to such local area under subsection (b)(2)(B) for the program year for which the determination is made, as compared to the total amount allocated to all eligible local areas under subsection (b)(2)(B) for such program year."; and~~

~~(D) by striking paragraph (4) and inserting the following:~~

~~"(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means—~~

~~"(A) with respect to funds allocated under paragraphs (2)(A) or (3) of subsection (b), a local area that does not have an amount of such funds available for reallocation under paragraph (2) for the program year for which the determination under paragraph (2) is made; and~~

~~"(B) with respect to funds allocated under subsection (b)(2)(B), a local area that does not have an amount of such funds available for reallocation under paragraph (2) for the program year for which the determination under paragraph (2) is made.".~~

~~(3) EFFECTIVE DATE.—The amendments made by paragraph (2) shall take effect for the later of—~~

~~(A) the program year that begins after the date of enactment of this Act; or~~

~~(B) program year 2004.~~

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

~~(1) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—~~

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

~~"(A) STATEWIDE RAPID RESPONSE ACTIVITIES.—~~

~~"(i) IN GENERAL.—A State shall carry out statewide rapid response activities using funds reserved by a Governor for a State under section 133(a)(2). Such activities shall include—~~

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

~~"(II) provision of additional assistance to local areas that experience disasters, mass layoffs, or plant closings, or other events that precipitate substantial increases in the number of unemployed individuals, carried out in local areas by the State, working in conjunction with the local boards and~~

~~the chief elected officials for the local areas.~~

~~"(ii) USE OF UNEXPENDED FUNDS.—Funds reserved under section 133(a)(2) to carry out this subparagraph that remain unexpended after the first program year for which such funds were allotted may be used by the Governor to carry out statewide activities authorized under subparagraphs (B) and (C) in addition to activities under this subparagraph.".~~

~~(B) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—Section 134(a)(2) (29 U.S.C. 2864(a)(2)) is amended by striking subparagraph (B) and inserting the following:~~

~~"(B) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—Funds reserved by a Governor for a State under sections 128(a)(1) and 133(a)(1) and not used under paragraph (1)(A) shall be used for statewide employment and training activities, including—~~

~~"(i) disseminating—~~

~~"(I) the State list of eligible providers of training services, including~~

~~eligible providers of nontraditional training services;~~

~~"(II) information identifying eligible providers of on-the-job training and customized training;~~

~~"(III) performance information and program cost information, as described in subsections (c) and (h) of section 122; and~~

~~"(IV) information on physical and programmatic assessability for individuals with disabilities;~~

~~"(ii) conducting evaluations under section 136(c) of activities authorized under this chapter and chapter 5 in coordination with evaluations carried out by the Secretary under section 172;~~

~~"(iii) providing incentive grants to local areas in recognition of exceptional achievement relating to—~~

~~"(I) regional cooperation among local boards (including local boards in a designated region as described in section 116(c));~~

~~"(II) expanded local coordination of programs and activities carried out as part of a comprehensive workforce investment system, including—~~

~~"(aa) coordination of employment services under the Wagner-Peyser Act and core activities under this title; and~~

~~"(bb) partner programs described in section 121;~~

~~"(III) exemplary performance by local areas as described in section 136(i)(2); and~~

~~"(IV) providing expanded access to education and training services, especially through increased leveraging of resources other than those provided through programs under this title;~~

~~"(iv) 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 described in section 136(c), which may include the development and training of staff to provide opportunities for hard-to-serve populations to enter high-wage, high-skilled, and nontraditional occupations;

"(v) operating a fiscal and management accountability system under section 136(f); and

"(vi) carrying out monitoring and oversight of activities carried out under this chapter and chapter 4.".

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

"(A) IN GENERAL.—A State may use funds reserved as described in sections 128(a) and 133(a)(1) (regardless of whether the funds were allotted to the State under section 127(b)(1) or paragraph (1) or (2) of section 132(b)) to carry out additional statewide employment and training activities, which may include—

~~"(i) implementing innovative programs and strategies designed to meet the needs of all businesses in the State, including small businesses, which may include incumbent worker training programs, sectoral and industry cluster strategies and partnerships, including regional skills alliances, career ladder programs, micro-enterprise and entrepreneurial training and support programs, utilization of effective business intermediaries, activities to improve linkages between the one-stop delivery systems in the State and all employers (including small employers), in the State and other business services and strategies that better engage employers in workforce activities and make the workforce investment system more relevant to the needs of State and local businesses, consistent with the purposes of this Act;~~

~~"(ii) developing strategies for effectively serving hard-to-serve populations and for coordinating programs and services among one-stop partners;~~

~~"(iii) 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.);~~

~~"(iv) developing strategies for ensuring that activities carried out under this section are placing men and women in jobs, education, and training that lead to comparable pay;~~

~~"(v) implementing programs to increase the number of individuals training for and placed in nontraditional employment;~~

~~"(vi) carrying out activities to facilitate remote access to services, including training services described in subsection (d)(4), provided through a one-stop delivery system, including facilitating access through the use of technology;~~

~~"(vii) supporting the provision of core services described in subsection (d)(2) in the one-stop delivery system in the State;~~

~~"(viii) coordinating with the child welfare system to facilitate services for children in foster care and those who are eligible for assistance under section 477 of the Social Security Act;~~

~~"(ix) activities—~~

~~"(I) to improve coordination between workforce investment activities carried out within the State involved and economic development activities;~~

~~"(II) to improve coordination between employment and training assistance and child support services and assistance provided by State and local agencies carrying out part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.);~~

~~"(III) to improve coordination between employment and training assistance and cooperative extension programs carried out by the Department of Agriculture; and~~

~~"(IV) to develop and disseminate workforce and labor market information;~~

~~"(x) conducting—~~

~~"(I) research; and~~

~~"(II) demonstration projects; and~~

~~"(xi) adopting, calculating, or commissioning a minimum self-sufficiency standard that specifies the income needs of families, by family size, the number and ages of children in the family, and sub-State geographical considerations.".~~

~~(2) REQUIRED LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—~~

~~(A) ALLOCATED FUNDS.—Section 134(d)(1) (29 U.S.C. 2864(d)(1)) is amended—~~

~~(i) in clause (i), by striking "described in subsection (c)";~~

~~(ii) in clause (iii), by striking "and" at the end;~~

~~(iii) in clause (iv), by striking the period and inserting a semicolon; and~~

~~(iv) by adding at the end the following:~~

~~"(v) to designate a dedicated business liaison in the local area who may be funded with funds provided under this title or from other sources to establish and develop relationships and networks with large and small employers and their intermediaries; and~~

~~"(vi) in order to avoid duplication of services and enhance coordination of services, to require the colocation of employment services provided under the Wagner-Peyser Act at the comprehensive one-stop centers.".~~

~~(B) CORE SERVICES.—Section 134(d)(2) (29 U.S.C. 2864(d)(2)) is amended—~~

~~(i) in the matter preceding subparagraph (A), by striking "paragraph (1)(A)" and inserting "paragraph (1)";~~

~~(ii) in subparagraph (A), by striking "under this subtitle" and inserting "under the programs described in section 121(b) and administered by one-stop partners, consistent with the requirements of such programs";~~

~~(iii) by striking subparagraph (D) and inserting the following:~~

~~"(D) labor exchange services, including—~~

~~"(i) job search and placement assistance and, in appropriate cases, career counseling, including—~~

~~"(I) exposure to high wage, high skill jobs; and~~

~~"(II) nontraditional employment; and~~

~~"(ii) appropriate recruitment and other business services for all employers, including small employers, in the local area, which may include services described in this subsection, including information and referral to specialized business services not traditionally offered through the one-stop delivery system;";~~

~~(iv) in subparagraph (E)(iii)—~~

~~(I) by inserting ", career ladders," after "earnings"; and~~

~~(II) by striking "and" at the end;~~

~~(v) in subparagraph (F)—~~

~~(I) by striking "and program cost information"; and~~

~~(II) by striking "described in section 123";~~

~~(vi) by striking subparagraph (H) and inserting the following:~~

~~"(H) provision of accurate information, in formats that are usable and understandable to all one-stop customers, relating to the availability of supportive services or assistance, including childcare, child support, medical or child health assistance under title XIX or XXI of the Social Security Act, benefits under the Food Stamp Act of 1977, the earned income tax credit under section 32 of the Internal Revenue Code of 1986, and assistance under a State program funded under part A of title IV of the Social Security Act and other supportive services and transportation provided through funds made available under such part, available in the local area, and referral to such services or assistance as appropriate;"; and~~

~~(vii) in subparagraph (J), by striking "for—" and all that follows through "(ii) programs" and inserting "for programs".~~

~~(C) INTENSIVE SERVICES.—Section 134(d)(3) (29 U.S.C. 2864(d)(3)) is amended—~~

~~(i) by striking subparagraph (A) and inserting the following:~~

~~"(A) IN GENERAL.—~~

~~"(i) ELIGIBILITY.—Except as provided in clause (ii), funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to the local area for dislocated workers under section 133(b)(2)(B), shall be used to provide intensive services to adults and dislocated workers, respectively—~~

~~"(I) who are unemployed and who, after an interview, evaluation, or assessment, have been determined by a one-stop operator or one-stop partner to be—~~

~~"(aa) unlikely or unable to obtain employment, that leads to self-sufficiency or wages comparable to or higher than previous employment, through core services described in paragraph (2); and~~

~~"(bb) in need of intensive services in order to obtain employment that leads to self-sufficiency or wages comparable to or higher than previous employment; or~~

~~"(II) who are employed, but who, after an interview, evaluation, or assessment are determined by a one-stop operator or one-stop partner to be in need of intensive services to obtain or retain employment that leads to self-sufficiency.~~

~~"(ii) SPECIAL RULE.—A new interview, evaluation, or assessment of a participant is not required under clause (i) if the one-stop operator or one-stop partner determines that it is appropriate to use a recent assessment of the participant conducted pursuant to another education or training program."; and~~

~~(ii) in subparagraph (C)—~~

~~(I) in clause (v), by striking "for participants seeking training services under paragraph (4)"; and~~

~~(II) by adding at the end the following:~~

~~"(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.~~

~~"(x) English language acquisition and integrated training programs.".~~

~~(D) TRAINING SERVICES.—Section 134(d)(4) (29 U.S.C. 2864(d)(4)) is amended—~~

~~(i) by striking subparagraph (A) and inserting the following:~~

~~"(A) IN GENERAL.—~~

~~"(i) ELIGIBILITY.—Except as provided in clause (ii), funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to the local area for dislocated workers under section 133(b)(2)(B), shall be used to provide training services to adults and dislocated workers, respectively—~~

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

~~"(aa) be unlikely or unable to obtain or retain employment, that leads to self-sufficiency or wages comparable to or higher than previous employment, through the intensive services described in paragraph (3);~~

~~"(bb) be in need of training services to obtain or retain employment that leads to self-sufficiency or wages comparable to or higher than previous employment; and~~

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

~~"(II) who select programs of training services that are directly linked to the employment opportuni-~~

~~ties in the local area or region involved or in another area to which the adults or dislocated workers are willing to commute or relocate;~~

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

~~"(IV) who are determined to be eligible in accordance with the priority system in effect under subparagraph (E).~~

~~"(ii) SPECIAL RULE.—A new interview, evaluation, or assessment of a participant is not required under clause (i) if the one-stop operator or one-stop partner determines that it is appropriate to use a recent assessment of the participant conducted pursuant to another education or training program.";~~

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

~~(iii) in subparagraph (D)—~~

~~(I) in clause (viii), by striking "and" after the semicolon;~~

~~(II) in clause (ix), by striking the period and inserting "; and"; and~~

~~(III) by adding at the end the following:~~

~~"(x) English language acquisition and integrated training programs.";~~

~~(iv) in subparagraph (F)—~~

~~(I) in clause (ii), by striking "referred to in subsection (c), shall make available—" and all that follows and inserting "shall make available a list of eligible providers of training services, and accompanying information, in accordance with section 122(d).";~~

~~(II) in the heading of clause (iii), by striking "INDIVIDUAL TRAINING ACCOUNTS" and inserting "CAREER SCHOLARSHIP ACCOUNTS";~~

~~(III) in clause (iii)—~~

~~(aa) by striking "identifying information" and inserting "accompanying information";~~

~~(bb) by striking "clause (ii)(I)" and inserting "clause (ii)"; and~~

~~(cc) by striking "individual training account" and inserting "career scholarship account"; and~~

~~(IV) by adding the following clause after clause (iii):~~

~~"(iv) COORDINATION.—Each local board may, through one-stop centers, coordinate career scholarship accounts with other Federal, State, local, or private job training programs or sources to assist the individual in obtaining training services."; and~~

~~(v) in subparagraph (G)—~~

~~(I) in the subparagraph heading, by striking "INDIVIDUAL TRAINING ACCOUNTS" and inserting "CAREER SCHOLARSHIP ACCOUNTS";~~

~~(II) in clause (i), by striking "individual training accounts" and inserting "career scholarship accounts";~~

~~(III) in clause (ii)—~~

~~(aa) by striking "individual training account" and inserting "career scholarship account"; and~~

~~(bb) in subclause (II), by striking "individual training accounts" and inserting "career scholarship accounts";~~

~~(cc) in subclause (II), by striking "or" after the semicolon;~~

~~(dd) in subclause (III), by striking the period and inserting "; or"; and~~

~~(ee) by adding at the end the following:~~

~~"(IV) the local board determines that it would be most appropriate to award a contract to an institution of higher education in order to facilitate the training of multiple individuals in high-demand occupations, if such contract does not limit customer choice."; and~~

~~(IV) in clause (iv)—~~

~~(aa) by redesignating subclause (IV) as subclause (V); and~~

~~(bb) by inserting after subclause (III) the following:~~

~~"(IV) Individuals with disabilities.".~~

~~(3) PERMISSIBLE ACTIVITIES.—Section 134(e) (29 U.S.C. 2864(e)) is amended—~~

~~(A) by striking the matter preceding paragraph (2) and inserting the following:~~

~~"(e) PERMISSIBLE LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—~~

~~"(1) IN GENERAL.—~~

~~"(A) ACTIVITIES.—Funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to the local area for dislocated workers under section 133(b)(2)(B), may be used to provide, through the one-stop delivery system involved—~~

~~"(i) customized screening and referral of qualified participants in training services described in subsection (d)(4) to employment;~~

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

~~"(iii) customer support to enable members of hard-to-serve populations, including individuals with disabilities, to navigate among multiple services and activities for such populations;~~

~~"(iv) technical assistance and capacity building for serving individuals with disabilities in local areas, and by one-stop operators, one-stop partners, and eligible providers, including the development and training of staff, the provision of outreach, intake, assessments, and service delivery, and the development of performance measures;~~

~~"(v) employment and training assistance provided in coordination with child support enforcement activities of the State and local agencies carrying out part D of title IV of the Social Security Act (42 U.S.C. 601 et seq.);~~

~~"(vi) activities to improve coordination between employment and training assist-~~

~~ance and child support services and assistance provided by State and local agencies carrying out part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.);~~

~~"(vii) activities to improve coordination between employment and training assistance and cooperative extension programs carried out by the Department of Agriculture;~~

~~"(viii) activities to facilitate remote access to services provided through a one-stop delivery system, including facilitating access through the use of technology;~~

~~"(ix) activities—~~

~~"(I) to improve coordination between workforce investment activities carried out within the local area involved and economic development activities; and~~

~~"(II) to improve services and linkages between the local workforce investment system including the local one-stop delivery system, and all employers, including small employers in the local area, through services de-~~

~~scribed under this section, including subparagraph (B);~~

~~"(x) training programs for displaced homemakers and for individuals training for nontraditional occupations, in conjunction with programs operated in the local area;~~

~~"(xi) using a portion of the funds allocated under section 133(b), activities to carry out business services and strategies that meet the workforce development needs of local area employers, as determined by the local board, consistent with the local plan under section 118, which services—~~

~~"(I) may be provided through effective business intermediaries working in conjunction with the local board, and may also be provided on a fee for service basis or through the leveraging of economic development and other resources as determined appropriate by the local board; and~~

~~"(II) may include—~~

~~"(aa) identifying for and disseminating to business, edu-~~

~~cators, and job seekers, information related to the workforce, economic and community development needs, and opportunities of the local economy;~~

~~"(bb) development and delivery of innovative workforce investment services and strategies for area businesses, which may include sectoral, industry cluster, regional skills alliances, career ladder, skills upgrading, skill standard development and certification, apprenticeship, and other effective initiatives for meeting the workforce development needs of area employers and workers;~~

~~"(cc) participation in seminars and classes offered in partnership with relevant organizations focusing on the workforce-related needs of area employers and job seekers;~~

~~"(dd) training consulting, needs analysis, and brokering~~

services for area businesses, including the organization and aggregation of training (which may be paid for with funds other than those provided under this title), for individual employers and coalitions of employers with similar interests, products, or workforce needs;

"(ee) assistance to area employers in the aversion of layoffs and in managing reductions in force in coordination with rapid response activities;

"(ff) the marketing of business services offered under this Act, to appropriate area employers, including small and mid-sized employers;

"(gg) information referral on concerns affecting local employers; and

"(hh) other business services and strategies designed to better engage employers in workforce

development activities and to make the workforce investment system more relevant to the workforce development needs of area businesses, as determined by the local board to be consistent with the purposes of this Act; and

"(xii) activities to adjust the self-sufficiency standards for local factors, or activities to adopt, calculate, or commission a self-sufficiency standard that specifies the income needs of families, by family size, the number and ages of children in the family, and sub-State geographical considerations.

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

"(i) IN GENERAL.—Funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to the local area for dislocated workers under section 133(b)(2)(B), may be used to provide, through the one-stop delivery system in-

~~volved, work support activities designed to assist low-wage workers in retaining and enhancing employment. The one-stop partners shall coordinate the appropriate programs and resources of the partners with the activities and resources provided under this subparagraph.~~

~~"(ii) ACTIVITIES.—The activities described in clause (i) may include the provision of activities described in this section through the one-stop delivery system in a manner that enhances the opportunities of such workers to participate in the activities, such as the provision of activities described in this section during nontraditional hours and the provision of on-site child care while such activities are being provided.";~~

~~(B) in paragraph (2), by striking the matter preceding subparagraph (A) and inserting the following:~~

~~"(2) SUPPORTIVE SERVICES.—Funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to the local area for dislocated workers under~~

~~section 133(b)(2)(B), may be used to provide supportive services to adults and dislocated workers, respectively—"; and~~

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

~~"(4) INCUMBENT WORKER TRAINING PROGRAMS.—~~

~~"(A) IN GENERAL.—The local board may use up to 10 percent of the funds allocated to the local area involved under section 133(b) to pay for the Federal share of the cost of providing training through an incumbent worker training program carried out in accordance with this paragraph. The Governor or State board may make recommendations to the local board regarding incumbent worker training with statewide impact.~~

~~"(B) TRAINING ACTIVITIES.—The training program for incumbent workers carried out under this paragraph shall be carried out by the local board in conjunction with the employers or groups of employers of such workers for the purpose of assisting such workers in obtaining the skills necessary to retain employment or avert layoffs.~~

~~"(C) EMPLOYER SHARE REQUIRED.—~~

~~"(i) IN GENERAL.—Employers participating in the program carried out under this paragraph shall be required to pay the non-Federal share of the costs of providing the training to incumbent workers of the employers. The local board shall establish the non-Federal share of such costs, which may include in kind contributions. The non-Federal share 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 EMPLOYER SHARE.—The non-Federal share paid by such an employer may include the amount of the wages paid by the employer to a worker while the worker is attending a training program under this paragraph.".~~

~~SEC. 122. PERFORMANCE ACCOUNTABILITY SYSTEM.~~

~~(a) STATE PERFORMANCE MEASURES.—~~

~~(1) INDICATORS OF PERFORMANCE.—Section 136(b)(2)(A) (29 U.S.C. 2871(b)(2)(A)) is amended—~~

~~(A) in clause (i)—~~

~~(i) in the matter preceding subclause (I), by striking "and (for participants who are eligible youth age 19 through 21) for youth activities authorized under section 129";~~

~~(ii) by striking subclause (III) and inserting the following:~~

~~"(III) increases in earnings from unsubsidized employment; and"; and~~

~~(iii) in subclause (IV), by striking ", or by participants" and all that follows through "unsubsidized employment"; and~~

~~(B) by striking clause (ii) and inserting the following:~~

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

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

~~"(II) attainment of secondary school diplomas or their recognized equivalents, and postsecondary certificates; and~~

~~"(III) literacy or numeracy gains.".~~

~~(2) ADDITIONAL INDICATORS.—Section 136(b)(2)(C) (29 U.S.C. 2871(b)(2)(C)) is amended to read as follows:~~

~~"(C) ADDITIONAL INDICATORS.—A State may identify in the State plan additional indicators for workforce investment activities under this subtitle, including indicators identified in collaboration with State business and industry associations, with employee representatives where applicable, and with local boards, to measure the performance of the workforce investment system in serving the workforce needs of business and industry in the State.".~~

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

~~(A) 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 "described in clauses (i) and (ii) of paragraph (2)(A) and the customer satisfaction indicator of performance, for the first 2"; and~~

~~(iii) by inserting at the end the following: "Agreements on levels of performance for each of the core indicators of performance for the third and fourth program years covered by the State plan shall be reached prior to the beginning of the third program year covered by the State plan, and incorporated as a modification to the State plan.";~~

~~(B) in clause (iv)—~~

~~(i) in subclause (II)—~~

~~(I) by striking "taking into account" and inserting "and shall ensure that the levels involved are adjusted, using objective statistical methods, based on";~~

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

~~(III) by inserting "(such as indicators of poor work history, lack of work experience, educational or occupational skills attainment, dislocation from high-wage and benefit employment, low levels of literacy or English proficiency, disability status, homelessness, and welfare dependency)" after "program"; and~~

~~(IV) by striking "and" at the end;~~

~~(ii) in subclause (III), by striking the period and inserting "; and"; and~~

~~(iii) by adding at the end the following:~~

~~"(IV) the extent to which the levels involved will assist the State in meeting the national goals described in clause (v).";~~

~~(C) by striking clause (v) and inserting the following:~~

~~"(v) ESTABLISHMENT OF NATIONAL GOALS.—In order to promote enhanced performance outcomes on the performance measures and to facilitate the process of reaching agreements with the States under clause (iii) and to measure systemwide performance for the one-stop delivery systems of the States, the Secretary shall establish long-term national goals for the adjusted levels of performance for that systemwide performance to be achieved by the programs assisted under chapters 4 and 5 on the core indicators of performance described in subparagraphs (A) and (B) of subsection (b)(2). Such goals shall be established in accordance with the Government Performance and Results Act of 1993 in consultation with the States and other appropriate parties."; and~~

~~(D) in clause (vi)—~~

~~(i) by striking "or (v)"; and~~

~~(ii) by striking "with the representatives described in subsection (i)" and inserting "with the States and other interested parties".~~

~~(b) LOCAL PERFORMANCE MEASURES.—Section 136(c)(3) (29 U.S.C. 2871(c)(3))—~~

~~(1) by striking "shall take into account" and inserting "shall ensure such levels are adjusted based on";~~

~~(2) by inserting "(characteristics such as unemployment rates and job losses or gains in particular industries)" after "economic"; and~~

~~(3) by inserting "(characteristics such as indicators of poor work history, lack of work experience, educational and occupational skills attainment, dislocation from high-wage and benefit employment, low levels of literacy or English proficiency, disability status, homelessness, and welfare dependency)" after "demographic".~~

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

~~(1) in paragraph (1), by adding at the end the following: "In the case of a State or local area that chooses to expend funds under section 134(a)(3)(A)(i) or 134(c)(1)(A)(vii), respectively, the report also shall include the amount of such funds so expended and the percentage that such funds are of the funds available under section 134;~~

~~(2) in paragraph (2)—~~

~~(A) in subparagraph (E)—~~

~~(i) by striking "(excluding participants who received only self-service and informational activities)"; and~~

~~(ii) by striking "and" after the semicolon;~~

~~(B) in subparagraph (F)—~~

~~(i) by inserting "noncustodial parents with child support obligations, homeless individuals," after "displaced homemakers,"; and~~

~~(ii) by striking the period and inserting a semicolon; and~~

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

~~"(G) the number of participants served and the cost per participant; and~~

~~"(H) the amount of adult and dislocated worker funds spent on—~~

~~"(i) core, intensive, and training services, respectively; and~~

~~"(ii) services provided under section 134(a)(3)(A)(i) or 134(e)(1)(A)(iii), if applicable."; and~~

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

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

~~(d) SANCTIONS FOR STATE.—Section 136(g) is amended—~~

~~(1) in paragraph (1)(B), by striking "If such failure continues for a second consecutive year" and inserting "If a State performs at less than 80 percent of the adjusted level of performance for a core indicator of performance described in subsection (b)(2)(A) for 2 consecutive years with respect to the same indicator of performance"; and~~

~~(2) in paragraph (2), by striking "section 503" and inserting "subsection (i)(1)".~~

~~(e) SANCTIONS FOR LOCAL AREA.—Section 136(h)(2)(A) (29 U.S.C. 2871(h)(2)(A)) is amended—~~

~~(1) in the matter preceding clause (i), by striking "If such failure continues for a second consecutive year" and inserting "If a local area performs at less than 80 percent of the adjusted level of performance for a core indicator of performance described in subsection (b)(2)(A) for 2 consecutive~~

~~years with respect to the same indicator of performance'';~~

~~(2) in clause (ii), by striking ''or'' after the semicolon;~~

~~(3) by redesignating clause (iii) as clause (iv); and~~

~~(4) by inserting after clause (ii) the following:~~

~~''(iii) redesignate the local area in accordance with section 116(a)(2); or''.~~

~~(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(b) and made available under subsection (g)(2), the Secretary may award incentive grants to States for exemplary performance in carrying out programs under chapters 4 and 5.~~

~~''(B) BASIS.—The Secretary shall award the grants on the basis—~~

~~''(i) of the States meeting or exceeding the performance measures established under subsection (b)(3)(A)(iii);~~

~~"(ii) of exemplary performance of the States in serving hard-to-serve populations (including performance relating to the levels of service provided and the performance outcomes on such performance measures with respect to the populations);~~

~~"(iii) of States that are effectively—~~

~~"(I) coordinating multiple systems into a more effective workforce development system, including coordination of employment services under the Wagner-Peyser Act and core activities under this title as well as partner programs described in section 121;~~

~~"(II) expanding access to training, including through increased leveraging of resources other than those funded through programs under this title; or~~

~~"(III) implementing innovative business and economic development initiatives.~~

~~"(iv) of such other factors relating to the performance of the States under this~~

~~title as the Secretary determines are appropriate.~~

~~"(C) USE OF FUNDS.—The funds awarded to a State under this paragraph may be used to carry out any activities authorized for States under chapters 4 and 5, title II of this Act, and the Carl D. Perkins Vocational and Technical Education Act of 1998, including demonstration projects and innovative programs for hard-to-serve populations.~~

~~"(2) INCENTIVE GRANTS FOR LOCAL AREAS.—~~

~~"(A) IN GENERAL.—From funds reserved under sections 128(a) and 133(a)(1), the Governor involved shall award incentive grants to local areas for exemplary performance in carrying out programs under chapters 4 and 5.~~

~~"(B) BASIS.—The Governor shall award the grants on the basis—~~

~~"(i) that the local areas met or exceeded the performance measures established under subsection (c)(2) relating to indicators described in subsection (b)(3)(A)(iii);~~

~~"(ii) of exemplary performance of the local areas in serving hard-to-serve populations; or~~

~~"(iii) of States and local areas that are effectively—~~

~~"(I) coordinating multiple systems into a comprehensive workforce development system, including coordination of employment services under the Wagner-Peyser Act and core activities under this title as well as partner programs described in section 121;~~

~~"(II) expanding access to training, including through increased leveraging of resources other than those funded through programs under this title; or~~

~~"(III) implementing innovative business and economic development initiatives.~~

~~"(C) USE OF FUNDS.—The funds awarded to a local area under this paragraph may be used to carry out activities authorized for local areas under chapters 4 and 5, and such dem-~~

~~onstration projects or innovative programs for hard-to-serve populations as may be approved by the Governor.''.~~

~~(g) USE OF CORE MEASURES IN OTHER DEPARTMENT OF LABOR PROGRAMS.—Section 136 (29 U.S.C. 2871) is amended by adding at the end the following:~~

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

~~(h) PREVIOUS DEFINITIONS OF CORE INDICATORS AND INCENTIVE GRANTS.—Sections 502 and 503 (29 U.S.C. 9272 and 9273) are repealed.~~

~~SEC. 123. 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 ''such sums as may be necessary for each of fiscal years 2004 through 2009''.~~

~~(b) ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—Section 137(b) (29 U.S.C. 2872(b)) is amended by striking "such sums as may be necessary for each of fiscal years 1999 through 2003" and inserting "such sums as may be necessary for each of fiscal years 2004 through 2009".~~

~~(c) DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES.—Section 137(c) (29 U.S.C. 2872(c)) is amended by striking "such sums as may be necessary for each of fiscal years 1999 through 2003" and inserting "such sums as may be necessary for each of fiscal years 2004 through 2009".~~

~~Subtitle C—Job Corps~~

~~SEC. 131. JOB CORPS.~~

~~(a) ELIGIBILITY.—Section 144(3) (29 U.S.C. 2884(3)) is amended by adding at the end the following:~~

~~"(F) A child eligible for assistance under section 477 of the Social Security Act.".~~

~~(b) IMPLEMENTATION OF STANDARDS AND PROCEDURES.—Section 145(a)(3) (29 U.S.C. 2885(a)(3)) is amended—~~

~~(1) in subparagraph (B), by striking "and" after the semicolon;~~

~~(2) in subparagraph (C), by striking the period and inserting "; and"; and~~

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

~~"(D) child welfare agencies that are responsible for children in foster care and children eligible for assistance under section 477 of the Social Security Act.".~~

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

~~(1) in paragraph (1)(A), by striking "local and distant"; and~~

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

~~"(3) EMPLOYERS OUTSIDE OF LOCAL AREA.—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.~~

~~"(4) SPECIAL RULE FOR SINGLE LOCAL AREA STATES.—In the case of a single local area State designated under section 116(b), the industry council shall include a representative of the State Board.".~~

~~(d) INDICATORS OF PERFORMANCE.—Section 159 (29 U.S.C. 2983) is amended—~~

~~(1) in subsection (c)—~~

~~(A) by striking paragraph (1) and inserting the following:~~

~~"(1) PERFORMANCE 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 of performance for youth activities identified in section 136(b)(2)(A)(ii)."~~;

~~(B) in paragraph (2), by striking "measures" each place it appears and inserting "indicators"; and~~

~~(C) in paragraph (3)—~~

~~(i) in the first sentence, by striking "core performance measures, as compared to the expected performance level for each performance measure" and inserting "performance indicators described in paragraph (1), as compared to the expected level of performance established under paragraph (1) for each performance measure"; and~~

~~(ii) in the second sentence, by striking "measures" each place it appears and inserting "indicators"; and~~

~~(2) in subsection (f)(2), in the first sentence, by striking "core performance measures" and inserting "indicators of performance".~~

~~(c) AUTHORIZATION OF APPROPRIATIONS.—Section 161 (29 U.S.C. 2901) is amended by striking "1999 through 2003" and inserting "2004 through 2009".~~

~~Subtitle D—National Programs~~

~~SEC. 141. 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, including the selection of the individual appointed as head of the unit established under paragraph (1).".~~

~~(b) ASSISTANCE TO UNIQUE NATIVE POPULATIONS IN ALASKA AND HAWAII.—Section 166(j) (29 U.S.C. 2911(j)) is amended to read as follows:~~

~~"(j) ASSISTANCE TO UNIQUE NATIVE POPULATIONS IN ALASKA AND HAWAII.—~~

~~"(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary is authorized to provide assistance to unique native populations who reside in Alaska or Hawaii to improve job training and workforce investment activities.~~

~~"(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out~~

~~this subsection such sums as may be necessary for fiscal year 2004.''.~~

~~(c) PERFORMANCE INDICATORS.—Section 166 (29 U.S.C. 2911 is amended by adding at the end the following:~~

~~''(c) PERFORMANCE INDICATORS.—~~

~~''(1) DEVELOPMENT OF INDICATORS.—The Secretary, in consultation with the Native American Employment and Training Council, shall develop a set of performance indicators and standards which shall be applicable to programs under this section.~~

~~''(2) SPECIAL CONSIDERATIONS.—Such performance indicators and standards shall take into account—~~

~~''(A) the purposes of the programs under this section as described in paragraph (a)(1);~~

~~''(B) the needs of the groups served by this section, including the differences in needs among such groups in various geographic service areas; and~~

~~''(C) the economic circumstances of the communities served, including differences in circumstances among various geographic service areas.''.~~

~~SEC. 142. MIGRANT AND SEASONAL FARMWORKER PROGRAMS.~~

~~Section 167(d) (29 U.S.C. 2912(d)) is amended by inserting "(including permanent housing)" after "housing".~~

~~SEC. 143. VETERANS' WORKFORCE INVESTMENT PROGRAMS.~~

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

~~SEC. 144. 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 subsection to assist eligible youth in acquiring the skills, credentials, and employment experience necessary to achieve the performance outcomes for youth described in section 136.~~

~~"(2) ELIGIBLE ENTITY.—In this subsection, the term 'eligible entity' means—~~

~~"(A) a State or consortium of States;~~

~~"(B) a local board or consortium of local boards;~~

~~"(C) a recipient of a grant under section 166 (relating to Native American programs); or~~

~~"(D) a public or private entity (including a consortium of such entities) with expertise in the provision of youth activities, applying in partnership with a local board or consortium of local boards.~~

~~"(3) 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, and how the eligible entity will collaborate with State and local workforce investments systems established under this title in the provision of such activities;~~

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

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

~~"(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); and~~

~~"(E) an assurance that the State board of each State in which the proposed activities are to be carried out had the opportunity to review the application, and including the comments, if any, of the affected State boards on the appli-~~

~~cation, except that this subparagraph shall not apply to an eligible entity described in paragraph (2)(C).~~

~~"(4) FACTORS FOR AWARD.—~~

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

~~"(i) the quality of the proposed activities;~~

~~"(ii) the goals to be achieved;~~

~~"(iii) the likelihood of successful implementation;~~

~~"(iv) the extent to which the proposed activities are based on proven strategies or the extent to which the proposed activities will expand the base of knowledge relating to the provision of activities for youth;~~

~~"(v) the extent of collaboration with the State and local workforce investment systems in carrying out the proposed activities;~~

~~"(vi) the extent of employer involvement in the proposed activities;~~

~~"(vii) whether there are other Federal and non-Federal funds available for similar~~

activities to the proposed activities, and the additional State, local, and private resources that will be provided to carry out the proposed activities; and

"(viii) the quality of proposed activities in meeting the needs of the youth to be served.

"(B) EQUITABLE GEOGRAPHIC DISTRIBUTION.—In awarding grants under this subsection the Secretary shall ensure an equitable distribution of such grants across geographically diverse areas.

"(5) USE OF FUNDS.—

"(A) IN GENERAL.—An eligible entity that receives a grant under this subsection shall use the grant funds to carry out 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.

"(B) ACTIVITIES.—The activities carried out pursuant to subparagraph (A) may include the following:

"(i) Training and internships for out-of-school youth in sectors of the economy

~~experiencing, or projected to experience, high growth.~~

~~"(ii) Dropout prevention activities for in-school youth.~~

~~"(iii) Activities designed to assist special youth populations, such as court-involved youth and youth with disabilities.~~

~~"(iv) Activities combining remediation of academic skills, work readiness training, and work experience, and including linkages to postsecondary education, apprenticeships, and career-ladder employment.~~

~~"(v) Activities, including work experience, paid internships, and entrepreneurial training, in areas where there is a migration of youth out of the areas.~~

~~"(C) PARTICIPANT ELIGIBILITY.—Youth who are 14 years of age through 21 years of age, as of the time the eligibility determination is made, may be eligible to participate in activities carried out under this subsection.~~

~~"(6) GRANT PERIOD.—The Secretary shall make a grant under this subsection for a period of 2 years and may renew the grant, if the eligible enti-~~

~~ty has performed successfully, for a period of not more than 3 succeeding years.~~

~~"(7) MATCHING FUNDS REQUIRED.—The Secretary shall require that an eligible entity that receives a grant under this subsection provide non-Federal matching funds in an amount to be determined by the Secretary that is not less than 10 percent of the cost of activities carried out under the grant. The Secretary may require that such non-Federal matching funds be provided in cash resources, noncash resources, or a combination of cash and noncash resources.~~

~~"(8) EVALUATION.—The Secretary shall reserve not more than 3 percent of the funds described in subsection (a)(1) to provide technical assistance to, and conduct evaluations of (using appropriate techniques as described in section 172(c)), the projects funded under this subsection.~~

~~"(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 ENTITY.—In this subsection, the term 'eligible entity' means a public or private entity that the Secretary determines would effectively carry out activities relating to youth under this subsection.~~

~~"(3) EQUITABLE DISTRIBUTION TO RURAL AREAS.—In awarding grants under this subsection the Secretary shall ensure an equitable distribution of such grants to rural areas.~~

~~"(4) 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.~~

~~"(5) USE OF FUNDS.—~~

~~"(A) IN GENERAL.—An eligible entity that receives a grant under this subsection shall use the grant funds to carry out—~~

~~"(i) 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;~~

~~"(ii) activities designed to assist in-school youth to stay in school and gain work experience;~~

~~"(iii) activities designed to assist youth in economically distressed areas; and~~

~~"(iv) such other activities that the Secretary determines are appropriate to ensure that youth entering the workforce have the skills needed by employers.~~

~~"(B) PARTICIPANT ELIGIBILITY.—Youth who are 14 years of age through 21 years of age, as of the time the eligibility determination is made, may be eligible to participate in activities carried out under this subsection.~~

~~"(6) MATCHING FUNDS REQUIRED.—The Secretary shall require that an eligible entity that receives a grant under this subsection provide non-Federal matching funds in an amount to be determined by the Secretary that is not less than 10 percent of the cost of activities carried out under the grant. The Secretary may require that such non-Federal matching funds be provided in cash resources, noncash resources, or a combination of cash and noncash resources.~~

~~"(7) EVALUATIONS.—The Secretary may require that an eligible entity that receives a grant under this subsection participate in an evaluation of activities carried out under this subsection, including~~

~~an evaluation using the techniques described in section 172(c).''.~~

~~SEC. 145. TECHNICAL ASSISTANCE.~~

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

~~(1) in subsection (a)(1), by—~~

~~(A) inserting ''the training of staff providing rapid response services, the training of other staff of recipients of funds under this title, the training of members of State boards and local boards, peer review activities under this title,'' after ''localities,''; and~~

~~(B) striking ''from carrying out activities'' and all that follows through the period and inserting ''to implement the amendments made by the Workforce Investment Act Amendments of 2003.'';~~

~~(2) in subsection (a)(2), by adding at the end the following: ''The Secretary shall also hire staff qualified to provide the assistance described in paragraph (1).'';~~

~~(3) in subsection (b)(2), by striking the last sentence and inserting ''Such projects shall be administered by the Employment and Training Administration.''; and~~

~~(4) by adding at the end the following:~~

~~"(c) BEST PRACTICES COORDINATION.—The Secretary shall—~~

~~"(1) establish a system through which States may share information regarding best practices with regard to the operation of workforce investment activities under this Act;~~

~~"(2) evaluate and disseminate information regarding best practices and identify knowledge gaps; and~~

~~"(3) commission research under section 172 to address knowledge gaps identified under paragraph (2).".~~

~~SEC. 146. 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 striking subparagraphs (A) through (E) and inserting the following:~~

~~"(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 for career ladder jobs 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 maximum effectiveness 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 and jobs with wages leading to self-sufficiency;~~

~~"(D) projects that establish and implement innovative integrated systems training programs targeted to dislocated, disadvantaged incumbent workers that utilize equipment and curriculum designed in partnership with local, regional, or national industries that is computerized, individualized, self-paced, and interactive that delivers skills and proficiencies that are measurable to train workers for employment in the operations, repair, and maintenance of high-tech equipment that is used in integrated systems technology;~~

~~"(E) projects carried out by States and local areas to test innovative approaches to delivering employment-related services;";~~

~~(C) in subparagraph (G), by striking "and" after the semicolon; and~~

~~(D) by striking subparagraph (H) and inserting the following:~~

~~"(H) projects that provide retention grants to qualified job training programs upon placement or retention of a low-income individual trained by the program in employment with a single employer for a period of 1 year, if such employment provides the low-income individual with an annual salary that is not less than twice the poverty line applicable to the individual;~~

~~"(I) targeted innovation projects that improve access to and delivery of employment and training services, with emphasis given to projects that incorporate advanced technologies to facilitate the connection of individuals to the information and tools they need to upgrade skills; and~~

~~"(J) projects that promote the use of distance learning, enabling students to take~~

~~courses through the use of media technology such as videos, teleconferencing computers, and the Internet.''; and~~

~~(2) in paragraph (2)—~~

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

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

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

~~''(B) STUDIES AND REPORTS.—~~

~~''(i) NET IMPACT STUDIES AND REPORTS.—~~

~~''(I) IN GENERAL.—The Secretary shall conduct studies to determine the net impacts of programs, services, and activities carried out under this title.~~

~~''(II) REPORTS.—The Secretary shall prepare and disseminate to the public reports containing the results of the studies conducted under subclause (I).~~

~~''(ii) STUDY ON RESOURCES AVAILABLE TO ASSIST OUT-OF-SCHOOL~~

~~YOUTH.—The Secretary, in coordination with the Secretary of Education, may conduct a study examining the resources available at the Federal, State, and local levels to assist out-of-school youth in obtaining the skills, credentials, and work experience necessary to become successfully employed, including the availability of funds provided through average daily attendance and other methodologies used by States and local areas to distribute funds.~~

~~"(iii) STUDY OF INDUSTRY-BASED CERTIFICATION AND CREDENTIALS.—~~

~~"(I) IN GENERAL.—The Secretary shall conduct a study concerning the role and benefits of credentialing and certification to businesses and workers in the economy and the implications of certification to the services provided through the workforce investment system. The study may examine issues such as—~~

~~"(aa) the characteristics of successful credentialing and cer-~~

~~tification systems that serve business and individual needs;~~

~~"(bb) the relative proportions of certificates and credentials attained with assistance from the public sector, with private-sector training of new hires or incumbent workers, and by individuals on their own initiative without other assistance, respectively;~~

~~"(cc) the return on human capital investments from occupational credentials and industry-based skill certifications, including the extent to which acquisition of such credentials or certificates enhances outcomes such as entry into employment, retention, earnings (including the number and amount of wage increases), career advancement, and layoff aversion;~~

~~"(dd) the implications of the effects of skill certifications and~~

credentials to the types and delivery of services provided through the workforce investment system;

"(ee) the role that Federal and State governments play in fostering the development of and disseminating credentials and skill standards; and

"(ff) the use of credentials by businesses to achieve goals for workforce skill upgrading and greater operating efficiency.

"(II) REPORT TO CONGRESS.—The Secretary shall prepare and submit to Congress a report containing the results of the study conducted pursuant to subclause (I). Such report may include any recommendations that the Secretary determines are appropriate to include in such report relating to promoting the acquisition of industry-based certification and credentials, and the appropriate role of the Department of Labor and the workforce investment system in sup-

~~porting the needs of business and individuals with respect to such certification and credentials.~~

~~"(iv) STUDY OF EFFECTIVENESS OF WORKFORCE INVESTMENT SYSTEM IN MEETING BUSINESS NEEDS.—~~

~~"(I) IN GENERAL.—Using funds available to carry out this section jointly with funds available to the Secretary of Commerce and Administrator of the Small Business Administration, the Secretary, in coordination with the Secretary of Commerce and the Administrator of the Small Business Administration, may conduct a study of the effectiveness of the workforce investment system in meeting the needs of business, with particular attention to the needs of small business, including in assisting workers to obtain the skills needed to utilize emerging technologies. In conducting the study, the Secretary, in coordination with the Secretary of Commerce and the Administrator of the Small~~

~~Business Administration, may examine issues such as—~~

~~"(aa) methods for identifying the workforce needs of businesses and how the requirements of small businesses may differ from larger establishments;~~

~~"(bb) business satisfaction with the workforce investment system, with particular emphasis on the satisfaction of small businesses;~~

~~"(cc) the extent to which business is engaged as a collaborative partner in the workforce investment system, including the extent of business involvement as members of State boards and local boards, and the extent to which such boards and one-stop centers effectively collaborate with business and industry leaders in developing workforce investment strategies, including~~

~~strategies to identify high growth opportunities;~~

~~"(dd) ways in which the workforce investment system addresses changing skill needs of business that result from changes in technology and work processes;~~

~~"(ee) promising practices for serving small businesses;~~

~~"(ff) the extent and manner in which the workforce investment system uses technology to serve business and individual needs, and how uses of technology could enhance efficiency and effectiveness in providing services; and~~

~~"(gg) the extent to which various segments of the labor force have access to and utilize technology to locate job openings and apply for jobs, and characteristics of individuals utilizing such technology (such as age, gender, race or ethnicity, indus-~~

~~try sector, and occupational groups).~~

~~"(II) REPORT TO CONGRESS.—The Secretary shall prepare and submit to Congress a report containing the results of the study described in clause (I). Such report may include any recommendations the Secretary determines are appropriate to include in such report, including ways to enhance the effectiveness of the workforce investment system in meeting the needs of business for skilled workers.".~~

~~(c) CONFORMING AMENDMENT.—Section 171(d) (29 U.S.C. 2916(d)) is amended by striking the last sentence.~~

~~(d) WAIVER AUTHORITY TO CARRY OUT DEMONSTRATIONS AND EVALUATIONS.—Section 171 (29 U.S.C. 2916) is amended by adding at the end the following:~~

~~"(d) WAIVER AUTHORITY.—In carrying out demonstration, pilot, multiservice, research, and multistate projects under this section and evaluations under section 172, the Secretary may waive any provisions of this section that the Secretary determines would prevent the Sec-~~

~~retary from carrying out such projects and evaluations, except for provisions relating to wage and labor standards such as nondisplacement protections, grievance procedures and judicial review, and nondiscrimination provisions.''.~~

~~(c) NEXT GENERATION TECHNOLOGIES.—Section 171 (29 U.S.C. 2916) is amended further by adding at the end the following:~~

~~''(e) SKILL CERTIFICATION PILOT PROJECTS.—~~

~~''(1) PILOT PROJECTS.—In accordance with subsection (b) and from funds appropriated pursuant to paragraph (10), the Secretary of Labor shall establish and carry out not more than 10 pilot projects to establish a system of industry-validated national certifications of skills, including—~~

~~''(A) not more than 8 national certifications of skills in high-technology industries, including biotechnology, telecommunications, highly automated manufacturing (including semiconductors), nanotechnology, and energy technology; and~~

~~''(B) not more than 2 cross-disciplinary national certifications of skills in homeland security technology.~~

~~''(2) GRANTS TO ELIGIBLE ENTITIES.—In carrying out the pilot projects, the Secretary of Labor~~

~~shall make grants to eligible entities, for periods of not less than 36 months and not more than 48 months, to carry out the authorized activities described in paragraph (7) with respect to the certifications described in paragraph (1). In awarding grants under this subsection the Secretary of Labor shall take into consideration awarding grants to eligible entities from diverse geographic areas, including rural areas.~~

~~"(3) ELIGIBLE ENTITIES.—~~

~~"(A) DEFINITION OF ELIGIBLE ENTITY.—~~ ~~In this subsection the term 'eligible entity' means an entity that shall work in conjunction with a local board and shall include as a principal participant one or more of the following:~~

~~"(i) A community college or consortium of community colleges.~~

~~"(ii) An advanced technology education center.~~

~~"(iii) A local workforce investment board.~~

~~"(iv) A representative of a business in a target industry for the certification involved.~~

~~"(v) A representative of an industry association, labor organization, or community development organization.~~

~~"(B) HISTORY OF DEMONSTRATED CAPABILITY REQUIRED.—To be eligible to receive a grant under this subsection, an eligible entity shall have a history of demonstrated capability for effective collaboration with industry on workforce development activities that is consistent with the goals of this Act.~~

~~"(4) APPLICATIONS.—To be eligible to receive a grant under this subsection, an eligible entity shall submit an application to the Secretary of Labor at such time, in such manner, and containing such information as the Secretary may require.~~

~~"(5) CRITERIA.—The Secretary of Labor shall establish criteria, consistent with paragraph (6), for awarding grants under this subsection.~~

~~"(6) PRIORITY.—In selecting eligible entities to receive grants under this subsection, the Secretary of Labor shall give priority to eligible entities that demonstrate the availability of and ability to provide matching funds from industry or nonprofit sources. Such matching funds may be provided in cash or in kind.~~

~~"(7) AUTHORIZED ACTIVITIES.—~~

~~"(A) IN GENERAL.—An eligible entity that receives a grant under this subsection shall use the funds made available through the grant—~~

~~"(i) to facilitate the establishment of certification requirements for a certification described in paragraph (1) for an industry;~~

~~"(ii) to develop and initiate a certification program that includes preparatory courses, course materials, procedures, and examinations, for the certification; and~~

~~"(iii) to collect and analyze data related to the program at the program's completion, and to identify best practices (consistent with paragraph (8)) that may be used by local and State workforce investment boards in the future.~~

~~"(B) BASIS FOR REQUIREMENTS.—The certification requirements shall be based on applicable skill standards for the industry involved that have been developed by or linked to national centers of excellence under the National Science Foundation's Advanced Technological Education Program. The requirements shall re-~~

~~quire an individual to demonstrate an identifiable set of competencies relevant to the industry in order to receive certification. The requirements shall be designed to provide evidence of a transferable skill set that allows flexibility and mobility of workers within a high technology industry.~~

~~"(C) RELATIONSHIP TO TRAINING AND EDUCATION PROGRAMS.—The eligible entity shall ensure that—~~

~~"(i) a training and education program related to competencies for the industry involved, that is flexible in mode and timeframe for delivery and that meets the needs of those seeking the certification, is offered; and~~

~~"(ii) the certification program is offered at the completion of the training and education program.~~

~~"(D) RELATIONSHIP TO THE ASSOCIATE DEGREE.—The eligible entity shall ensure that the certification program is consistent with the requirements for a 2-year associate degree.~~

~~"(E) AVAILABILITY.—The eligible entity shall ensure that the certification program is~~

~~open to students pursuing associate degrees, employed workers, and displaced workers.~~

~~"(8) CONSULTATION.—The Secretary of Labor shall consult with the Director of the National Science Foundation to ensure that the pilot projects build on the expertise and information about best practices gained through the implementation of the National Science Foundation's Advanced Technological Education Program.~~

~~"(9) CORE COMPONENTS; GUIDELINES; REPORTS.—After collecting and analyzing the data obtained from the pilot programs, the Secretary of Labor shall—~~

~~"(A) establish the core components of a model high-technology certification program;~~

~~"(B) establish guidelines to assure development of a uniform set of standards and policies for such programs;~~

~~"(C) submit and prepare a report on the pilot projects to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives; and~~

~~"(D) make available to the public both the data and the report.~~

~~"(10) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts authorized to be appropriated under section 174(b), there is authorized to be appropriated $30,000,000 for fiscal year 2004 to carry out this subsection.".~~

~~(f) INTEGRATED WORKFORCE TRAINING PROGRAMS FOR ADULTS WITH LIMITED ENGLISH PROFICIENCY.—Section 171 (29 U.S.C. 2916) is amended further by adding at the end the following:~~

~~"(f) INTEGRATED WORKFORCE TRAINING PROGRAMS FOR ADULTS WITH LIMITED ENGLISH PROFICIENCY.—~~

~~"(1) DEFINITIONS.—In this subsection:~~

~~"(A) INTEGRATED WORKFORCE TRAINING.—The term 'integrated workforce training' means training that integrates occupational skills training with language acquisition.~~

~~"(B) SECRETARY.—The term 'Secretary' means the Secretary of Labor in consultation with the Secretary of Education.~~

~~"(2) DEMONSTRATION PROJECT.—In accordance with subsection (b) and from funds appropriated pursuant to paragraph (11), the Secretary shall establish and implement a national demonstration project designed to both analyze and provide data on workforce training programs that integrate~~

~~English language acquisition and occupational training.~~

~~"(3) GRANTS.—~~

~~"(A) IN GENERAL.—In carrying out the demonstration project, the Secretary shall make not less than 10 grants, on a competitive basis, to eligible entities to provide the integrated workforce training programs. In awarding grants under this subsection the Secretary shall take into consideration awarding grants to eligible entities from diverse geographic areas, including rural areas.~~

~~"(B) PERIODS.—The Secretary shall make the grants for periods of not less than 24 months and not more than 48 months.~~

~~"(4) ELIGIBLE ENTITIES.—~~

~~"(A) IN GENERAL.—To be eligible to receive a grant under this subsection, an eligible entity shall work in conjunction with a local board and shall include as a principal participant one or more of the following:~~

~~"(i) An employer or employer association.~~

~~"(ii) A nonprofit provider of English language instruction.~~

~~"(iii) A provider of occupational or skills training.~~

~~"(iv) A community-based organization.~~

~~"(v) An educational institution, including a 2- or 4-year college, or a technical or vocational school.~~

~~"(vi) A labor organization.~~

~~"(vii) A local board.~~

~~"(B) EXPERTISE.—To be eligible to receive a grant under this subsection, an eligible entity shall have proven expertise in—~~

~~"(i) serving individuals with limited English proficiency, including individuals with lower levels of oral and written English; and~~

~~"(ii) providing workforce programs with training and English language instruction.~~

~~"(5) APPLICATIONS.—~~

~~"(A) IN GENERAL.—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 con-~~

~~taining such information as the Secretary may require.~~

~~"(B) CONTENTS.—Each application submitted under subparagraph (A) shall—~~

~~"(i) contain information, including capability statements, that demonstrates that the eligible entity has the expertise described in paragraph (4)(B); and~~

~~"(ii) include an assurance that the program to be assisted shall—~~

~~"(I) establish a generalized adult bilingual workforce training and education model that integrates English language acquisition and occupational training, and incorporates the unique linguistic and cultural factors of the participants;~~

~~"(II) establish a framework by which the employer, employee, and other relevant members of the eligible entity can create a career development and training plan that assists both the employer and the employee to meet their long-term needs;~~

~~"(III) ensure that this framework takes into consideration the knowledge, skills, and abilities of the employee with respect to both the current and economic conditions of the employer and future labor market conditions relevant to the local area; and~~

~~"(IV) establish identifiable measures so that the progress of the employee and employer and the relative efficacy of the program can be evaluated and best practices identified.~~

~~"(6) CRITERIA.—The Secretary of Labor shall establish criteria for awarding grants under this subsection.~~

~~"(7) INTEGRATED WORKFORCE TRAINING PROGRAMS.—~~

~~"(A) PROGRAM COMPONENTS.—~~

~~"(i) REQUIRED COMPONENTS.—Each program that receives funding under this subsection shall—~~

~~"(I) test an individual's English language proficiency levels to assess oral and literacy gains from the begin-~~

~~ning and throughout program enrollment;~~

~~"(II) combine training specific to a particular occupation or occupational cluster, with—~~

~~"(aa) English language instruction, such as instruction through English as a Second Language program, or English for Speakers of Other Languages;~~

~~"(bb) basic skills instruction; and~~

~~"(cc) supportive services;~~

~~"(III) effectively integrate public and private sector entities, including the local workforce investment system and its functions, to achieve the goals of the program; and~~

~~"(IV) require matching or in-kind resources from private and non-profit entities.~~

~~"(ii) PERMISSIBLE COMPONENTS.—The program may offer other services, as necessary to promote successful participa-~~

~~tion and completion, including work-based learning, substance abuse treatment, and mental health services.~~

~~"(B) GOAL.—Each program that receives funding under this subsection shall be designed to prepare limited English proficient adults for and place such adults in employment in growing industries with identifiable career ladder paths.~~

~~"(C) PROGRAM TYPES.—In selecting programs to receive funding under this subsection, the Secretary shall select programs that meet 1 or more of the following criteria:~~

~~"(i) A program that—~~

~~"(I) serves unemployed, limited English proficient individuals with significant work experience or substantial education but persistently low wages; and~~

~~"(II) aims to prepare such individuals for and place such individuals in higher paying employment, defined for purposes of this subparagraph as employment that provides at least 75 percent of the median wage in the local area.~~

~~"(ii) A program that—~~

~~"(I) serves limited English proficient individuals with lower levels of oral and written fluency, who are working but at persistently low wages; and~~

~~"(II) aims to prepare such individuals for and place such individuals in higher paying employment, through services provided at the worksite, or at a location central to several worksites, during work hours.~~

~~"(iii) A program that—~~

~~"(I) serves unemployed, limited English proficient individuals with lower levels of oral and written fluency, who have little or no work experience; and~~

~~"(II) aims to prepare such individuals for and place such individuals in employment through services that include subsidized employment, in addition to the components required in subparagraph (A)(i).~~

~~"(iv) A program that includes funds from private and nonprofit entities.~~

~~"(D) PROGRAM APPROACHES.—In selecting programs to receive funding under this subsection, the Secretary shall select programs with different approaches to integrated workforce training, in different contexts, in order to obtain comparative data on multiple approaches to integrated workforce training and English language instruction, to ensure programs are tailored to characteristics of individuals with varying skill levels and to assess how different curricula work for limited English proficient populations. Such approaches may include—~~

~~"(i) bilingual programs in which the workplace language component and the training are conducted in a combination of an individual's native language and English;~~

~~"(ii) integrated workforce training programs that combine basic skills, language instruction, and job specific skills training; or~~

~~"(iii) sequential programs that provide a progression of skills, language, and train-~~

~~ing to ensure success upon an individual's completion of the program.~~

~~"(8) EVALUATION BY ELIGIBLE ENTITY.—Each eligible entity that receives a grant under this subsection for a program shall carry out a continuous program evaluation and an evaluation specific to the last phase of the program operations.~~

~~"(9) EVALUATION BY SECRETARY.—~~

~~"(A) IN GENERAL.—The Secretary shall conduct an evaluation of program impacts of the programs funded under the demonstration project, with a random assignment, experimental design impact study done at each worksite at which such a program is carried out.~~

~~"(B) DATA COLLECTION AND ANALYSIS.—The Secretary shall collect and analyze the data from the demonstration project to determine program effectiveness, including gains in language proficiency, acquisition of skills, and job advancement for program participants.~~

~~"(C) REPORT.—The Secretary shall prepare and submit to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives, and~~

make available to the public, a report on the demonstration project, including the results of the evaluation.

"(10) TECHNICAL ASSISTANCE.—The Secretary shall provide technical assistance to recipients of grants under this subsection throughout the grant periods.

"(11) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts authorized to be appropriated under section 174(b), there is authorized to be appropriated $10,000,000 for fiscal year 2004 to carry out this subsection.".

SEC. 147. NATIONAL DISLOCATED WORKER GRANTS.

(a) IN GENERAL.—Section 173 (29 U.S.C. 2918) is amended—

(1) by striking the heading and inserting the following:

"SEC. 173. NATIONAL DISLOCATED WORKER GRANTS.";

and

(2) in subsection (a)—

(A) by striking "national emergency grants" and inserting "national dislocated worker grants";

(B) in paragraph (1), by striking "subsection (c)" and inserting "subsection (b)";

~~(C) in paragraph (3), by striking "and" after the semicolon; and~~

~~(D) by striking paragraph (4) and inserting the following:~~

~~"(4) to a State or entity (as defined in subsection (b)(1)(B)) to carry out subsection (d), including providing assistance to eligible individuals;~~

~~"(5) to a State or entity (as defined in subsection (b)(1)(B)) to carry out subsection (e), including providing assistance to eligible individuals; and~~

~~"(6) to provide additional assistance to a State board or local board where a higher than average demand for employment and training services for dislocated members of the Armed Forces, or spouses of members of the Armed Forces as described in subsection (e)(2)(A)(iv), exceeds State and local resources for providing such services, and where such programs are to be carried out in partnership with the Departments of Defense and Veterans Affairs transition assistance programs.".~~

~~(b) ADMINISTRATION AND ADDITIONAL ASSISTANCE.—Section 173 (29 U.S.C. 2918) is amended—~~

~~(1) by striking subsection (b);~~

~~(2) by redesignating subsections (c) through (g) as subsections (b) through (f), respectively;~~

~~(3) by striking subsection (d) (as redesignated by paragraph (2)) and inserting the following:~~

~~"(d) ADDITIONAL ASSISTANCE.—~~

~~"(1) IN GENERAL.—From the amount appropriated and made available to carry out this section for any program year, the Secretary shall use not more than $20,000,000 to make grants to States to provide employment and training activities under section 134, in accordance with subtitle B.~~

~~"(2) ELIGIBLE STATES.—The Secretary shall make a grant under paragraph (1) to a State for a program year if—~~

~~"(A) the amount of the allotment that would be made to the State for the program year 2003 under the formula specified in section 132(b)(1)(B) as such section was in effect on July 1, 2003, is greater than~~

~~"(B) the amount of the allotment that would be made to the State for the program year under the formula specified in section 132(b)(1)(B).~~

~~"(3) AMOUNT OF GRANTS.—Subject to paragraph (1), the amount of the grant made under~~

~~paragraph (1) to a State for a program year shall be based on the difference between—~~

~~"(A) the amount of the allotment that would be made to the State for the program year 2003 under the formula specified in section 132(b)(1)(B) as such section was in effect on July 1, 2003; and~~

~~"(B) the amount of the allotment that would be made to the State for the program year under the formula specified in section 132(b)(1)(B).";~~

~~(4) in subsection (e) (as redesignated by paragraph (2))—~~

~~(A) in paragraph (1), by striking "paragraph (4)(A)" and inserting "paragraph (4)";~~

~~(B) in paragraph (2), by striking "subsection (g)" and inserting "subsection (e)";~~

~~(C) in paragraph (4), by striking "subsection (g)" and inserting "subsection (e)";~~

~~(D) in paragraph (5), by striking "subsection (g)" and inserting "subsection (e)"; and~~

~~(E) in paragraph (6)—~~

~~(i) by striking "subsection (g)" and inserting "subsection (e)"; and~~

~~(ii) by striking "subsection (c)(1)(B)" and inserting "subsection (b)(1)(B)"; and~~

~~(5) in subsection (f)(1) (as redesignated by paragraph (2))—~~

~~(A) by striking "paragraph (4)(B)" and inserting "paragraph (4)"; and~~

~~(B) by striking "subsection (f)(1)(A)" and inserting "subsection (d)(1)(A).~~

~~SEC. 148. 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) (29 U.S.C. 2919(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(i) such sums as may be necessary for each of fiscal years 2004 through 2009.".~~

~~Subtitle E—Administration~~

~~SEC. 151. REQUIREMENTS AND RESTRICTIONS.~~

~~Section 181(c) (29 U.S.C. 2931(c)) is amended by striking "economic development activities,".~~

~~SEC. 152. COST PRINCIPLES.~~

~~The matter preceding clause (i) of section 184(a)(2)(B) (29 U.S.C. 2934(a)(2)(B)) is amended by striking "section 134(a)(3)(B)" and inserting "section 134(a)(4)".~~

~~SEC. 153. REPORTS.~~

~~Section 185(c) (29 U.S.C. 2935(c)) is amended—~~

~~(1) in paragraph (2), by striking "and" after the semicolon"~~

~~(2) in paragraph (3), by striking the period and inserting "; and"; and~~

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

~~"(4) shall have the option to submit or disseminate electronically any reports, records, plans, or any other data that are required to be collected or disseminated under this Act.".~~

~~SEC. 154. ADMINISTRATIVE PROVISIONS.~~

~~(a) ANNUAL REPORT.—Section 189(d) (29 U.S.C. 2939(d)) is amended—~~

~~(1) in paragraph (3), by striking "and" after the semicolon;~~

~~(2) by redesignating paragraph (4) as paragraph (5); and~~

~~(3) by inserting after paragraph (3) the following:~~

~~"(4) the negotiated levels of performance of the States, the States' requests for adjustments of such levels, and the adjustments of such levels that are made; and".~~

~~(b) PROGRAM YEAR.—Section 189(g)(1)(B) (29 U.S.C. 2939(g)(1)(B)) is amended—~~

~~(1) by striking "The" and inserting "For fiscal years preceding fiscal year 2005, the"; and~~

~~(2) by inserting "such" after "any".~~

~~(c) AVAILABILITY.—Section 189(g)(2) (29 U.S.C. 2939(g)(2)) is amended, in the first sentence—~~

~~(1) by striking "Funds" and inserting "Except as otherwise provided in this paragraph, funds"; and~~

~~(2) by striking "each State receiving" and inserting "each recipient of".~~

~~(d) GENERAL WAIVERS.—Section 189(i)(4) (29 U.S.C. 2939(i)(4)) is amended by adding at the end the following:~~

~~"(D) EXPEDITED REQUESTS.—The Secretary shall expedite requests for waivers of statutory or regulatory requirements that have been approved for a State pursuant to subparagraph (B), provided the requirements of this section have been satisfied.".~~

~~SEC. 155. USE OF CERTAIN REAL PROPERTY.~~

~~Section 193 (29 U.S.C. 2943) is amended to read as follows:~~

~~"SEC. 193. TRANSFER OF FEDERAL EQUITY IN STATE EMPLOYMENT SECURITY AGENCY REAL PROPERTY TO THE STATES.~~

~~"(a) TRANSFER OF FEDERAL EQUITY.—Notwithstanding any other provision of law, any Federal equity acquired in real property through grants to States awarded under title III of the Social Security Act (42 U.S.C. 501 et seq.) or under the Wagner-Peyser Act is transferred to the States that used the grants for the acquisition of such equity. The portion of any real property that is attributable to the Federal equity transferred under this section shall be used to carry out activities authorized under title III of the Social Security Act or the Wagner-Peyser Act. Any disposition of such real property shall be carried out in accordance with the procedures prescribed by the Secretary and the portion of the proceeds from the disposition of such real property that is attributable to the Federal equity transferred under this section shall be used to carry out activities authorized under title III of the Social Security Act or the Wagner-Peyser Act.~~

~~"(b) LIMITATION ON USE.—A State shall not use funds awarded under title III of the Social Security Act or the Wagner-Peyser Act to amortize the costs of real~~

~~property that is purchased by any State on or after the effective date of this provision.''.~~

~~SEC. 156. TABLE OF CONTENTS.~~

~~Section 1(b) (29 U.S.C. 9201 note) is amended—~~

~~(1) by striking the item relating to section 123 and inserting the following:~~

~~''Sec. 123. Eligible providers of youth activities.'';~~

~~(2) by striking the item relating to section 169 and inserting the following:~~

~~''Sec. 169. Youth challenge grants.'';~~

~~(3) by striking the item relating to section 193 and inserting the following:~~

~~''Sec. 193. Transfer of Federal equity in State employment security agency real property to the States.'';~~

~~(4) by striking the item relating to section 173 and inserting the following:~~

~~''Sec. 173. National dislocated worker grants.'';~~

~~(5) by inserting after the item relating to section 212 the following:~~

~~''Sec. 213. Incentive grants for States.'';~~

~~and~~

~~(6) by inserting after the item relating to section 243 the following:~~

~~''Sec. 244. Integrated english literacy and civics education.''.~~

~~TITLE II—AMENDMENTS TO THE ADULT EDUCATION AND FAMILY LITERACY ACT~~

~~SEC. 201. SHORT TITLE; PURPOSE.~~

~~(a) SHORT TITLE.—This title may be cited as the "Adult Education and Family Literacy Act Amendments of 2003".~~

~~(b) PURPOSE.—Section 202 of the Adult Education and Family Literacy Act (20 U.S.C. 9201) is amended—~~

~~(1) in paragraph (2), by striking "and" after the semicolon;~~

~~(2) in paragraph (3), by striking "education." and inserting "education and in the transition to postsecondary education; and"; and~~

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

~~"(4) assist immigrants and other individuals with limited English proficiency in improving their reading, writing, speaking, and mathematics skills and acquiring an understanding of the American free enterprise system, individual freedom, and the responsibilities of citizenship.".~~

~~SEC. 202. DEFINITIONS.~~

~~Section 203 of the Adult Education and Family Literacy Act (20 U.S.C. 9202) is amended—~~

~~(1) in paragraph (1)—~~

~~(A) in the matter preceding subparagraph (A), by striking "services or instruction below the postsecondary level" and inserting "academic instruction and education services below the postsecondary level that increase an individual's ability to read, write, and speak in English and perform mathematics skills"; and~~

~~(B) by striking subparagraph (C)(i) and inserting the following:~~

~~"(i) are basic skills deficient as defined in section 101,";~~

~~(2) in paragraph (2), by striking "activities described in section 231(b)" and inserting "programs and services which include reading, writing, speaking, or mathematics skills, workplace literacy activities, family literacy activities, English language acquisition activities, or other activities necessary for the attainment of a secondary school diploma or its State recognized equivalent";~~

~~(3) in paragraph (5)—~~

~~(A) by inserting "an organization that has demonstrated effectiveness in providing adult education, that may include" after "means";~~

~~(B) in subparagraph (B), by striking "of demonstrated effectiveness";~~

~~(C) in subparagraph (C), by striking "of demonstrated effectiveness"; and~~

~~(D) in subparagraph (I), by inserting "or coalition" after "consortium";~~

~~(4) in paragraph (6)—~~

~~(A) by striking "LITERACY PROGRAM" and inserting "LANGUAGE ACQUISITION PROGRAM";~~

~~(B) by striking "literacy program" and inserting "language acquisition program"; and~~

~~(C) by inserting "reading, writing, and speaking" after "competence in";~~

~~(5) by redesignating paragraphs (7) through (18) as paragraphs (8) through (19), respectively;~~

~~(6) by inserting after paragraph (6) the following:~~

~~"(7) ESSENTIAL COMPONENTS OF READING INSTRUCTION.—The term 'essential components of reading instruction' has the meaning given the term in section 1208 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368).";~~ and

~~(7) by striking paragraph (19), as redesignated by paragraph (4), and inserting the following:~~

~~"(19) WORKPLACE LITERACY PROGRAM.—The term 'workplace literacy program' means an educational program designed to improve the produc-~~

~~tivity of the workforce through the improvement of literacy skills that is offered by an eligible provider in collaboration with an employer or an employee organization at a workplace, at an off-site location, or in a simulated workplace environment.''.~~

~~SEC. 203. AUTHORIZATION OF APPROPRIATIONS.~~

~~Section 205 of the Adult Education and Family Literacy Act (20 U.S.C. 9204) is amended—~~

~~(1) by striking ''1999'' and inserting ''2004''; and~~

~~(2) by striking ''2003'' and inserting ''2009''.~~

~~SEC. 204. RESERVATION OF FUNDS; GRANTS TO ELIGIBLE AGENCIES; ALLOTMENTS.~~

~~Section 211 of the Adult Education and Family Literacy Act (20 U.S.C. 9211) is amended—~~

~~(1) by striking subsection (a) and inserting the following:~~

~~''(a) RESERVATION OF FUNDS.—From the sum appropriated under section 205 for a fiscal year, the Secretary—~~

~~''(1) shall reserve 1.5 percent to carry out section 242, except that the amount so reserved shall not exceed $10,000,000;~~

~~"(2) shall reserve 1.5 percent to carry out section 243, except that the amount so reserved shall not exceed $8,000,000;~~

~~"(3) shall make available, to the Secretary of Labor, 1.72 percent for incentive grants under section 136(i); and~~

~~"(4) shall reserve 12 percent of the amount that remains after reserving funds under paragraphs (1), (2) and (3) to carry out section 244.";~~

~~(2) by striking subsection (d) and inserting the following:~~

~~"(d) QUALIFYING ADULT.—For the purpose of subsection (c)(2), the term 'qualifying adult' means an adult who—~~

~~"(1) is not less than 16 years of age;~~

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

~~"(3) does not have a secondary school diploma or its recognized equivalent (including recognized alternative standards for individuals with disabilities); and~~

~~"(4) is not enrolled in secondary school.";~~

~~(3) in subsection (e)—~~

~~(A) by striking paragraph (2) and inserting the following:~~

~~"(2) AWARD BASIS.—The Secretary shall award grants pursuant to paragraph (1) on a competitive basis and pursuant to recommendations from the Pacific Region Educational Laboratory in Honolulu, Hawaii."; and~~

~~(B) in paragraph (3), by striking "shall" and all that follows through the period and inserting "shall be eligible to receive a grant under this title until the date when an agreement for the extension of the United States education assistance under the Compact of Free Association for each of the Freely Associated States becomes effective."; and~~

~~(4) in subsection (f)—~~

~~(A) in the heading, by inserting "PROVISIONS" after "HOLD-HARMLESS";~~

~~(B) by redesignating paragraph (2) as paragraph (3); and~~

~~(C) by striking paragraph (1) and inserting the following:~~

~~"(1) IN GENERAL.—Notwithstanding subsection (c) and subject to paragraphs (2) and (3), for fiscal year 2004 and each succeeding fiscal year, no eligi-~~

~~ble 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) 100 PERCENT ALLOTMENT.—An eligible agency shall receive an allotment under this title that is equal to 100 percent of the allotment the eligible agency received for the preceding fiscal year under this title if the eligible agency received, for the preceding fiscal year, only an initial allotment under subsection (c)(1) and did not receive an additional allotment under subsection (c)(2).".~~

~~SEC. 205. PERFORMANCE ACCOUNTABILITY SYSTEM.~~

~~Section 212 of the Adult Education and Family Literacy Act (20 U.S.C. 9212) is amended—~~

~~(1) in subsection (b)—~~

~~(A) in paragraph (1)(A)(ii), by striking "additional indicators of performance (if any)" and inserting "employment performance indicators";~~

~~(B) in paragraph (2)—~~

~~(i) in subparagraph (A)—~~

~~(I) in clause (i), by striking "Demonstrated" and inserting "Measurable";~~

~~(II) by striking clause (ii) and inserting the following:~~

~~"(ii) Placement in, retention in, or completion of, postsecondary education or other training programs."; and~~

~~(III) in clause (iii), by inserting "(including recognized alternative standards for individuals with disabilities)" after "equivalent";~~

~~(ii) by redesignating subparagraph (B) as subparagraph (C);~~

~~(iii) by inserting after subparagraph (A), the following:~~

~~"(B) EMPLOYMENT PERFORMANCE INDICATORS.—An eligible agency shall identify in the State plan individual participant employment performance indicators, including entry into unsubsidized employment, retention in unsubsidized employment, and career advancement. The State workforce investment board shall assist the eligible agency in obtaining and using quarterly wage records to collect data for such indicators, consistent with applicable Federal and State privacy laws.";~~

~~(iv) in subparagraph (C), as redesignated by clause (ii), by inserting "relevant" after "additional"; and~~

~~(v) by adding at the end the following:~~

~~"(D) INDICATORS FOR WORKPLACE LITERACY PROGRAMS.—Special accountability measures may be negotiated for workplace literacy programs."; and~~

~~(C) in paragraph (3)—~~

~~(i) in subparagraph (A)—~~

~~(I) in clause (i)(II), by striking "in performance" and inserting "the agency's performance outcomes in an objective, quantifiable, and measurable form";~~

~~(II) in clause (ii), by striking "3 programs years" and inserting "2 program years";~~

~~(III) in clause (iii), by striking "FIRST 3 YEARS" and inserting "FIRST 2 YEARS";~~

~~(IV) in clause (iii), by striking "first 3 program years" and inserting "first 2 program years";~~

~~(V) in clause (v), by striking "4TH AND 5TH" and inserting "3RD AND 4TH";~~

~~(VI) in clause (v), by striking "to the fourth" and inserting "to the third";~~

~~(VII) in clause (v), by striking "fourth and fifth" and inserting "third and fourth"; and~~

~~(VIII) in clause (vi), by striking "(II)" and inserting "(I)";~~

~~(ii) in subparagraph (B)—~~

~~(I) by striking the heading and inserting "LEVELS OF EMPLOYMENT PERFORMANCE";~~

~~(II) by striking "may" and inserting "shall"; and~~

~~(III) by striking "additional" and inserting "employment"; and~~

~~(iii) by adding at the end the following:~~

~~"(C) ALTERNATIVE ASSESSMENT SYSTEMS.—Eligible agencies may approve the use of assessment systems that are not commercially available standardized systems if such~~

~~systems meet the Standards for Educational and Psychological Testing issued by the Joint Committee on Standards for Educational and Psychological Testing of the American Educational Research Association, the American Psychological Association, and the National Council on Measurement in Education.'';~~

~~(2) in subsection (c)—~~

~~(A) in paragraph (1)—~~

~~(i) by inserting ''the Governor, the State legislature, and the State workforce investment board'' after ''Secretary''; and~~

~~(ii) by striking ''including'' and all that follows through the period and inserting ''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.~~

~~''(C) The number of enrollees 16 to 18 years of age who enrolled in adult education not~~

later than 1 year after participating in secondary school education.";

(B) in paragraph (2)(A), by inserting "eligible providers and" after "available to"; and

(C) by adding at the end the following:

"(3) DATA ACCESS.—The report made available under paragraph (2) shall indicate which eligible agencies did not have access to State unemployment insurance wage data in measuring employment performance indicators."; and

(3) by adding at the end the following:

"(d) PROGRAM IMPROVEMENT.—

"(1) IN GENERAL.—If the Secretary determines that an eligible agency did not meet its adjusted levels of performance for the core indicators of performance described in subsection (b)(2)(A) for any program year, the eligible agency shall—

"(A) work with the Secretary to develop and implement a program improvement plan for the 2 program years succeeding the program year in which the eligible agency did not meet its adjusted levels of performance; and

"(B) revise its State plan under section 224, if necessary, to reflect the changes agreed to in the program improvement plan.

~~"(2) FURTHER ASSISTANCE.—If, after the period described in paragraph (1)(A), the Secretary has provided technical assistance to the eligible agency but determines that the eligible agency did not meet its adjusted levels of performance for the core indicators of performance described in subsection (b)(2)(A), the Secretary may require the eligible agency to make further revisions to the program improvement plan described in paragraph (1). Such further revisions shall be accompanied by further technical assistance from the Secretary.".~~

~~SEC. 206. STATE ADMINISTRATION.~~

~~Section 221(1) of the Adult Education and Family Literacy Act (20 U.S.C. 9221(1)) is amended by striking "and implementation" and inserting "implementation, and monitoring".~~

~~SEC. 207. STATE DISTRIBUTION OF FUNDS; MATCHING REQUIREMENT.~~

~~Section 222 of the Adult Education and Family Literacy Act (20 U.S.C. 9222) is amended—~~

~~(1) in subsection (a)—~~

~~(A) in paragraph (1)—~~

~~(i) by striking "82.5" the first place such term appears and inserting "80"; and~~

~~(ii) by striking "the 82.5 percent" and inserting "such amount";~~

~~(B) in paragraph (2), by striking "not more than 12.5 percent" and inserting "not more than 15 percent"; and~~

~~(C) in paragraph (3), by striking "$65,000" and inserting "$75,000"; and~~

~~(2) in subsection (b)(1), by striking "equal to" and inserting "that is not less than".~~

~~SEC. 208. STATE LEADERSHIP ACTIVITIES.~~

~~Section 223 of the Adult Education and Family Literacy Act (20 U.S.C. 9223) is amended—~~

~~(1) in subsection (a)—~~

~~(A) in the matter preceding paragraph (1), by inserting "to develop or enhance the adult education system of the State" after "activities";~~

~~(B) in paragraph (1), by striking "instruction incorporating" and all that follows through the period and inserting "instruction incorporating the essential components of reading instruction and instruction provided by volunteers or by personnel of a State or outlying area.";~~

~~(C) in paragraph (2), by inserting ", including development and dissemination of in-~~

~~structional and programmatic practices based on the most rigorous research available in reading, writing, speaking, mathematics, English language acquisition programs, distance learning and staff training'' after ''activities'';~~

~~(D) in paragraph (5), by striking ''monitoring and'';~~

~~(E) by striking paragraph (6) and inserting the following:~~

~~''(6) The development and implementation of technology applications, translation technology, or distance learning, including professional development to support the use of instructional technology.''; and~~

~~(F) by striking paragraph (7) through paragraph (11) and inserting the following:~~

~~''(7) Coordination with—~~

~~''(A) other partners carrying out activities authorized under this Act; and~~

~~''(B) existing support services, such as transportation, child care, mental health services, and other assistance designed to increase rates of enrollment in, and successful completion of adult education and literacy activities, for adults enrolled in such activities.~~

~~"(8) Developing and disseminating curricula, including curricula incorporating the essential components of reading instruction as they relate to adults.~~

~~"(9) The provision of assistance to eligible providers in developing, implementing, and reporting measurable progress in achieving the objectives of this subtitle.~~

~~"(10) The development and implementation of a system to assist in the transition from adult basic education to postsecondary education, including linkages with postsecondary educational institutions.~~

~~"(11) Integration of literacy and English language instruction with occupational skill training, and promoting linkages with employers.~~

~~"(12) Activities to promote workplace literacy programs.~~

~~"(13) Activities to promote and complement local outreach initiatives described in section 243(c)(2)(H).~~

~~"(14) In cooperation with efforts funded under sections 242 and 243, the development of curriculum frameworks and rigorous content standards that—~~

~~"(A) specify what adult learners should know and be able to do in the areas of reading~~

~~and language arts, mathematics, and English language acquisition; and~~

~~"(B) take into consideration the following:~~

~~"(i) State academic standards established under section 1111(b) of the Elementary and Secondary Education Act of 1965.~~

~~"(ii) The current adult skills and literacy assessments used in the State.~~

~~"(iii) The core indicators of performance established under section 212(b)(2)(A).~~

~~"(iv) Standards and academic requirements for enrollment in non-remedial, for-credit, courses in State supported postsecondary education institutions.~~

~~"(v) Where appropriate, the basic and literacy skill content of occupational and industry skill standards widely used by business and industry in the State.~~

~~"(15) In cooperation with efforts funded under sections 242 and 243, development and piloting of—~~

~~"(A) new assessment tools and strategies that identify the needs and capture the gains of~~

~~students at all levels, with particular emphasis on—~~

~~"(i) students at the lowest achievement level;~~

~~"(ii) students who have limited English proficiency; and~~

~~"(iii) adults with learning disabilities;~~

~~"(B) options for improving teacher quality and retention; and~~

~~"(C) assistance in converting research into practice.~~

~~"(16) The development and implementation of programs and services to meet the needs of adult learners with learning disabilities or limited English proficiency.~~

~~"(17) Other activities of statewide significance that promote the purpose of this title."; and~~

~~(2) in subsection (c), by striking "being State- or outlying area-imposed" and inserting "being imposed by the State or outlying area".~~

~~SEC. 209. STATE PLAN.~~

~~Section 224 of the Adult Education and Family Literacy Act (20 U.S.C. 9224) is amended—~~

~~(1) in subsection (a)—~~

~~(A) by striking the heading and inserting "4-YEAR PLANS"; and~~

~~(B) in paragraph (1), by striking "5" and inserting "4";~~

~~(2) in subsection (b)—~~

~~(A) in paragraph (1), by inserting "and the role of provider and cooperating agencies in preparing the assessment" after "serve";~~

~~(B) by striking paragraph (2) and inserting the following:~~

~~"(2) a description of how the eligible agency will address the adult education and literacy needs identified under paragraph (1) in each workforce development area of the State, using funds received under this subtitle, as well as other Federal, State, or local funds received in partnership with other agencies for the purpose of adult literacy as applicable;";~~

~~(C) in paragraph (3)—~~

~~(i) by inserting "and measure" after "evaluate";~~

~~(ii) by inserting "and improvement" after "effectiveness"; and~~

~~(iii) by striking "212" and inserting "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 subtitle 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 performance)";~~

~~(D) in paragraph (4), by striking "will ensure the improvement of" and inserting "improved";~~

~~(E) by redesignating paragraphs (5) through (12) as paragraphs (6) through (13), respectively;~~

~~(F) by inserting after paragraph (4) the following:~~

~~"(5) a description of how the eligible agency will improve teacher quality, the professional development of eligible providers, and instruction;";~~

~~(G) in paragraph (6) (as redesignated by subparagraph (E)), by striking "who" and all that follows through the semicolon and inserting "that—~~

~~"(A) offers flexible schedules and coordinates with necessary Federal, State, and local support services (such as child care, transportation, mental health services, and case management) to enable individuals, including individuals with disabilities or individuals with other special needs, to participate in adult education and literacy activities; and~~

~~"(B) attempts to coordinate with support services that are not provided under this subtitle prior to using funds for adult education and literacy activities provided under this subtitle for support services;";~~

~~(H) in paragraph (10) (as redesignated by subparagraph (E)), by striking "plan" and inserting "plan, which process—~~

~~"(A) shall include the State Workforce Investment Board, the Governor, State officials~~

~~representing public schools, community colleges, welfare agencies, agencies that provide services to individuals with disabilities, other State agencies that promote or operate adult education and literacy activities, and direct providers of such adult literacy services; and~~

~~''(B) may include consultation with the State agency for higher education, institutions responsible for professional development of adult education and literacy education program instructors, institutions of higher education, representatives of business and industry, refugee assistance programs, and community-based organizations, as defined in section 101,'';~~

~~(I) in paragraph (11) (as redesignated by subparagraph (E))—~~

~~(i) by inserting ''assess potential population needs and'' after ''will'';~~

~~(ii) in subparagraph (A), by striking ''students'' and inserting ''individuals'';~~

~~(iii) in subparagraph (C), by striking ''and'' after the semicolon; and~~

~~(iv) by adding at the end the following:~~

~~"(E) the unemployed; and~~

~~"(F) those who are employed, but at levels below self-sufficiency, as defined in section 101.";~~

~~(J) in paragraph (12) (as redesignated by subparagraph (E))—~~

~~(i) by inserting "and how the plan submitted under this subtitle is coordinated with the plan submitted by the State under title I" after "eligible agency"; and~~

~~(ii) by striking "and" after the semicolon;~~

~~(K) in paragraph (13) (as redesignated by subparagraph (E)), by striking "231(e)(1)." and inserting "231(e)(1), including—~~

~~"(A) how the State will build the capacity of organizations that provide adult education and literacy activities; and~~

~~"(B) how the State will increase the participation of business and industry in adult education and literacy activities;"; and~~

~~(L) by adding at the end the following:~~

~~"(14) a description of how the eligible agency will consult with any State agency responsible for postsecondary education to develop adult education~~

~~programs and services (including academic skill development and support services) that prepare students to enter postsecondary education upon completion of secondary school programs or their recognized equivalent;~~

~~"(15) a description of how the eligible agency will consult with the State agency responsible for workforce development to develop adult education programs and services that are designed to prepare students to enter the workforce; and~~

~~"(16) a description of how the eligible agency will improve the professional development of eligible providers of adult education and literacy activities.";~~

~~(3) in subsection (c), by adding at the end the following: "At a minimum, such revision shall occur every 2 years."; and~~

~~(4) in subsection (d)—~~

~~(A) in paragraph (1), by inserting ", the chief State school officer, the State officer responsible for administering community and technical colleges, and the State Workforce Investment Board" after "Governor"; and~~

~~(B) in paragraph (2), by striking "comments" and all that follows through the period and inserting "comments regarding the State~~

~~plan by the Governor, the chief State school officer, the State officer responsible for administering community and technical colleges, and the State Workforce Investment Board, and any revision to the State plan, are submitted to the Secretary.''.~~

~~SEC. 210. PROGRAMS FOR CORRECTIONS EDUCATION AND OTHER INSTITUTIONALIZED INDIVIDUALS.~~

~~Section 225 of the Adult Education and Family Literacy Act (20 U.S.C. 9225) is amended—~~

~~(1) in subsection (b)—~~

~~(A) in paragraph (1), by striking ''basic education'' and inserting ''adult education and literacy activities'';~~

~~(B) in paragraph (2) by inserting ''and'' after the semicolon;~~

~~(C) by striking paragraph (3); and~~

~~(D) by redesignating paragraph (4) as paragraph (3); and~~

~~(2) in subsection (d), by striking ''DEFINITION OF CRIMINAL OFFENDER.—'' and inserting ''DEFINITIONS.—In this section:''.~~

~~SEC. 211. GRANTS AND CONTRACTS FOR ELIGIBLE PROVIDERS.~~

~~Section 231 of the Adult Education and Family Literacy Act (20 U.S.C. 9241) is amended—~~

~~(1) in subsection (b)—~~

~~(A) in paragraph (1), by striking "workplace literacy services" and inserting "workplace literacy programs"; and~~

~~(B) in paragraph (3), by striking "literacy" and inserting "language acquisition";~~

~~(2) in subsection (c)—~~

~~(A) in paragraph (1), by inserting "to be achieved annually on the core indicators of performance and employment performance indicators described in section 212(b)(2)" after "outcomes";~~

~~(B) by striking paragraph (3) and inserting the following:~~

~~"(3) the commitment of the eligible provider to be responsive to local needs and to serve individuals in the community who were identified by the assessment as most in need of adult literacy services, including individuals who are low-income, have minimal literacy skills, have learning disabilities, or have limited English proficiency;";~~

~~(C) in paragraph (4)(B), by striking ", such as" and all that follows through the semicolon and inserting "that include the essential components of reading instruction;";~~

~~(D) in paragraph (5), by striking "research" and inserting "the most rigorous research available";~~

~~(E) in paragraph (7), by inserting ", when appropriate and based on the most rigorous research available," after "real life contexts";~~

~~(F) in paragraph (9), by inserting "education, job-training, and social service" after "other available";~~

~~(G) in paragraph (10)—~~

~~(i) by inserting "coordination with Federal, State, and local" after "schedules and"; and~~

~~(ii) by striking "and transportation" and inserting ", transportation, mental health services, and case management";~~

~~(H) in paragraph (11)—~~

~~(i) by inserting "measurable" after "report";~~

~~(ii) by striking "eligible agency";~~

~~(iii) by inserting "established by the eligible agency" after "performance measures"; and~~

~~(iv) by striking "and" after the semicolon;~~

~~(I) in paragraph (12), by striking "literacy programs." and inserting "language acquisition programs and civics education programs;"; and~~

~~(J) by adding at the end the following:~~

~~"(13) the capacity of the eligible provider to produce information on performance results, including enrollments and measurable participant outcomes;~~

~~"(14) whether reading, writing, speaking, mathematics, and English language acquisition instruction provided by the eligible provider are based on the best practices derived from the most rigorous research available;~~

~~"(15) whether the eligible provider's applications of technology and services to be provided are sufficient to increase the amount and quality of learning and lead to measurable learning gains within specified time periods; and~~

~~"(16) the capacity of the eligible provider to serve adult learners with learning disabilities.".~~

~~SEC. 212. LOCAL APPLICATION.~~

~~Section 232 of the Adult Education and Family Literacy Act (20 U.S.C. 9242) is amended—~~

~~(1) in paragraph (1)—~~

~~(A) by inserting "consistent with the requirements of this subtitle" after "spent"; and~~

~~(B) by striking "and" after the semicolon;~~

~~(2) in paragraph (2), by striking the period at the end and inserting "; and"; and~~

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

~~"(3) each of the demonstrations required under section 231(e).".~~

~~SEC. 213. LOCAL ADMINISTRATIVE COST LIMITS.~~

~~Section 233 of the Adult Education and Family Literacy Act (20 U.S.C. 9243) is amended—~~

~~(1) in subsection (a)(2)—~~

~~(A) by inserting "and professional" after "personnel"; and~~

~~(B) by inserting "development of measurable goals in reading, writing, and speaking the English language, and in mathematical computation," after "development,"; and~~

~~(2) in subsection (b)—~~

~~(A) by inserting "and professional" after "personnel"; and~~

~~(B) by inserting "development of measurable goals in reading, writing, and speaking the English language, and in mathematical computation," after "development,".~~

~~SEC. 214. ADMINISTRATIVE PROVISIONS.~~

~~Section 241(b) of the Adult Education and Family Literacy Act (20 U.S.C. 9251(b)) is amended—~~

~~(1) in paragraph (1)(A)—~~

~~(A) by striking "adult education and literacy activities" both places such terms appear and inserting "activities under this subtitle"; and~~

~~(B) by striking "was" and inserting "were"; and~~

~~(2) in paragraph (4)—~~

~~(A) by inserting "not more than" after "this subsection for"; and~~

~~(B) by striking "only".~~

~~SEC. 215. NATIONAL INSTITUTE FOR LITERACY.~~

~~Section 242 of the Adult Education and Family Literacy Act (20 U.S.C. 9252) is amended—~~

~~(1) in subsection (a)—~~

~~(A) in paragraph (1), by striking "literacy" and inserting "effective literacy programs for children, youth, adults, and families";~~

~~(B) in paragraph (2), by inserting "and disseminates information on" after "coordinates"; and~~

~~(C) by striking paragraph (3)(A) and inserting the following:~~

~~"(A) coordinating and participating in the Federal effort to identify and disseminate information on literacy that is derived from scientifically based research, or the most rigorous research available and effective programs that serve children, youth, adults, and families.";~~

~~(2) by striking subsection (b)(3) and inserting the following:~~

~~"(3) RECOMMENDATIONS.—The Interagency Group, in consultation with the National Institute for Literacy Advisory Board (in this section referred to as the 'Board') established under subsection (e), shall plan the goals of the Institute and the implementation of any programs to achieve the goals. The Board may also request a meeting of the Interagency Group to discuss any recommendations the Board may make.";~~

~~(3) in subsection (c)—~~

~~(A) in paragraph (1)—~~

~~(i) in subparagraph (A)—~~

~~(I) by striking "to establish" and inserting "to maintain";~~

~~(II) in clause (i), by striking "phonemic awareness, systematic phonics, fluency, and reading comprehension" and inserting "the essential components of reading instruction";~~

~~(III) in clause (iii), by striking "and" after the semicolon;~~

~~(IV) in clause (iv), by inserting "and" after the semicolon; and~~

~~(V) by adding at the end the following:~~

~~"(v) a list of local adult education and literacy programs;";~~

~~(ii) in subparagraph (C)—~~

~~(I) by striking "reliable and replicable research" and inserting "reliable and replicable research as defined by the Institute of Education Sciences"; and~~

~~(II) by striking "especially with the Office of Educational Research~~

~~and Improvement in the Department of Education,'';~~

~~(iii) in subparagraph (D), by striking ''phonemic awareness, systematic phonics, fluency, and reading comprehension based on'' and inserting ''the essential components of reading instruction and'';~~

~~(iv) in subparagraph (H), by striking ''and'' after the semicolon;~~

~~(v) in subparagraph (I), by striking the period at the end and inserting a semicolon; and~~

~~(vi) by adding at the end the following:~~

~~''(J) to work cooperatively with the Department of Education to assist States that are pursuing the implementation of standards-based educational improvements for adults through the dissemination of training, technical assistance, and related support and through the development and dissemination of related standards-based assessment instruments; and~~

~~''(K) to identify rigorous research on the effectiveness of instructional practices and organizational strategies relating to literacy pro-~~

~~grams on the acquisition of skills in reading, writing, English acquisition, and mathematics.''; and~~

~~(B) by adding at the end the following:~~

~~''(3) COORDINATION.—In identifying the reliable and replicable research the Institute will support, the Institute shall use standards for research quality that are consistent with those of the Institute of Education Sciences.'';~~

~~(4) in subsection (e)—~~

~~(A) in paragraph (1)(B)—~~

~~(i) in clause (i), by striking ''literacy programs'' and inserting ''language acquisition programs'';~~

~~(ii) in clause (ii), by striking ''literacy programs'' and inserting ''or have participated in or partnered with workplace literacy programs'';~~

~~(iii) in clause (iv), by inserting '', including adult literacy research'' after ''research'';~~

~~(iv) in clause (vi), by striking ''and'' after the semicolon;~~

~~(v) in clause (vii), by striking the period at the end and inserting ''; and''; and~~

~~(vi) by adding at the end the following:~~

~~"(viii) institutions of higher education.";~~

~~(B) in paragraph (2)—~~

~~(i) in subparagraph (B), by striking "and" after the semicolon;~~

~~(ii) in subparagraph (C), by striking the period at the end and inserting "; and"; and~~

~~(iii) by adding at the end the following:~~

~~"(D) review the biennial report submitted to Congress pursuant to subsection (k)."; and~~

~~(C) in paragraph (5), by striking the second sentence and inserting the following: "A recommendation of the Board may be passed only by a majority of the Board's members present at a meeting for which there is a quorum."; and~~

~~(5) in subsection (k)—~~

~~(A) by striking "Labor and Human Resources" and inserting "Health, Education, Labor, and Pensions"; and~~

~~(B) by striking "The Institute shall submit a report biennially to" and inserting "Not later than 1 year after the date of enactment of the Adult Education and Family Literacy Act Amendments of 2003, and biennially thereafter, the Institute shall submit a report to".~~

~~SEC. 216. NATIONAL LEADERSHIP ACTIVITIES.~~

~~Section 243 of the Adult Education and Family Literacy Act (20 U.S.C. 9253) is amended to read as follows:~~

~~"SEC. 243. NATIONAL LEADERSHIP ACTIVITIES.~~

~~"(a) IN GENERAL.—The Secretary shall establish and carry out a program of national leadership activities to enhance the quality of adult education and literacy programs nationwide.~~

~~"(b) PERMISSIVE ACTIVITIES.—The national leadership activities described in subsection (a) may include the following:~~

~~"(1) Technical assistance, including—~~

~~"(A) assistance provided to eligible providers in developing and using performance measures for the improvement of adult education and literacy activities, including family literacy services;~~

~~"(B) assistance related to professional development activities, and assistance for the pur-~~

poses of developing, improving, identifying, and disseminating the most successful methods and techniques for providing adult education and literacy activities, including family literacy services, based on scientific evidence where available;

"(C) assistance in distance learning and promoting and improving the use of technology in the classroom;

"(D) assistance in developing valid, measurable, and reliable performance data, including data around employment and employment outcome, and using performance information for the improvement of adult education and literacy programs; and

"(E) assistance to help States, particularly low-performing States, meet the requirements of section 212.

"(2) A program of grants, contracts, or cooperative agreements awarded on a competitive basis to national, regional, or local networks of private nonprofit organizations, public libraries, or institutions of higher education to build the capacity of such networks' members to meet the performance require-

~~ments of eligible providers under this title and involve adult learners in program improvement.~~

~~"(3) Funding national leadership activities that are not described in paragraph (1), either directly or through grants, contracts, or cooperative agreements awarded on a competitive basis to or with postsecondary educational institutions, public or private organizations or agencies, or consortia of such institutions, organizations, or agencies, such as—~~

~~"(A) developing, improving, and identifying the most successful methods and techniques for addressing the education needs of adults, including instructional practices using the essential components of reading instruction based on the work of the National Institute of Child Health and Human Development;~~

~~"(B) increasing the effectiveness of, and improving the quality of, adult education and literacy activities, including family literacy services;~~

~~"(C) carrying out research on national literacy basic skill acquisition for adult learning, including estimating the number of adults functioning at the lowest levels of literacy proficiency;~~

~~"(D)(i) carrying out demonstration programs;~~

~~"(ii) disseminating best practices information, including information regarding promising practices resulting from federally funded demonstration programs; and~~

~~"(iii) developing and replicating best practices and innovative programs, including—~~

~~"(I) the development of models for basic skill certificates;~~

~~"(II) the identification of effective strategies for working with adults with learning disabilities and with adults with limited English proficiency;~~

~~"(III) integrated basic and workplace skills education programs;~~

~~"(IV) coordinated literacy and employment services; and~~

~~"(V) postsecondary education transition programs;~~

~~"(E) providing for the conduct of an independent evaluation and assessment of adult education and literacy activities through studies and analyses conducted independently through grants and contracts awarded on a competitive~~

~~basis, which evaluation and assessment shall include descriptions of—~~

~~"(i) the effect of performance measures and other measures of accountability on the delivery of adult education and literacy activities, including family literacy services;~~

~~"(ii) the extent to which the adult education and literacy activities, including family literacy services, increase the literacy skills of adults (and of children, in the case of family literacy services), lead the participants in such activities to involvement in further education and training, enhance the employment and earnings of such participants, and, if applicable, lead to other positive outcomes, such as reductions in recidivism in the case of prison-based adult education and literacy activities;~~

~~"(iii) the extent to which the provision of support services to adults enrolled in adult education and family literacy programs increase the rate of enrollment in,~~

~~and successful completion of, such programs; and~~

~~"(iv) the extent to which different types of providers measurably improve the skills of participants in adult education and literacy programs;~~

~~"(F) supporting efforts aimed at capacity building of programs at the State and local levels such as technical assistance in program planning, assessment, evaluation, and monitoring of activities carried out under this subtitle;~~

~~"(G) collecting data, such as data regarding the improvement of both local and State data systems, through technical assistance and development of model performance data collection systems;~~

~~"(H) supporting the development of an entity that would produce and distribute technology-based programs and materials for adult education and literacy programs using an interconnection system (as 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;

"(I) determining how participation in adult education and literacy activities prepares individuals for entry into postsecondary education and employment and, in the case of prison-based services, has an effect on recidivism; and

"(J) other activities designed to enhance the quality of adult education and literacy activities nationwide.".

SEC. 217. INTEGRATED ENGLISH LITERACY AND CIVICS EDUCATION.

Chapter 4 of subtitle A of title II (29 U.S.C. 9251 et seq.) is amended by adding at the end the following:

"SEC. 244. INTEGRATED ENGLISH LITERACY AND CIVICS EDUCATION.

"(a) IN GENERAL.—From funds made available under section 211(a)(4) for each fiscal year the Secretary shall award grants to States, from allotments under subsection (b), for integrated English literacy and civics education.

"(b) ALLOTMENT.—

"(1) IN GENERAL.—Subject to paragraph (2), from amounts made available under section

~~211(a)(4) for a fiscal year the Secretary shall allocate—~~

~~"(A) 65 percent to the States on the basis of a State's need for integrated English literacy and civics education as determined by calculating each State's share of a 10-year average of the Immigration and Naturalization Service data for immigrants admitted for legal permanent residence for the 10 most recent years; and~~

~~"(B) 35 percent to the States on the basis of whether the State experienced growth as measured by the average of the 3 most recent years for which Immigration and Naturalization Service data for immigrants admitted for legal permanent residence are available.~~

~~"(2) MINIMUM.—No State shall receive an allotment under paragraph (1) in an amount that is less than $60,000.".~~

~~SEC. 218. TRANSITION.~~

~~The Secretary shall take such steps as the Secretary determines to be appropriate to provide for the orderly transition to the authority of the Adult Education and Family Literacy Act (as amended by this title) from any authority under provisions of the Adult Education and~~

~~Family Literacy Act (as such Act was in effect on the day before the date of enactment of the Adult Education and Family Literacy Act Amendments of 2003).~~

~~TITLE III—AMENDMENTS TO OTHER PROVISIONS OF LAW~~

~~SEC. 301. WAGNER-PEYSER ACT.~~

~~(a) CONFORMING AMENDMENT.—Section 2(3) of the Wagner-Peyser Act (29 U.S.C. 49a(3)) is amended by striking "section 134(c)" and inserting "section 121(c).~~

~~(b) COLOCATION.—Section 3 of the Wagner-Peyser Act (29 U.S.C. 49b) is amended by adding at the end the following:~~

~~"(d) In order to avoid duplication of services and enhance integration of services, employment services offices in each State shall be colocated with comprehensive one-stop centers established under title I of the Workforce Investment Act of 1998.".~~

~~(c) COOPERATIVE STATISTICAL PROGRAM.—Section 14 of the Wagner-Peyser Act (29 U.S.C. 49l–1) is amended by striking the section heading and all that follows through "There" and inserting the following:~~

~~"SEC. 14. COOPERATIVE STATISTICAL PROGRAM.~~

~~"There".~~

~~(d) WORKFORCE AND LABOR MARKET INFORMATION SYSTEM.—Section 15 of the Wagner-Peyser Act (29 U.S.C. 49l–2) is amended—~~

~~(1) by striking the section heading and inserting the following:~~

~~"SEC. 15. WORKFORCE AND LABOR MARKET INFORMATION SYSTEM.";~~

~~(2) by striking "employment statistics system" each place it appears and inserting "workforce and labor market information system";~~

~~(3) in subsection (a)(1), by striking "of employment statistics";~~

~~(4) in subsection (b)(2)(E)—~~

~~(A) in clause (i), by adding "and" at the end;~~

~~(B) in clause (ii), by striking "; and" and inserting a period; and~~

~~(C) by striking clause (iii);~~

~~(5) by striking subsections (c) and (d) and inserting the following:~~

~~"(c) NATIONAL ELECTRONIC TOOLS TO PROVIDE SERVICES.—The Secretary, in consultation with States, is authorized to assist in the development of national electronic tools that may be used to improve access to workforce information for individuals through—~~

~~"(1) the one-stop delivery systems established under section 121(e); and~~

~~"(2) such other delivery systems as the Secretary determines to be appropriate.~~

~~"(d) TWO-YEAR PLAN.—The Secretary, working through the Bureau of Labor Statistics, and in cooperation with the States and with the assistance of the Employment and Training Administration and other appropriate Federal agencies, shall prepare a 2-year plan which shall be the mechanism for achieving cooperative management of the nationwide workforce and labor market information system described in subsection (a) and the statewide workforce and labor market information systems that comprise the nationwide system. The plan shall—~~

~~"(1) describe the steps to be taken in the following 2 years to carry out the duties described in subsection (b)(2);~~

~~"(2) evaluate the performance of the system and recommend needed improvements, with particular attention to the improvements needed at the State and local levels; and~~

~~"(3) describe the involvement of States in the development of the plan, pursuant to a process established by the Secretary in cooperation with the States in accordance with subsection (d).~~

~~"(e) COORDINATION WITH THE STATES.—The Secretary, working though the Bureau of Labor Statistics and in coordination with the Employment and Training Administration, shall consult at least annually with representatives of each of the 10 Federal regions of the Department of Labor, elected (pursuant to a process established by the Secretary) by and from the State workforce and labor market information directors affiliated with the State agencies that perform the duties described in subsection (e)(2).";~~

~~(6) in subsection (e)(2)—~~

~~(A) in subparagraph (G), by adding "and" at the end;~~

~~(B) by striking subparagraph (H); and~~

~~(C) by redesignating subparagraph (I) as subparagraph (H); and~~

~~(7) in subsection (g), by striking "1999 through 2004" and inserting "2004 through 2009 to enable the Secretary to carry out the provisions of this section through grants or cooperative agreements with the States".~~

~~TITLE IV—REHABILITATION ACT AMENDMENTS~~

~~SEC. 401. SHORT TITLE.~~

~~This title may be cited as the "Rehabilitation Act Amendments of 2003".~~

~~SEC. 402. TECHNICAL AMENDMENTS TO TABLE OF CONTENTS.~~

~~(a) INCENTIVE GRANTS.—Section 1(b) of the Rehabilitation Act of 1973 (29 U.S.C. 701 note) is amended by inserting after the item relating to section 112 the following:~~

~~"Sec. 113. Incentive grants.".~~

~~(b) INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND.—Section 1(b) of the Rehabilitation Act of 1973 (29 U.S.C. 701 note) is amended by striking the items relating to sections 752 and 753 and inserting the following:~~

~~"Sec. 752. Training and technical assistance.~~
~~"Sec. 753. Program of grants.~~
~~"Sec. 754. Authorization of appropriations.".~~

~~SEC. 403. PURPOSE.~~

~~Section 2(b) of the Rehabilitation Act of 1973 (29 U.S.C. 701(b)) is amended—~~

~~(1) in paragraph (1)(F), by striking "and" after the semicolon;~~

~~(2) in paragraph (2), by striking the period at the end and inserting "; and"; and~~

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

~~"(3) to provide opportunities for employers and rehabilitation service providers to provide meaningful input at all levels of government to ensure successful employment of individuals with disabilities.".~~

~~SEC. 404. DEFINITIONS.~~

~~Section 7 of the Rehabilitation Act of 1973 (29 U.S.C. 705) is amended—~~

~~(1) in paragraph (2)(B)—~~

~~(A) in the matter preceding clause (i), by inserting "and literacy services" after "supported employment"; and~~

~~(B) in clause (iii), by inserting "and literacy skills" after "educational achievements";~~

~~(2) in paragraph (17)—~~

~~(A) in subparagraph (C), by striking "and" after the semicolon;~~

~~(B) in subparagraph (D), by striking the period at the end and inserting "; and"; and~~

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

~~"(E) maintaining individuals with disabilities in, or transitioning individuals with disabilities to, community-based living.";~~

~~(3) by redesignating paragraphs (24) through (28), (29) through (34), and (35) through (39), as~~

~~paragraphs (25) through (29), (31) through (36), and (38) through (42), respectively;~~

~~(4) by inserting after paragraph (23) the following:~~

~~"(24) LITERACY.—The term 'literacy' has the meaning given the term in section 203 of the Adult Education and Family Literacy Act (20 U.S.C. 9202).";~~

~~(5) by inserting after paragraph (29), as redesignated by paragraph (3), the following:~~

~~"(30) POST-EMPLOYMENT SERVICE.—The term 'post-employment' service means a service identified in section 103(a) that is—~~

~~"(A) provided subsequent to the achievement of an employment outcome; and~~

~~"(B) necessary for an individual to maintain, regain, or advance in employment, consistent with the individual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.";~~

~~(6) by inserting after paragraph (36), as redesignated by paragraph (3), the following:~~

~~"(37) STUDENT WITH A DISABILITY.—~~

~~"(A) IN GENERAL.—The term 'student with a disability' means an individual with a~~

~~disability who attends an elementary school or secondary school and who—~~

~~"(i) is not younger than 14 years of age;~~

~~"(ii) is not older than 21 years of age;~~

~~"(iii) has been determined to be eligible under section 102(a) for assistance under title I; and~~

~~"(iv)(I) is eligible for, and receiving, special education and related services under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.); or~~

~~"(II) is an individual with a disability, for purposes of section 504.~~

~~"(B) STUDENTS WITH DISABILITIES.—The term 'students with disabilities' means more than 1 student with a disability."; and~~

~~(7) in paragraph (38)(A)(ii), as redesignated by paragraph (3), by striking "paragraph (36)(C)" and inserting "paragraph (39)(C)".~~

~~SEC. 405. ADMINISTRATION OF THE ACT.~~

~~Section 12(a)(1) of the Rehabilitation Act of 1973 (29 U.S.C. 709(a)(1)) is amended—~~

~~(1) by inserting "(A)" after "(1)";~~

~~(2) by striking the semicolon and inserting "; and"; and~~

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

~~"(B) provide technical assistance to the designated State units on developing successful partnerships with employers;".~~

~~SEC. 406. CARRYOVER.~~

~~Section 19 of the Rehabilitation Act of 1973 (29 U.S.C. 716) is amended—~~

~~(1) in subsection (a)(1)—~~

~~(A) by striking ", section 509 (except as provided in section 509(b))";~~

~~(B) by striking "or (C)"; and~~

~~(C) by striking "752(b)" and inserting "753(b)"; and~~

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

~~"(c) PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS.—~~

~~"(1) APPROPRIATED AMOUNTS.—Notwithstanding any other provision of law, any funds appropriated for a fiscal year to carry out a grant program under section 509 (except as provided in section 509(b)), including any funds reallotted under such grant program, that are not obligated and expended by recipients prior to the beginning of the~~

succeeding fiscal year shall remain available for obligation and expenditure by such recipients during such succeeding fiscal year.

"(2) PROGRAM INCOME.—Notwithstanding any other provision of law, any amounts of program income received by recipients under a grant program under section 509 that are not obligated and expended by recipients prior to the beginning of the fiscal year succeeding the fiscal year in which such amounts were received, shall remain available for obligation and expenditure by such recipients during any of the 4 succeeding fiscal years.".

Subtitle A—Vocational Rehabilitation Services

SEC. 411. DECLARATION OF POLICY; AUTHORIZATION OF APPROPRIATIONS.

Section 100(b)(1) of the Rehabilitation Act of 1973 (29 U.S.C. 720(b)(1)) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

SEC. 412. STATE PLANS.

Section 101(a) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)) is amended—

~~(1) in paragraph (6)(B), by striking "to employ and advance in employment" and inserting "to recruit, employ, and advance in employment";~~

~~(2) in paragraph (8)(A), by adding at the end the following:~~

~~"(iii) SERVICES IDENTIFIED IN INDIVIDUALIZED WORK PLAN.—For purposes of clause (i), for an individual who receives assistance under the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), comparable benefits and services available under such program only include those benefits and services identified in the individual's individualized work plan developed by an employment network pursuant to such section.";~~

~~(3) in paragraph (11)—~~

~~(A) by striking subparagraph (D)(ii) and inserting the following:~~

~~"(ii) transition planning by personnel of the designated State agency and the State educational agency that will facilitate the development and completion of the individualized education programs under sec-~~

~~tion 614(d) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(d)) and, as appropriate, the development and completion of the individualized plan for employment, in order to achieve post-school employment outcomes of students with disabilities;''; and~~

~~(B) by adding at the end the following:~~

~~''(G) COORDINATION WITH TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM.—The State plan shall provide that the designated State unit will coordinate activities with any other State agency that administers a Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19).'';~~ ~~and~~

~~(4) in paragraph (20)—~~

~~(A) by redesignating subparagraph (B) as subparagraph (D);~~

~~(B) by inserting after subparagraph (A) the following:~~

~~''(B) INFORMATION ON ASSISTANCE FOR BENEFICIARIES OF ASSISTANCE UNDER TITLE II OR XVI OF THE SOCIAL SECURITY ACT.—The State plan shall include an assurance that the~~

~~designated State agency will make available to individuals entitled to benefits under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.) on the basis of a disability or blindness, information on the availability of—~~

~~"(i) medical assistance under the State medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.);~~

~~"(ii) benefits under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.);~~

~~"(iii) assistance through benefits planning and assistance programs under section 1149 of the Social Security Act (42 U.S.C. 1320b–20) and protection and advocacy programs under section 1150 of the Social Security Act (42 U.S.C. 1320b–21); and~~

~~"(iv) medical assistance under other federally-funded programs.~~

~~"(C) INFORMATION FOR INDIVIDUALS UNDER THE TICKET TO WORK PROGRAM.—The State plan shall include an assurance that the~~

~~designated State agency will make available to individuals entitled to benefits under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.) on the basis of a disability or blindness and eligible for assistance under the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), general information regarding the Ticket to Work and Self-Sufficiency Program and specific information on how to contact the program manager of the Ticket to Work and Self-Sufficiency Program to obtain information on approved employment networks.'';~~ ~~and~~

~~(C) in subparagraph (D)(ii), as redesignated by subparagraph (A)—~~

~~(i) in subclause (II), by inserting '', to the maximum extent possible,'' after ''point of contact'';~~ ~~and~~

~~(ii) in subclause (III), by striking ''or regain'' and inserting ''regain, or advance in''.~~

~~SEC. 413. ELIGIBILITY AND INDIVIDUALIZED PLAN FOR EMPLOYMENT.~~

~~Section 102 of the Rehabilitation Act of 1973 (29 U.S.C. 722) is amended—~~

~~(1) in subsection (b)—~~

~~(A) in paragraph (1)—~~

~~(i) in subparagraph (A), by striking the semicolon at the end and inserting ", including a listing of all the community resources (including resources from organizations of individuals with disabilities), to the maximum extent possible, to assist in the development of such individual's individualized plan for employment to enable the individual to make informed and effective choices in developing the individualized plan for employment;"; and~~

~~(ii) in subparagraph (D)—~~

~~(I) in clause (i), by striking "and" after the semicolon;~~

~~(II) in clause (ii), by striking the period at the end and inserting a semicolon; and~~

~~(III) by adding at the end the following:~~

~~"(iii) for individuals entitled to benefits under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.) on the basis of a disability or blindness, information on the availability of—~~

~~"(I) medical assistance under the State medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.);~~

~~"(II) benefits under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.);~~

~~"(III) assistance through benefits planning and assistance programs under section 1149 of the Social Security Act (42 U.S.C. 1320b–20) and protection and advocacy programs under section 1150 of the Social Security Act (42 U.S.C. 1320b–21); and~~

~~"(IV) medical assistance under other federally-funded programs; and~~

~~"(iv) for individuals entitled to benefits under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.) on the basis of a disability or blindness and eligible for~~

~~assistance under the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), information—~~

~~"(I) on the options under the Ticket to Work and Self-Sufficiency Program; and~~

~~"(II) on how to contact the program manager of the Ticket to Work and Self-Sufficiency Program who has contact information on approved employment networks, the benefits planning and assistance programs in the area, and the protection and advocacy programs in the area.";~~

~~(B) in paragraph (2)(E)—~~

~~(i) in clause (i)(II), by striking "and" after the semicolon;~~

~~(ii) in clause (ii), by striking the period at the end and inserting "; and"; and~~

~~(iii) by adding at the end the following:~~

~~"(iii) amended, as necessary, to include the post-employment services and service providers that are necessary for the individual to maintain, regain, or advance in employment, consistent with the individ-~~

~~ual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.''; and~~

~~(C) in paragraph (3)—~~

~~(i) in subparagraph (B)(i)(I), by striking ''and personal assistance services'' and inserting ''mentoring services, and personal assistance services'';~~

~~(ii) in subparagraph (F)(ii), by striking ''and'' after the semicolon;~~

~~(iii) in subparagraph (G), by striking the period at the end and inserting a semicolon; and~~

~~(iv) by adding at the end the following:~~

~~''(H) for a student with a disability, the description—~~

~~''(i) in paragraph (3)(A), may be a description of the student's projected post-school employment outcome; and~~

~~''(ii) in paragraph (3)(B), shall include the specific transition services (including, as appropriate, work experience and mentoring activities) needed to achieve~~

the student's employment outcome or projected employment outcome; and

"(I) for an individual who is receiving assistance under the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), a list of services such individual receives from an employment network other than the designated State unit."; and

(2) in subsection (c)(7), by inserting "that take into consideration the informed choice of the individual," after "plan development,".

SEC. 414. VOCATIONAL REHABILITATION SERVICES.

Section 103(a) of the Rehabilitation Act of 1973 (29 U.S.C. 723(a)) is amended—

(1) in paragraph (5), by inserting "literacy services," after "vocational adjustment services,";

(2) in paragraph (17), by striking "and" after the semicolon;

(3) in paragraph (18), by striking the period at the end and inserting "; and"; and

(4) by adding at the end the following:

"(19) mentoring services.".

~~SEC. 415. STATE REHABILITATION COUNCIL.~~

~~Section 105(b)(1)(A)(ix) of the Rehabilitation Act of 1973 (29 U.S.C. 725(b)(1)(A)(ix)) is amended to read as follows:~~

~~"(ix) in a State in which 1 or more projects provide services under section 121, not less than 1 representative of the directors of the projects;".~~

~~SEC. 416. EVALUATION STANDARDS AND PERFORMANCE INDICATORS.~~

~~Section 106(b)(2)(B)(i) of the Rehabilitation Act of 1973 (29 U.S.C. 726(b)(2)(B)(i)) is amended by striking ", if necessary" and all that follows through the semicolon and inserting "if the State has not improved its performance to acceptable levels, as determined by the Commissioner, direct the State to make further revisions to the plan to improve performance, which may include allocating a higher proportion of the State's resources for services to individuals with disabilities if the State's spending on such services is low in comparison to spending on such services in comparable agencies in other States;".~~

~~SEC. 417. STATE ALLOTMENTS.~~

~~Section 110 of the Rehabilitation Act of 1973 (29 U.S.C. 730) is amended—~~

~~(1) by striking subsection (b) and inserting the following:~~

~~"(b) REALLOTMENT.—~~

~~"(1) DETERMINATION.—Not later than 45 days prior to the end of the fiscal year, the Commissioner shall determine, after reasonable opportunity for the submission to the Commissioner of comments by the State agency administering or supervising the program established under this title, that any payment of an allotment to a State under section 111(a) for any fiscal year will not be utilized by such State in carrying out the purposes of this title.~~

~~"(2) FORMULA.—~~

~~"(A) IN GENERAL.—As soon as practicable but not later than the end of the fiscal year, the Commissioner shall reallot the amount available under paragraph (1) to other States, consistent with subparagraphs (B) and (C), for carrying out the purposes of this title to the extent the Commissioner determines such other State will be able to use such additional amount during that fiscal year or the subsequent fiscal year for carrying out such purposes.~~

~~"(B) FORMULA.—~~

~~"(i) ELIGIBLE STATES.—The Commissioner shall reallot the amount available under paragraph (1) for a fiscal year to~~

~~each State whose allotment under subsection (a) for such fiscal year is less than such State's allotment under subsection (a) for the immediately preceding fiscal year increased by the percentage change in the funds available for subsection (a) from the immediately preceding fiscal year.~~

~~"(ii) AMOUNT.—~~

~~"(I) IN GENERAL.—A State that is eligible to receive a reallotment under clause (i) shall receive an amount for a fiscal year from the amount available for reallotment under paragraph (1) that is equal to the difference between—~~

~~"(aa) the amount such State received for such fiscal year; and~~

~~"(bb) the amount such State was allotted under subsection (a) for the immediately preceding fiscal year adjusted by the percentage change in the funds available for subsection (a) from the immediately preceding fiscal year.~~

~~"(II) INSUFFICIENT FUNDS.—If the amount available for reallotment under paragraph (1) is insufficient to provide each State eligible to receive a reallotment with the amount described in subclause (I), the amount reallotted to each eligible State shall be determined by the Commissioner.~~

~~"(C) REMAINING FUNDS.—If there are funds remaining after each State eligible to receive a reallotment under subparagraph (B)(i) receives the amount described in subparagraph (B)(ii), the Commissioner shall reallot the remaining funds among the States requesting a reallotment.~~

~~"(3) NON-FEDERAL SHARE.—The Commissioner shall reallot an amount to a State under this subsection only if the State will be able to make sufficient payments from non-Federal sources to pay for the non-Federal share of the cost of vocational rehabilitation services under the State plan for the fiscal year for which the amount was appropriated.~~

~~"(4) INCREASE IN ALLOTMENT.—For the purposes of this part, any amount made available to a State for any fiscal year pursuant to this subsection~~

shall be regarded as an increase of such State's allotment (as determined under the preceding provisions of this section) for such year.''; and

(2) by striking subsection (c)(2) and inserting the following:

''(2)(A) In this paragraph:

''(i) The term 'appropriated amount' means the amount appropriated under section 100(b)(1) for allotment under this section.

''(ii) The term 'covered year' means a fiscal year—

''(I) that begins after September 30, 2003; and

''(II) for which the appropriated amount exceeds the total of—

''(aa) the appropriated amount for the preceding fiscal year; and

''(bb) 0.1 percent of the appropriated amount for the preceding fiscal year.

''(B) For each covered year, the sum referred to in paragraph (1) shall be, as determined by the Secretary, the lesser of—

''(i) the total of the sum reserved under this subsection for the preceding fiscal year and 0.1 per-

~~cent of the appropriated amount for the covered year; and~~

~~"(ii) 1.5 percent of the appropriated amount for the covered year.".~~

~~SEC. 418. CLIENT ASSISTANCE PROGRAM.~~

~~Section 112 of the Rehabilitation Act of 1973 (29 U.S.C. 732) is amended—~~

~~(1) in subsection (a), by striking "States" and inserting "agencies designated under subsection (c)";~~

~~(2) in subsection (c)—~~

~~(A) in paragraph (1)—~~

~~(i) in subparagraph (A), by striking "The Secretary" and all that follows through the period and inserting the following: "After reserving funds under subparagraphs (E) and (F), the Secretary shall allot the remainder of the sums appropriated for each fiscal year under this section among the agencies designated under subsection (c) within the States on the basis of relative population of each State, except that no such agency shall receive less than $50,000.";~~

~~(ii) in subparagraph (B), by inserting "the designated agencies located in" after "each to";~~

~~(iii) in subparagraph (D)(i)—~~

~~(I) by inserting "the designated agencies located in" after "$100,000 for"; and~~

~~(II) by inserting "the designated agencies located in" after "$45,000 for"; and~~

~~(iv) by adding at the end the following:~~

~~"(E)(i) Beginning on October 1, 2004, for any fiscal year for which the amount appropriated to carry out this section equals or exceeds $13,000,000, the Secretary shall reserve funds appropriated under this section to make grants to the protection and advocacy system serving the American Indian Consortium to provide client assistance services in accordance with this section. The amount of such grants shall be the same amount as provided to territories under subparagraph (B), as increased under clauses (i) and (ii) of subparagraph (D).~~

~~"(ii) In this subparagraph:~~

~~"(I) The term 'American Indian Consortium' has the meaning given the term in section 102 of the~~

~~Developmental Disabilities Assistance and Bill of Rights Act of 2000 (42 U.S.C. 15002).~~

~~"(II) The term 'protection and advocacy system' means a protection and advocacy system established under subtitle C of title I of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (42 U.S.C. 15041 et seq.).~~

~~"(F) For any fiscal year for which the amount appropriated to carry out this section equals or exceeds $14,000,000, the Secretary shall reserve not less than 1.8 percent and not more than 2.2 percent of such amount to provide training and technical assistance to the programs established under this section. Such training and technical assistance shall be coordinated with funds available under section 509(c)(1)(A).";~~

~~(B) in paragraph (2)—~~

~~(i) by striking "State" each place such term appears and inserting "designated agency"; and~~

~~(ii) by striking "States" each place such term appears and inserting "designated agencies"; and~~

~~(C) in paragraph (3), by striking "Except as specifically prohibited by or as otherwise pro-~~

~~vided in State law, the Secretary shall pay'' and inserting ''The Secretary shall pay directly'';~~

~~(3) in subsection (f), by striking ''State'' and inserting ''agency designated under subsection (c)''; and~~

~~(4) in subsection (h), by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2004 through 2009''.~~

~~SEC. 419. INCENTIVE GRANTS.~~

~~Part B of title I of the Rehabilitation Act of 1973 (29 U.S.C. 730 et seq.) is amended by adding at the end the following:~~

~~''SEC. 113. INCENTIVE GRANTS.~~

~~''(a) AUTHORITY.—The Commissioner is authorized to make incentive grants to States that, based on the criteria established under subsection (b)(1), demonstrate—~~

~~''(1) a high level of performance; or~~

~~''(2) a significantly improved level of performance as compared to the previous reporting period or periods.~~

~~''(b) CRITERIA.—~~

~~''(1) ESTABLISHMENT.—Not later than 180 days after the date of enactment of this section, the Commissioner shall establish, and publish in the~~

~~Federal Register, criteria for making grant awards under subsection (a).~~

~~"(2) DEVELOPMENT AND EVALUATION STANDARDS.—The criteria under paragraph (1) shall—~~

~~"(A) be developed with input from State vocational rehabilitation agencies and other vocational rehabilitation stakeholders, including vocational rehabilitation consumers and consumer organizations; and~~

~~"(B) be based upon the evaluation standards and performance indicators established under section 106 and other performance related measures that the Commissioner determines to be appropriate.~~

~~"(c) USE OF FUNDS.—A State that receives a grant under subsection (a) shall use the grant funds for any approved activities in the State's State plan submitted under section 101.~~

~~"(d) NO NON-FEDERAL SHARE REQUIREMENT.—The provisions of sections 101(a)(3) and 111(a)(2) shall not apply to this section.~~

~~"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of fiscal years 2004 through 2009.".~~

~~SEC. 420. VOCATIONAL REHABILITATION SERVICES GRANTS.~~

~~Section 121 of the Rehabilitation Act of 1973 (29 U.S.C. 741) is amended—~~

~~(1) in subsection (a), in the first sentence, by inserting ", consistent with such individuals' strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, so that such individuals may prepare for, and engage in, gainful employment" before the period at the end; and~~

~~(2) in subsection (b)—~~

~~(A) in paragraph (1)—~~

~~(i) in subparagraph (B), by striking "and" after the semicolon;~~

~~(ii) in subparagraph (C), by striking the period at the end and inserting "; and"; and~~

~~(iii) by adding at the end the following:~~

~~"(D) contains assurances that—~~

~~"(i) all decisions affecting eligibility for vocational rehabilitation services, the nature and scope of available services, and the provision of such services, will be made by a representative~~

of the tribal vocational rehabilitation program; and

"(ii) such decisions will not be delegated to another agency or individual.";

(B) in paragraph (3), by striking the first sentence and inserting the following: "An application approved under this part that complies with the program requirements set forth in the regulations promulgated to carry out this part shall be effective for 5 years and shall be renewed for additional 5-year periods if the Commissioner determines that the grantee demonstrated acceptable past performance and the grantee submits a plan, including a proposed budget, to the Commissioner that the Commissioner approves that identifies future performance criteria, goals, and objectives."; and

(C) by striking paragraph (4) and inserting the following:

"(4) In allocating funds under this part, the Secretary shall give priority to paying the continuation costs of existing projects and may provide for increases in funding for such projects as determined necessary.".

SEC. 421. GAO STUDIES.

(a) STUDY ON TITLE I AND TICKET TO WORK.—

~~(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study on the interaction of title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) with the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), including the impact of the interaction on beneficiaries, community rehabilitation programs, and State vocational rehabilitation agencies.~~

~~(2) CONDUCT OF STUDY.—In conducting the study under paragraph (1), the Comptroller General of the United States shall consult with all participants in the Ticket to Work and Self-Sufficiency Program, including the Social Security Administration, the Rehabilitation Services Administration, ticketholders, State agencies, community rehabilitation programs (including employment networks and nonemployment networks), protection and advocacy agencies, MAXIMUS, and organizations representing the interests of ticketholders.~~

~~(3) REPORT TO CONGRESS.—Not later than 18 months after the date of enactment of this title, the Comptroller General of the United States shall submit the study conducted pursuant to this subsection to the appropriate committees of Congress.~~

~~(b) STUDY ON THE ALLOTMENT FORMULA.—~~

~~(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study on the relationship between the State allotment formula under section 110 of the Rehabilitation Act of 1973 (29 U.S.C. 730) and the ability of States to provide vocational rehabilitation services in accordance with the State's State plan under section 101 of such Act.~~

~~(2) CONDUCT OF STUDY.—In conducting the study under paragraph (1), the Comptroller General of the United States shall consult with appropriate entities.~~

~~(3) REPORT TO CONGRESS.—Not later than 12 months after the date of enactment of this title, the Comptroller General of the United States shall submit the study conducted pursuant to this subsection to the appropriate committees of Congress.~~

~~Subtitle B—Research and Training~~

~~SEC. 431. AUTHORIZATION OF APPROPRIATIONS.~~

~~Section 201(a) of the Rehabilitation Act of 1973 (29 U.S.C. 761(a)) is amended—~~

~~(1) in paragraph (1), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009"; and~~

~~(2) in paragraph (2), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".~~

~~SEC. 432. NATIONAL INSTITUTE ON DISABILITY AND REHABILITATION RESEARCH.~~

~~Section 202(f)(1) of the Rehabilitation Act of 1973 (29 U.S.C. 762(f)(1)) is amended by striking "Federal employees" and inserting "Department of Education employees".~~

~~SEC. 433. RESEARCH AND OTHER COVERED ACTIVITIES.~~

~~Section 204(c)(2) of the Rehabilitation Act of 1973 (29 U.S.C. 764(c)(2)) is amended by striking "$500,000" and inserting "$750,000".~~

~~SEC. 434. REHABILITATION RESEARCH ADVISORY COUNCIL.~~

~~Section 205(c) of the Rehabilitation Act of 1973 (29 U.S.C. 765(c)) is amended by adding at the end the following: "The Council also shall include a representative from the business community who has experience with the vocational rehabilitation system and hiring individuals with disabilities.".~~

~~Subtitle C—Professional Development and Special Projects and Demonstrations~~

~~SEC. 441. TRAINING.~~

~~Section 302 of the Rehabilitation Act of 1973 (29 U.S.C. 772) is amended—~~

~~(1) in subsection (b)(1)(B)(i), by striking "or prosthetics and orthotics" and inserting "prosthetics and orthotics, rehabilitation for the blind, or orientation and mobility instruction"; and~~

~~(2) in subsection (i), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".~~

~~SEC. 442. DEMONSTRATION AND TRAINING PROGRAMS.~~

~~Section 303 of the Rehabilitation Act of 1973 (29 U.S.C. 773) is amended—~~

~~(1) by redesignating subsection (e) as subsection (f);~~

~~(2) in subsection (f), as redesignated by paragraph (1), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009"; and~~

~~(3) by inserting after subsection (d) the following:~~

~~"(e) ACCESS TO TELEWORK.—~~

~~"(1) DEFINITION OF TELEWORK.—In this subsection, the term 'telework' means to work from home and other telework sites with the assistance of a computer and with reasonable accommodations, including the necessary equipment to facilitate successful work from home and other telework sites.~~

~~"(2) AUTHORIZATION OF PROGRAM.—The Commissioner is authorized to make grants to States and governing bodies of American Indian tribes located on Federal and State reservations (and consortia of such governing bodies) to pay for the Federal share of the cost of establishing or expanding a telework program.~~

~~"(3) APPLICATION.—A State that desires to receive a grant under this subsection shall submit an application to the Commissioner at such time, in such manner, and containing such information as the Commissioner may require.~~

~~"(4) USE OF FUNDS.—A State that receives a grant under this subsection shall establish or expand a telework program that shall provide loans or other alternative financing mechanisms to individuals with disabilities to enable such individuals to purchase computers or other equipment, including adaptive equipment, that facilitates work from home and~~

~~other telework sites so that such individuals are able to telework.~~

~~"(5) ANNUAL REPORT.—~~

~~"(A) IN GENERAL.—A State that receives a grant under this subsection shall submit an annual report to the Commissioner.~~

~~"(B) CONTENTS.—The report under subparagraph (A) shall include the following:~~

~~"(i) The characteristics of each individual with a disability that receives a loan or other alternative financing mechanism under the program, including information about the individual such as the following:~~

~~"(I) Age.~~

~~"(II) Ethnicity.~~

~~"(III) Type of disability.~~

~~"(IV) Employment status at the time of application for a loan or other alternative financing mechanism under this subsection.~~

~~"(V) Whether the individual attempted to secure financial support from other sources to enable the individual to telework and, if so, a description of such sources.~~

"(VI) Whether the individual is working and, if so, whether the individual teleworks, the occupation in which the individual is working, the hourly salary the individual receives, and the hourly salary of the individual prior to receiving a loan or other alternative financing mechanism under the program.

"(VII) Whether the individual has repaid the loan or other alternative financing mechanism received under the program, is in repayment status, is delinquent on repayments, or has defaulted on the loan or other alternative financing mechanism.

"(ii) Any other information that the Commissioner may require.

"(6) FEDERAL SHARE.—The Federal share of the cost of establishing a telework program shall be 10 percent of the cost.".

SEC. 443. MIGRANT AND SEASONAL FARMWORKERS.

Section 304(b) of the Rehabilitation Act of 1973 (29 U.S.C. 774(b)) is amended by striking "fiscal years 1999

~~through 2003'' and inserting ''fiscal years 2004 through 2009''.~~

~~SEC. 444. RECREATIONAL PROGRAMS.~~

~~Section 305 of the Rehabilitation Act of 1973 (29 U.S.C. 775) is amended—~~

~~(1) in subsection (a)(1)(B), by striking ''construction of facilities for aquatic rehabilitation therapy,''; and~~

~~(2) in subsection (b), by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2004 through 2009''.~~

~~Subtitle D—National Council on Disability~~

~~SEC. 451. AUTHORIZATION OF APPROPRIATIONS.~~

~~Section 405 of the Rehabilitation Act of 1973 (29 U.S.C. 785) is amended by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2004 through 2009''.~~

~~Subtitle E—Rights and Advocacy~~

~~SEC. 461. ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD.~~

~~Section 502(j) of the Rehabilitation Act of 1973 (29 U.S.C. 792(j)) is amended by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2004 through 2009''.~~

SEC. 462. PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS.

Section 509 of the Rehabilitation Act of 1973 (29 U.S.C. 794e) is amended—

(1) in subsection (g)(2), by striking "was paid" and inserting "was paid, except that program income generated from the amount paid to an eligible system shall remain available to such system for obligation during any succeeding fiscal year"; and

(2) in subsection (*l*), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

Subtitle F—Employment Opportunities for Individuals With Disabilities

SEC. 471. PROJECTS WITH INDUSTRY AUTHORIZATION OF APPROPRIATIONS.

Section 612 of the Rehabilitation Act of 1973 (29 U.S.C. 795a) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

SEC. 472. SERVICES FOR INDIVIDUALS WITH SIGNIFICANT DISABILITIES AUTHORIZATION OF APPROPRIATIONS.

Section 628 of the Rehabilitation Act of 1973 (29 U.S.C. 795n) is amended by striking "fiscal years 1999

through 2003'' and inserting ''fiscal years 2004 through 2009''.

Subtitle G—Independent Living Services and Centers for Independent Living

SEC. 481. STATE PLAN.

Section 704 of the Rehabilitation Act of 1973 (42 U.S.C. 795c) is amended by adding at the end the following:

''(o) PROMOTING FULL ACCESS TO COMMUNITY LIFE.—The plan shall describe how the State will provide independent living services that promote full access to community life for individuals with significant disabilities. The services shall include, as appropriate, facilitating transitions from nursing homes and other institutions, including institutions serving individuals with cognitive disabilities, to community-based residences, assisting individuals with significant disabilities at risk of entering institutions to remain in the community, and promoting home ownership among individuals with significant disabilities.''.

SEC. 482. STATEWIDE INDEPENDENT LIVING COUNCIL.

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. 483. INDEPENDENT LIVING SERVICES AUTHORIZATION OF APPROPRIATIONS.~~

~~Section 714 of the Rehabilitation Act of 1973 (29 U.S.C. 796e–3) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".~~

~~SEC. 484. PROGRAM AUTHORIZATION.~~

~~Section 721 of the Rehabilitation Act of 1973 (42 U.S.C. 796f) is amended—~~

~~(1) by striking subsection (c) and inserting the following:~~

~~"(c) ALLOTMENTS TO STATES.—~~

~~"(1) DEFINITIONS.—In this subsection:~~

~~"(A) ADDITIONAL APPROPRIATION.—The term 'additional appropriation' means the amount (if any) by which the appropriation for a fiscal year exceeds the total of—~~

~~"(i) the amount reserved under subsection (b) for that fiscal year; and~~

~~"(ii) the appropriation for fiscal year 2003.~~

~~"(B) APPROPRIATION.—The term 'appropriation' means the amount appropriated to carry out this part.~~

~~"(C) BASE APPROPRIATION.—The term 'base appropriation' means the portion of the appropriation for a fiscal year that is equal to the lesser of—~~

~~"(i) an amount equal to 100 percent of the appropriation, minus the amount reserved under subsection (b) for that fiscal year; or~~

~~"(ii) the appropriation for fiscal year 2003.~~

~~"(2) ALLOTMENTS TO STATES FROM BASE APPROPRIATION.—After the reservation required by subsection (b) has been made, the Commissioner shall allot to each State whose State plan has been approved under section 706 an amount that bears the same ratio to the base appropriation as the amount the State received under this subsection for fiscal year 2003 bears to the total amount that all States received under this subsection for fiscal year 2003.~~

~~"(3) ALLOTMENTS TO STATES OF ADDITIONAL APPROPRIATION.—From any additional appropria-~~

~~tion for each fiscal year, the Commissioner shall allot to each State whose State plan has been approved under section 706 an amount equal to the sum of—~~

~~"(A) an amount that bears the same ratio to 50 percent of the additional appropriation as the population of the State bears to the population of all States; and~~

~~"(B) 1/56 of 50 percent of the additional appropriation."; and~~

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

~~"(c) CARRYOVER AUTHORITY.—Any amount paid to an agency to operate a center for independent living under this chapter for a fiscal year and any amount of program income that remains unobligated at the end of such year shall remain available to such agency for obligation during the next 2 fiscal years for the purposes for which such amount was paid.".~~

~~SEC. 485. GRANTS TO CENTERS FOR INDEPENDENT LIVING IN STATES IN WHICH FEDERAL FUNDING EXCEEDS STATE FUNDING.~~

~~Section 722(c) of the Rehabilitation Act of 1973 (29 U.S.C. 796f–1(c)) is amended by striking "by September 30, 1997" and inserting "during the preceding year".~~

~~SEC. 486. GRANTS TO CENTERS FOR INDEPENDENT LIVING IN STATES IN WHICH STATE FUNDING EQUALS OR EXCEEDS FEDERAL FUNDING.~~

~~Section 723(c) of the Rehabilitation Act of 1973 (29 U.S.C. 796f–2(c)) is amended by striking "by September 30, 1997" and inserting "during the preceding year".~~

~~SEC. 487. STANDARDS AND ASSURANCES FOR CENTERS FOR INDEPENDENT LIVING.~~

~~Section 725(b) of the Rehabilitation Act of 1973 (29 U.S.C. 796f–4(b)) is amended—~~

~~(1) in paragraph (4), by striking "disabilities." and inserting "disabilities, including maintaining individuals with disabilities in, or transitioning individuals with disabilities to, community-based living."; and~~

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

~~"(8) PROMOTING FULL ACCESS TO COMMUNITY LIFE.—The center shall provide independent living services that promote full access to community life for individuals with significant disabilities. The services shall include, as appropriate, facilitating transitions from nursing homes and other institutions, including institutions serving individuals with cognitive disabilities, to community-based residences, assisting individuals with significant disabilities at risk of entering institutions to remain in the community, and~~

promoting home ownership among individuals with significant disabilities.''.

SEC. 488. CENTERS FOR INDEPENDENT LIVING AUTHORIZATION OF APPROPRIATIONS.

Section 727 of the Rehabilitation Act of 1973 (29 U.S.C. 796f–6) is amended by striking ''fiscal years 1999 through 2003'' and inserting ''fiscal years 2004 through 2009''.

SEC. 489. INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND.

Chapter 2 of title VII of the Rehabilitation Act of 1973 (29 U.S.C. 796j et seq.) is amended—

(1) by redesignating sections 752 and 753 as sections 753 and 754, respectively; and

(2) by inserting after section 751 the following:

''SEC. 752. TRAINING AND TECHNICAL ASSISTANCE.

''(a) GRANTS; CONTRACTS; OTHER ARRANGEMENTS.—For any fiscal year for which the funds appropriated to carry out this chapter exceed the funds appropriated to carry out this chapter for fiscal year 2003, the Commissioner shall first reserve from such excess, to provide training and technical assistance to eligible entities for such fiscal year, not less than 1.8 percent, and not more than 2 percent, of the funds appropriated to carry out this chapter for the fiscal year involved.

1 ~~"(b) ALLOCATION.—From the funds reserved under~~
2 ~~subsection (a), the Commissioner shall make grants to,~~
3 ~~and enter into contracts and other arrangements with, en-~~
4 ~~tities that demonstrate expertise in the provision of serv-~~
5 ~~ices to older individuals who are blind to provide training~~
6 ~~and technical assistance with respect to planning, devel-~~
7 ~~oping, conducting, administering, and evaluating inde-~~
8 ~~pendent living programs for older individuals who are~~
9 ~~blind.~~

10 ~~"(c) FUNDING PRIORITIES.—The Commissioner shall~~
11 ~~conduct a survey of designated State agencies that receive~~
12 ~~grants under section 753 regarding training and technical~~
13 ~~assistance needs in order to determine funding priorities~~
14 ~~for grants, contracts, and other arrangements under this~~
15 ~~section.~~

16 ~~"(d) REVIEW.—To be eligible to receive a grant or~~
17 ~~enter into a contract or other arrangement under this sec-~~
18 ~~tion, an eligible entity shall submit an application to the~~
19 ~~Commissioner at such time, in such manner, containing~~
20 ~~a proposal to provide such training and technical assist-~~
21 ~~ance, and containing such additional information as the~~
22 ~~Commissioner may require.~~

23 ~~"(e) PROHIBITION ON COMBINED FUNDS.—No funds~~
24 ~~reserved by the Commissioner under this section may be~~
25 ~~combined with funds appropriated under any other Act or~~

~~part of this Act if the purpose of combining funds is to make a single discretionary grant or a single discretionary payment, unless such funds appropriated under this chapter are separately identified in such grant or payment and are used for the purposes of this chapter.''.~~

~~SEC. 490. PROGRAM OF GRANTS.~~

~~Section 753 of the Rehabilitation Act of 1973, as redesignated by section 489, is amended—~~

~~(1) in subsection (g), by inserting ''~~, ~~or contracts with,'' after ''grants to'';~~

~~(2) by striking subsection (h);~~

~~(3) by redesignating subsections (i) and (j) as subsections (h) and (i), respectively;~~

~~(4) in subsection (b), by striking ''section 753'' and inserting ''section 754'';~~

~~(5) in subsection (c)—~~

~~(A) in paragraph (1), by striking ''section 753'' and inserting ''section 754''; and~~

~~(B) in paragraph (2)—~~

~~(i) by striking ''subsection (i)'' and inserting ''subsection (h)''; and~~

~~(ii) by striking ''subsection (j)'' and inserting ''subsection (i)'';~~

~~(6) in subsection (h), as redesignated by paragraph (3)—~~

~~(A) in paragraph (1), by striking "subsection (j)(4)" and inserting "subsection (i)(4)"; and~~

~~(B) in paragraph (2)—~~

~~(i) in subparagraph (A)(vi), by adding "and" after the semicolon;~~

~~(ii) in subparagraph (B)(ii)(III), by striking "; and" and inserting a period; and~~

~~(iii) by striking subparagraph (C); and~~

~~(7) in subsection (i), as redesignated by paragraph (3)—~~

~~(A) by striking paragraph (2) and inserting the following:~~

~~"(2) MINIMUM ALLOTMENT.—~~

~~"(A) STATES.—In the case of the several States, the District of Columbia, and the Commonwealth of Puerto Rico, the amount referred to in paragraph (1)(A) for a fiscal year is the greater of—~~

~~"(i) $350,000;~~

~~"(ii) an amount equal to the amount the State, the District of Columbia, or the Commonwealth of Puerto Rico received to~~

~~carry out this chapter for fiscal year 2003, or~~

~~"(iii) an amount equal to ⅓ of 1 percent of the amount appropriated under section 754, and not reserved under section 752, for the fiscal year and available for allotments under subsection (a).~~

~~"(B) CERTAIN TERRITORIES.—In the case of Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, the amount referred to in paragraph (1)(A) for a fiscal year is $60,000.";~~

~~(B) in paragraph (3)(A), by striking "section 753" and inserting "section 754, and not reserved under section 752,"; and~~

~~(C) in paragraph (4)(B)(i), by striking "subsection (i)" and inserting "subsection (h)".~~

~~SEC. 491. INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND AUTHORIZATION OF APPROPRIATIONS.~~

~~Section 754 of the Rehabilitation Act of 1973, as redesignated by section 489, is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".~~

Subtitle H—Miscellaneous

SEC. 495. 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 the Helen Keller National Center 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, at the discretion of the Secretary, take such actions as the Secretary determines to be appropriate to provide for the orderly implementation of this Act.

SEC. 502. EFFECTIVE DATE.

Except as otherwise provided in this Act, this Act and the amendments made by this Act, shall take effect on the date of enactment of this Act.

1 ***SECTION 1. SHORT TITLE.***

2 *This Act may be cited as the "Workforce Investment*
3 *Act Amendments of 2003".*

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

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

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

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

Subtitle A—Definitions

Sec. 101. Definitions.

Subtitle B—Statewide and Local Workforce Investment Systems

Sec. 111. Purpose.
Sec. 112. State workforce investment boards.
Sec. 113. State plan.
Sec. 114. Local workforce investment areas.
Sec. 115. Local workforce investment boards.
Sec. 116. Local plan.
Sec. 117. Establishment of one-stop delivery systems.
Sec. 118. Eligible providers of training services.
Sec. 119. Eligible providers of youth activities.
Sec. 120. Youth activities.
Sec. 121. Adult and dislocated worker employment and training activities.
Sec. 122. Performance accountability system.
Sec. 123. Authorization of appropriations.

Subtitle C—Job Corps

Sec. 131. Job Corps.

Subtitle D—National Programs

Sec. 141. Native American programs.
Sec. 142. Migrant and seasonal farmworker programs.
Sec. 143. Veterans' workforce investment programs.
Sec. 144. Youth challenge grants.
Sec. 145. Technical assistance.
Sec. 146. Demonstration, pilot, multiservice, research, and multistate projects.
Sec. 147. National dislocated worker grants.
Sec. 148. Authorization of appropriations for national activities.

Subtitle E—Administration

Sec. 151. Requirements and restrictions.
Sec. 152. Reports.
Sec. 153. Administrative provisions.

Sec. 154. Use of certain real property.
Sec. 155. Table of contents.

Subtitle F—Incentive Grants

Sec. 161. Incentive grants.

TITLE II—AMENDMENTS TO THE ADULT EDUCATION AND FAMILY LITERACY ACT

Sec. 201. Short title; purpose.
Sec. 202. Definitions.
Sec. 203. Authorization of appropriations.
Sec. 204. Home schools.
Sec. 205. Reservation of funds; grants to eligible agencies; allotments.
Sec. 206. Performance accountability system.
Sec. 207. State administration.
Sec. 208. State distribution of funds; matching requirement.
Sec. 209. State leadership activities.
Sec. 210. State plan.
Sec. 211. Programs for corrections education and other institutionalized individuals.
Sec. 212. Grants and contracts for eligible providers.
Sec. 213. Local application.
Sec. 214. Local administrative cost limits.
Sec. 215. Administrative provisions.
Sec. 216. National Institute for Literacy.
Sec. 217. National leadership activities.
Sec. 218. Integrated English literacy and civics education.
Sec. 219. Transition.

TITLE III—AMENDMENTS TO OTHER PROVISIONS OF LAW

Sec. 301. Wagner-Peyser Act.

TITLE IV—REHABILITATION ACT AMENDMENTS

Sec. 401. Short title.
Sec. 402. Technical amendments to table of contents.
Sec. 403. Purpose.
Sec. 404. Definitions.
Sec. 405. Administration of the Act.
Sec. 406. Carryover.

Subtitle A—Vocational Rehabilitation Services

Sec. 411. Declaration of policy; authorization of appropriations.
Sec. 412. State plans.
Sec. 413. Eligibility and individualized plan for employment.
Sec. 414. Vocational rehabilitation services.
Sec. 415. State rehabilitation council.
Sec. 416. Evaluation standards and performance indicators.
Sec. 417. State allotments.
Sec. 418. Client assistance program.
Sec. 419. Incentive grants.
Sec. 420. Vocational rehabilitation services grants.
Sec. 421. GAO studies.

Subtitle B—Research and Training

Sec. 431. Authorization of appropriations.
Sec. 432. National Institute on Disability and Rehabilitation Research.
Sec. 433. Research and other covered activities.
Sec. 434. Rehabilitation research advisory council.

Subtitle C—Professional Development and Special Projects and Demonstrations

Sec. 441. Training.
Sec. 442. Demonstration and training programs.
Sec. 443. Migrant and seasonal farmworkers.
Sec. 444. Recreational programs.

Subtitle D—National Council on Disability

Sec. 451. Authorization of appropriations.

Subtitle E—Rights and Advocacy

Sec. 461. Architectural and transportation barriers compliance board.
Sec. 462. Protection and advocacy of individual rights.

Subtitle F—Employment Opportunities for Individuals With Disabilities

Sec. 471. Projects with industry authorization of appropriations.
Sec. 472. Services for individuals with significant disabilities authorization of appropriations.

Subtitle G—Independent Living Services and Centers for Independent Living

Sec. 481. State plan.
Sec. 482. Statewide independent living council.
Sec. 483. Independent living services authorization of appropriations.
Sec. 484. Program authorization.
Sec. 485. Grants to centers for independent living in States in which Federal funding exceeds State funding.
Sec. 486. Grants to centers for independent living in States in which State funding equals or exceeds Federal funding.
Sec. 487. Standards and assurances for centers for independent living.
Sec. 488. Centers for independent living authorization of appropriations.
Sec. 489. Independent living services for older individuals who are blind.
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Sec. 491. Independent living services for older individuals who are blind authorization of appropriations.

Subtitle H—Miscellaneous

Sec. 495. 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 Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.).

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

Subtitle A—Definitions

SEC. 101. DEFINITIONS.

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

(1) by redesignating paragraphs (1) through (4), (5) through (16), (17), (18) through (41), and (42) through (53) as paragraphs (2) through (5), (7) through (18), (20), (23) through (46), and (48) through (59), respectively;

(2) by inserting before paragraph (2) (as redesignated by paragraph (1)) the following:

"(1) ACCRUED EXPENDITURES.—The term 'accrued expenditures' means charges incurred by recipients of funds under this title for a given period requiring the provision of funds for—

"(A) goods or other tangible property received;

"(B) services performed by employees, contractors, subgrantees, subcontractors, and other payees; and

"(C) other amounts becoming owed under programs assisted under this title for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments.";

(3) in paragraph (2) (as redesignated by paragraph (1)), by striking "Except in sections 127 and 132," and inserting "Except in section 132,";

(4) by striking paragraph (5) (as redesignated by paragraph (1)) and inserting the following:

"(5) BASIC SKILLS DEFICIENT.—The term 'basic skills deficient' means, with respect to an individual, that the individual—

"(A) has English reading, writing, or computing skills at or below the 8th grade level on a generally accepted standardized test or a comparable score on a criterion-referenced test; or

"(B) is unable to compute or solve problems, read, write, or speak English at a level necessary to function on the job, in the individual's family, or in society.";

(5) by inserting after paragraph (5) (as redesignated by paragraph (1)) the following:

"(6) BUSINESS INTERMEDIARY.—The term 'business intermediary' means an entity that brings together various stakeholders with an expertise in an industry or business sector.";

(6) in paragraph (9) (as redesignated by paragraph (1)), by inserting ", including a faith-based organization," after "nonprofit organization";

(7) in paragraph (10) (as redesignated by paragraph (1))—

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

(B) in subparagraph (C)—

(i) by striking "for not less than 50 percent of the cost of the training." and inserting "for—

"(i) a significant portion of the cost of training as determined by the local board, taking into account the size of the employer and such other factors as the local board determines to be appropriate; and

"(ii) for customized training (as defined in subparagraphs (A) and (B)) with an employer in multiple local areas in the

State, a significant portion of the cost of the training, as determined by the Governor, taking into account the size of the employer and such other factors as the Governor determines to be appropriate.";

(8) in paragraph (11) (as redesignated by paragraph (1))—

(A) in subparagraph (A)(ii)(II), by striking "section 134(c)" and inserting "section 121(e)";

(B) in subparagraph (C), by striking "or" after the semicolon;

(C) in subparagraph (D), by striking the period and inserting "; or"; and

(D) by adding at the end the following:

"(E)(i) is the spouse of a member of the Armed Forces on active duty for a period of more than 30 days (as defined in section 101(d)(2) of title 10, United States Code) who has experienced a loss of employment as a direct result of relocation to accommodate a permanent change in duty station of such member; or

"(ii) is the spouse of a member of the Armed Forces on active duty who meets the criteria described in paragraph (12)(B).";

(9) in paragraph (12)(A) (as redesignated by paragraph (1))—

(A) by striking "and" after the semicolon and inserting "or";

(B) by striking "(A)" and inserting "(A)(i)"; and

(C) by adding at the end the following:

"(ii) is the dependent spouse of a member of the Armed Forces on active duty for a period of more than 30 days (as defined in section 101(d)(2) of title 10, United States Code) whose family income is significantly reduced because of a deployment (as defined in section 991(b) of title 10, United States Code, or pursuant to paragraph (4) of such section), a call or order to active duty pursuant to a provision of law referred to in section 101(a)(13)(B) of title 10, United States Code, a permanent change of station, or the service-connected (as defined in section 101(16) of title 38, United States Code) death or disability of the member; and";

(10) in paragraph (14)(A) (as redesignated by paragraph (1)), by striking "section 122(e)(3)" and inserting "section 122";

(11) by inserting after paragraph (18) (as redesignated by paragraph (1)) the following:

"(19) HARD-TO-SERVE POPULATIONS.—The term 'hard-to-serve populations' means populations of individuals who are hard to serve, including displaced homemakers, low-income individuals, Native Americans, individuals with disabilities, older individuals, ex-offenders, homeless individuals, individuals with limited English proficiency, individuals who do not meet the definition of literacy in section 203, individuals facing substantial cultural barriers, migrant and seasonal farmworkers, individuals 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 such other groups as the Governor determines to be hard to serve.";

(12) by inserting after paragraph (20) (as redesignated by paragraph (1)) the following:

"(21) INTEGRATED TRAINING PROGRAM.—The term 'integrated training program' means a program that combines occupational skills training with English language acquisition.

"(22) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given the term in section 101(a), and sub-

paragraphs (A) and (B) of section 102(a)(1), of the Higher Education Act of 1965 (20 U.S.C. 1001(a), 1002(a)(1)).";

(13) in paragraph (30) (as redesignated by paragraph (1))—

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

(B) by inserting after subparagraph (C) the following:

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

(14) in paragraph (35) (as redesignated by paragraph (1)), by inserting ", subject to section 121(b)(1)(C)" after "121(b)(1)";

(15) by striking paragraph (38) (as redesignated by paragraph (1)) and inserting the following:

"(38) OUT-OF-SCHOOL YOUTH.—The term 'out-of-school youth' means an out-of-school youth as defined in section 129(a)(1)(B).";

(16) in paragraph (46) (as redesignated by paragraph (1)), by striking ", and the term means such Secretary for purposes of section 503";

(17) by inserting after paragraph (46) (as redesignated by paragraph (1)) the following:

"(47) SELF-SUFFICIENCY.—The term 'self-sufficiency' means self-sufficiency within the meaning of subsections (a)(3)(A)(x) and (e)(1)(A)(xii) of section 134.";

(18) in paragraph (49) (as redesignated by paragraph (1)), by striking "clause (iii) or (v) of section 136(b)(3)(A)" and inserting "section 136(b)(3)(A)(iii)";

(19) in paragraph (58) (as redesignated by paragraph (1)), by striking "(or as described in section 129(c)(5))" and inserting "(or as described in section 129(a)(2))"; and

(20) in paragraph (59) (as redesignated by paragraph (1)), by striking "established under section 117(h)" and inserting "that may be established under section 117(h)(2)".

Subtitle B—Statewide and Local Workforce Investment Systems

SEC. 111. PURPOSE.

Section 106 (29 U.S.C. 2811) is amended to read as follows:

"SEC. 106. PURPOSES.

"The purposes of this subtitle are the following:

"(1)(A) Primarily, to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, self-sufficiency, and earnings of participants, and increase occupational skill attainment by participants.

"(B) As a result of the provision of the activities, to improve the quality of the workforce, reduce welfare dependency, increase self-sufficiency, and enhance the productivity and competitiveness of the Nation.

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

"(3) 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.

"(4) To provide workforce investment systems that are demand-driven and responsive to the needs of all employers, including small employers.

"(5) To provide workforce investment systems that work in all areas of the Nation, including urban and rural areas.

"(6) To allow flexibility to meet State, local, regional, and individual workforce investment needs.

"(7) To recognize and reinforce the vital link between economic development and workforce investment activities.

"(8) To provide for accurate data collection, reporting, and performance measures that are not unduly burdensome.

"(9) To address the ongoing shortage of essential skills in the United States workforce related to both manufacturing and knowledge-based economies to ensure that the United States remains competitive in the global economy.

"(10) To equip workers with higher skills and contribute to lifelong education.

"(11) To eliminate training disincentives for hard-to-serve populations and minority workers, including effectively utilizing community programs, services, and agencies.

"(12) To educate limited English proficient individuals about skills and language so the individuals are employable.

"(13) To increase the employment, retention and earnings of individuals with disabilities.".

SEC. 112. STATE WORKFORCE INVESTMENT BOARDS.

(a) MEMBERSHIP.—

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

(A) in paragraph (1), by striking subparagraph (C) and inserting the following:

"(C) representatives appointed by the Governor, who—

"(i) are 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, except that—

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

"(II) in the case of the programs authorized under title I of the Rehabilitation Act of 1973, the representative shall be the director of the des-

ignated State unit, as defined in section 7 of the Rehabilitation Act of 1973 (29 U.S.C. 705);

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

"(iii) are representatives of business in the State, including small businesses, who—

"(I) are owners of businesses, chief executive or operating officers of businesses, or other business executives or employers with optimum policymaking or hiring authority;

"(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, business trade associations, and local boards;

"(iv) are chief elected officials (representing cities and counties, where appropriate);

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

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

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

(2) CONFORMING AMENDMENT.—Section 111(c) (29 U.S.C. 2821(c)) is amended by striking "subsection (b)(1)(C)(i)" and inserting "subsection (b)(1)(C)(iii)".

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

(1) in paragraph (1), by striking "development" and inserting "development, implementation, and revision";

(2) in paragraph (2), by striking "section 134(c)" and inserting "section 121(e)";

(3) by striking paragraph (3) and inserting the following:

"(3) reviewing and providing comment on the State plans of all one-stop partner programs, where applicable, in order to provide effective strategic lead-

ership in the development of a high quality, comprehensive statewide workforce investment system, including commenting at least once annually on the measures taken pursuant to section 113(b)(3) of the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C 2323(b)(3)) and title II of this Act;

(4) by redesignating paragraphs (4) through (9) as paragraphs (5) through (10), respectively;

(5) by inserting after paragraph (3) the following:

"(4) development and review of statewide policies affecting the coordinated provision of services through the one-stop delivery systems described in section 121(e) within the State, including—

"(A) the development of objective criteria and procedures for use by local boards in assessing the effectiveness and continuous improvement of one-stop centers under section 121(g);

"(B) the development of guidance for the allocation of one-stop center infrastructure funds under section 121(h)(1)(B);

"(C) the development of—

"(i) statewide policies relating to the appropriate roles and contributions of one-

stop partner programs within the one-stop delivery system, including approaches to facilitating equitable and efficient cost allocation in the one-stop delivery system;

"(ii) statewide strategies for providing effective outreach to individuals, including hard-to-serve populations, and employers who could benefit from services provided through the one-stop delivery system; and

"(iii) strategies for technology improvements to facilitate access to services provided through the one-stop delivery system, in remote areas, and for individuals with disabilities, which may be utilized throughout the State;

"(D) identification and dissemination of information on best practices for effective operation of one-stop centers, including use of innovative business outreach, partnerships, and service delivery strategies, including for hard-to-serve populations; and

"(E) conduct of such other matters as may promote statewide objectives for, and enhance the performance of, the one-stop delivery systems;";

(6) in paragraph (5) (as redesignated by paragraph (4)), by inserting "and the development of statewide criteria to be used by chief elected officials for the appointment of local boards consistent with section 117" after "section 116";

(7) in paragraph (6) (as redesignated by paragraph (4)), by striking "sections 128(b)(3)(B) and 133(b)(3)(B)" and inserting "sections 128(b)(3) and 133(b)(3)(B)";

(8) in paragraph (9) (as redesignated by paragraph (4)), by striking "and" after the semicolon;

(9) in paragraph (10) (as redesignated by paragraph (4))—

(A) by striking "section 503" and inserting "section 136(i)(1)"; and

(B) by striking the period and inserting "; and"; and

(10) by adding at the end the following:

"(11) increasing the availability of skills training, employment opportunities, and career advancement, for hard-to-serve populations.".

(c) ALTERNATIVE ENTITY.—Section 111(e) (29 U.S.C. 2811(e)) is amended—

(1) in paragraph (1), by striking "For" and inserting "Subject to paragraph (3), for"; and

(2) by adding at the end the following:

"(3) FAILURE TO MEET PERFORMANCE MEASURES.—If a State fails to have performed successfully, as defined in section 116(a)(2), the Secretary may require the State to establish a State board in accordance with subsections (a), (b), and (c) in lieu of the alternative entity established under paragraph (1).".

(d) SUNSHINE PROVISION.—Section 111(g) (29 U.S.C. 2822(g)) is amended—

(1) by inserting ", and modifications to the State plan," before "prior"; and

(2) by inserting ", and modifications to the State plan" after "the plan".

(e) AUTHORITY TO HIRE STAFF.—Section 111 (29 U.S.C. 2811)) is amended by adding at the end the following:

"(h) AUTHORITY TO HIRE STAFF.—The State board may hire staff to assist in carrying out the functions described in subsection (d) using funds allocated under sections 127(b)(1)(C) and 132(b).".

SEC. 113. STATE PLAN.

(a) PLANNING CYCLE.—Section 112(a) (29 U.S.C. 2822(a)) is amended—

(1) by striking "5-year strategy" and inserting "4-year strategy"; and

(2) by adding at the end the following: "At the end of the first 2-year period of the 4-year State plan, the State board shall review and, as needed, amend the 4-year State plan to reflect labor market and economic conditions. In addition, the State shall submit a modification to the State plan at the end of the first 2-year period of the State plan, which may include redesignation of local areas pursuant to section 116(a) and specification of the levels of performance under sections 136 for the third and fourth years of the plan.".

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

(1) in paragraph (8)(A)—

(A) in clause (ix), by striking "and" after the semicolon; and

(B) by adding at the end the following:

"(xi) programs authorized under title II of the Social Security Act (42 U.S.C. 401 et seq.) (relating to Federal old-age, survivors, and disability insurance benefits), title XVI of such Act (42 U.S.C. 1381 et seq.) (relating to supplemental security income), title XIX of such Act (42 U.S.C. 1396 et seq.) (relating to medicaid), and title XX of such Act (relating to block grants

to States for social services), programs authorized under title VII of the Rehabilitation Act of 1973 (29 U.S.C. 796 et seq.), and programs carried out by State agencies relating to mental retardation and developmental disabilities; and";

(2) by striking paragraph (10) and inserting the following:

"(10) a description of how the State will use funds the State received under this subtitle to leverage other Federal, State, local, and private resources, in order to maximize the effectiveness of such resources, expand resources for the provision of education and training services, and expand the participation of businesses, employees, and individuals in the statewide workforce investment system, including a description of incentives and technical assistance the State will provide to local areas for such purposes;";

(3) in paragraph (12)(A), by striking "sections 128(b)(3)(B) and 133(b)(3)(B)" and inserting "sections 128(b)(3) and 133(b)(3)(B)";

(4) in paragraph (14), by striking "section 134(c)" and inserting "section 121(e)";

(5) in paragraph (17)—

(A) in subparagraph (A)—

(i) in clause (iii)—

(I) by inserting "local" before "customized training"; and

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

(ii) in clause (iv), by striking "(including displaced homemakers)," and all that follows through "disabilities)" and inserting ", hard-to-serve populations and individuals training for nontraditional employment"; and

(iii) by adding after clause (iv) the following:

"(v) how the State will serve the employment and training needs of individuals with disabilities, consistent with section 188 and Executive Order 13217 (42 U.S.C. 12131 note; relating to community-based alternatives for individuals with disabilities), including the provision of outreach, intake, the conduct of assessments, service delivery, the development of adjustments to performance measures established under section 136, and the training of staff; and"; and

(B) in subparagraph (B), by striking "and" at the end;

(6) in paragraph (18)(D)—

(A) by striking "youth opportunity grants" and inserting "youth challenge grants authorized under section 169 and other federally funded youth programs"; and

(B) by striking the period and inserting a semicolon; and

(7) by adding at the end the following:

"(19) a description of how the State will utilize technology to facilitate access to services in remote areas, which may be utilized throughout the State;

"(20) a description of the State strategy for coordinating workforce investment activities and economic development activities;

"(21) a description of the State strategy and assistance to be provided for ensuring regional cooperation within the State and across State borders as appropriate;

"(22) a description of how the State will use funds the State receives under this subtitle to—

"(A) implement innovative programs and strategies designed to meet the needs of all businesses in the State, including small businesses, which may include incumbent worker training programs, sectoral and industry cluster strategies, regional skills alliances, career ladder pro-

grams, utilization of effective business intermediaries, and other business services and strategies that better engage employers in workforce investment activities and make the statewide workforce investment system more relevant to the needs of State and local businesses, consistent with the objectives of this title; and

"(B) provide incentives and technical assistance to assist local areas in more fully engaging all employers, including small employers, in local workforce investment activities, to make the workforce investment system more relevant to the needs of area businesses, and to better coordinate workforce investment and economic development efforts to contribute to the economic well-being of the local area, as determined appropriate by the local board;

"(23) a description of the State strategy—

"(A) for ensuring cooperation between transportation providers, including public transportation providers, and providers of workforce investment activities; and

"(B) for ensuring coordination among appropriate State agencies and programs to make available skills training, employment services

and opportunities, and career advancement activities, that will assist ex-offenders in reentering the workforce;

"(24) a description of how the State will assist local areas in assuring physical and programmatic accessibility for individuals with disabilities at one-stop centers;

"(25) a description of the process and methodology that will be used by the State board to—

"(A) review statewide policies and provide guidance on the coordinated provision of services through the one-stop delivery system described in section 121;

"(B) establish, in consultation with chief elected officials and local boards, objective criteria and procedures for use by local boards in periodically assessing the effectiveness, physical and programmatic accessibility, and continuous improvement of one-stop centers and one-stop delivery systems as described in section 121(g); and

"(C) determine—

"(i) one-stop partner program contributions for the costs of the infrastructure of one-stop centers under section 121(h)(2); and

"(ii) the formula for allocating the funds described in section 121(h)(2) to local areas;

"(26) a description of the State strategy for ensuring that activities carried out under this title are placing men and women in jobs, education, or training that lead to comparable pay; and

"(27) a description of the technical assistance available to one-stop operators and providers of training services for strategies to serve hard-to-serve populations and promote placement in nontraditional employment.".

(c) MODIFICATIONS TO PLAN.—Section 112(d) (29 U.S.C. 2822(d)) is amended—

(1) by striking "5-year period" and inserting "4-year period"; and

(2) by adding at the end the following: "In addition, the State shall submit the modifications to the State plan required under subsection (a), under circumstances prescribed by the Secretary that are due to changes in Federal law that significantly affect elements of the State plan.".

SEC. 114. 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:

"(vi) The extent to which such local areas will promote maximum effectiveness 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.—The Governor shall approve a request for designation as a local area that is submitted prior to the submission of the State plan, or of a modification to the State plan relating to area designation, from any area that—

"(i) is a unit of general local government with a population of 500,000 or more, except that after the initial 2-year period following such designation pursuant to this clause that occurs after the date of enactment of the Workforce Investment Act Amendments of 2003, the Governor shall

only be required to approve a request for designation from such area if such area—

"(I) performed successfully; and

"(II) sustained fiscal integrity;

"(ii) was a local area under this title for the preceding 2-year period, if such local area—

"(I) performed successfully; and

"(II) sustained fiscal integrity;

"(iii) is served by a rural concentrated employment program grant recipient, except that after the initial 2-year period following any such designation under the initial State plan submitted after the date of enactment of the Workforce Investment Act Amendments of 2003, the Governor shall only be required to approve a request for designation under this clause for such area if such area—

"(I) performed successfully; and

"(II) sustained fiscal integrity; or

"(iv) was a local area under section 116(a)(2)(C) (as in effect on the day before the date of enactment of the Workforce Investment Act Amendments of 2003), except

that after the initial 2-year period following such designation pursuant to this clause that occurs after that date of enactment, the Governor shall only be required to approve a request for designation under this clause for such area if such area—

"(I) performed successfully; and

"(II) sustained fiscal integrity.

"(B) DEFINITIONS.—For purposes of this paragraph:

"(i) PERFORMED SUCCESSFULLY.—The term 'performed successfully', when used with respect to a local area, means the local area performed at 80 percent or more of the adjusted level of performance for core indicators of performance described in section 136(b)(2)(A) for 2 consecutive years.

"(ii) SUSTAINED FISCAL INTEGRITY.—The term 'sustained fiscal integrity', used with respect to an area, means that the Secretary has not made a formal determination during the preceding 2-year period that either the grant recipient or the administrative entity of the area misexpended funds provided under this title due to willful dis-

regard of the requirements of the Act involved, gross negligence, or failure to comply with accepted standards of administration.".

(3) CONFORMING AMENDMENTS.—Section 116(a) (29 U.S.C. 2831(a)) is amended—

(A) by striking paragraph (3);

(B) by redesignating paragraphs (4) and (5) as paragraph (3) and (4), respectively;

(C) in paragraph (3) (as redesignated by subparagraph (B))—

(i) by striking "(including temporary designation)"; and

(ii) by striking "(v)" and inserting "(vi)"; and

(D) in paragraph (4) (as redesignated by subparagraph (B))—

(i) by striking "under paragraph (2) or (3)" and inserting "under paragraph (2)"; and

(ii) by striking the second sentence.

(b) SINGLE LOCAL AREA STATES.—Section 116(b) (29 U.S.C. 2831(b)) is amended to read as follows:

"(b) SINGLE LOCAL AREA STATES.—

"(1) CONTINUATION OF PREVIOUS DESIGNATION.—Notwithstanding subsection (a)(2), the Governor of any State that was a single local area for purposes of this title as of July 1, 2002, may continue to designate the State as a single local area for purposes of this title if the Governor identifies the State as a local area in the State plan under section 112(b)(5).

"(2) REDESIGNATION.—The Governor of a State not described in paragraph (1) may designate the State as a single local area if, prior to the submission of the State plan or modification to such plan so designating the State, no local area meeting the requirements for automatic designation under subsection (a)(2) requests such designation as a separate local area.

"(3) EFFECT ON LOCAL PLAN.—In any case in which a State is designated as a local area pursuant to this subsection, the local plan prepared under section 118 for the area shall be submitted to the Secretary for approval as part of the State plan under section 112.".

(c) REGIONAL PLANNING.—Section 116(c) (29 U.S.C. 2831(c)) is amended—

(1) by striking paragraph (1) and inserting the following:

"(1) PLANNING.—

"(A) IN GENERAL.—As part of the process for developing the State plan, a State may require regional planning by local boards for a designated region in the State. The State may require the local boards for a designated region to participate in a regional planning process that results in the establishment of regional performance measures for workforce investment activities authorized under this subtitle. The State, after consultation with local boards and chief elected officials, may require the local boards for the designated region to prepare, submit, and obtain approval of a single regional plan that incorporates local plans for each of the local areas in the region, as required under section 118. The State may award regional incentive grants to the designated regions that meet or exceed the regional performance measures pursuant to section 134(a)(2)(B)(iii).

"(B) TECHNICAL ASSISTANCE.—If the State requires regional planning as provided in subparagraph (A), the State shall provide technical

assistance and labor market information to such local areas in the designated regions to assist with such regional planning and subsequent service delivery efforts.";

(2) in paragraph (2), by inserting "information about the skill requirements of existing and emerging industries and industry clusters," after "information about employment opportunities and trends,"; and

(3) in paragraph (3), by adding at the end the following: "Such services may be required to be coordinated with regional economic development services and strategies.".

SEC. 115. LOCAL WORKFORCE INVESTMENT BOARDS.

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

(1) in paragraph (2)(A)—

(A) in clause (i), by striking subclause (II) and inserting the following:

"(II) collectively, represent businesses with employment opportunities that reflect the employment opportunities of the local area, and include representatives of businesses that are in high-growth and emerging industries, and representatives of businesses, in-

cluding small businesses, in the local area; and";

(B) by striking clause (ii) and inserting the following:

"(ii)(I) a superintendent representing the local school districts involved or another high-level official from such districts;

"(II) the president or highest ranking official of an institution of higher education serving the local area; and

"(III) an administrator of local entities providing adult education and literacy activities in the local area;";

(C) in clause (iv), by inserting ", hard-to-serve populations," after "disabilities"; and

(D) by striking clause (vi) and inserting the following:

"(vi) if the local board does not establish or continue a youth council, representatives with experience serving out-of-school youth, particularly out-of-school youth facing barriers to employment; and"; and

(2) by adding at the end the following:

"(6) SPECIAL RULE.—In the case that there are multiple school districts or institutions of higher edu-

cation serving a local area, the representatives described in subclause (I) or (II) of paragraph (2)(A)(ii), respectively, shall be appointed from among individuals nominated by regional or local educational agencies, institutions, or organizations representing such agencies or institutions.".

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

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

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

(c) CONFORMING AMENDMENT.—Section 117(c)(1)(C) (29 U.S.C. 2832(c)(1)(C)) is amended by striking "section 116(a)(2)(B)" and inserting "section 116(a)(2)(A)(ii)".

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

(1) in paragraph (2)—

(A) in subparagraph (B)—

(i) by inserting "(except as provided in section 123(b))" after "basis"; and

(ii) by inserting "(where appropriate)" after "youth council"; and

(B) by adding at the end the following:

"(E) CONSUMER CHOICE REQUIREMENTS.—Consistent with sections 122 and paragraphs (3) and (4) of 134(d), the local board shall work to ensure there are sufficient providers of intensive services and training services serving the local area in a manner that maximizes consumer choice, including providers with expertise in assisting individuals with disabilities.";

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

(3) in paragraph (8)—

(A) by inserting ", including small employers," after "private sector employers"; and

(B) by striking the period and inserting ", taking into account the unique needs of small businesses."; and

(4) by adding at the end the following:

"(9) TECHNOLOGY IMPROVEMENTS.—The local board shall develop strategies for technology improvements to facilitate access to services, in remote areas, for services authorized under this subtitle and carried out in the local area.".

(e) CONFORMING AMENDMENT.—Section 117(f)(2) (29 U.S.C. 2832(f)(2)) is amended by striking "described in section 134(c)".

(f) 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) COUNCILS.—The local board may establish or continue councils to provide information and advice to assist the local board in carrying out activities under this title. Such councils may include—

"(1) a council composed of one-stop partners to advise the local board on the operation of the one-stop delivery system involved;

"(2) a youth council composed of experts and stakeholders in youth programs to advise the local board on youth activities; and

"(3) such other councils as the local board determines are appropriate.".

(g) ALTERNATIVE ENTITY PROVISION.—Section 117(i)(1) (29 U.S.C. 2832(i)(1)) is amended—

(1) by striking subparagraph (B) and inserting the following:

"(B) was in existence on August 7, 1998, pursuant to State law; and";

(2) by striking subparagraph (C); and

(3) by redesignating subparagraph (D) as subparagraph (C).

SEC. 116. LOCAL PLAN.

(a) PLANNING CYCLE.—Section 118(a) (29 U.S.C. 2833(a)) is amended—

(1) by striking "5-year" and inserting "4-year"; and

(2) by adding at the end the following: "At the end of the first 2-year period of the 4-year plan, the local board shall review and, as needed, amend the 4-year plan to reflect labor market and economic conditions.".

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

(1) in paragraph (2)—

(A) in subparagraph (A), by striking "and" after the semicolon;

(B) by striking subparagraph (B) and inserting the following:

"(B) a description of how the local board will facilitate access to services provided through the one-stop delivery system, in remote areas, including facilitating access through the use of technology; and"; and

(C) by adding at the end the following:

"(C) a description of how the local board will ensure physical and programmatic accessibility for individuals with disabilities at one-stop centers;";

(2) in paragraph (9), by striking "; and" and inserting a semicolon;

(3) by redesignating paragraph (10) as paragraph (14); and

(4) by inserting after paragraph (9) the following:

"(10) a description of how the local board will coordinate workforce investment activities carried out in the local area with economic development activities carried out in the local area;

"(11) a description of the strategies and services that will be initiated in the local area to more fully engage all employers, including small employers, in workforce investment activities, to make the workforce investment system more relevant to the needs of area businesses, and to better coordinate workforce investment and economic development efforts, which may include the implementation of innovative initiatives such as incumbent worker training programs, sectoral and industry cluster strategies, regional skills alliance initiatives, career ladder programs, utilization of ef-

fective business intermediaries, and other business services and strategies designed to meet the needs of area employers and contribute to the economic well-being of the local area, as determined appropriate by the local board, consistent with the objectives of this title;

"(12) a description of how the local board will expand access to education and training services for eligible individuals who are in need of such services through—

"(A) the utilization of programs funded under this title; and

"(B) the increased leveraging of resources other than those provided under this title, including tax credits, private sector-provided training, and other Federal, State, local, and private funds that are brokered through the one-stop centers for training services;

"(13) a description of how the local board will coordinate workforce investment activities carried out in the local area with the provision of transportation, including public transportation, in the local area; and".

SEC. 117. 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) by striking subparagraph (A) and inserting the following:

"(A) ROLES AND RESPONSIBILITIES OF ONE-STOP PARTNERS.—Each entity that carries out a program or activities described in subparagraph (B) shall—

"(i) provide access through the one-stop delivery system to the programs and activities carried out by the entity, including making the core services described in section 134(d)(2) that are applicable to the program of the entity available at the comprehensive one-stop centers (in addition to any other appropriate locations);

"(ii) use a portion of the funds available to the program of the entity to maintain the one-stop delivery system, including payment of the infrastructure costs of one-stop centers in accordance with subsection (h);

"(iii) enter into a local memorandum of understanding with the local board relating to the operation of the one-stop system that meets the requirements of subsection (c);

"(iv) participate in the operation of the one-stop system consistent with the terms of the memorandum of understanding, the requirements of this title, and the requirements of the Federal laws authorizing the programs carried out by the entity; and

"(v) provide representation on the State board to the extent provided under section 111.";

(B) in subparagraph (B)—

(i) by striking clause (v);

(ii) by redesignating clauses (vi) through (xii) as clauses (v) through (xi), respectively;

(iii) in clause (x) (as redesignated by clause (ii)), by striking "and" at the end;

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

(v) by adding at the end the following:

"(xii) 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

(C) by adding at the end the following:

"(C) DETERMINATION BY THE GOVERNOR.—

"(i) IN GENERAL.—An entity that carries out programs referred to in subparagraph (B)(xii) shall be included in the one-stop partners for the local area, as a required partner, for purposes of this title unless the Governor of the State provides the notification described in clause (ii).

"(ii) NOTIFICATION.—The notification referred to in clause (i) is a notification that—

"(I) is made in writing of a determination by the Governor not to include such entity in the one-stop partners described in clause (i); and

"(II) is provided to the Secretary and the Secretary of Health and Human Services.".

(2) ADDITIONAL PARTNERS.—

(A) IN GENERAL.—Section 121(b)(2)(A) (29 U.S.C. 2841(b)(2)(A)) is amended to read as follows:

"(A) IN GENERAL.—With the approval of the local board and chief elected official, in addition to the entities described in paragraph (1), other entities that carry out human resource programs described in subparagraph (B) may be one-stop partners and carry out the responsibilities described in paragraph (1)(A).".

(B) ADDITIONAL PARTNERS.—Section 121(b)(2)(B) (29 U.S.C. 2841(b)(2)(B)) is amended by striking clauses (i) through (iii) and inserting the following:

"(i) employment and training programs administered by the Social Security Administration, including the Ticket to Work and Self-Sufficiency program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19);

"(ii) employment and training programs carried out by the Small Business Administration;

"(iii) programs authorized under section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4));".

(b) LOCAL MEMORANDUM OF UNDERSTANDING.—Section 121(c)(2)(A) (29 U.S.C. 2841(c)(2)(A)) is amended to read as follows:

"(A) provisions describing—

"(i) the services to be provided through the one-stop delivery system consistent with the requirements of this section, including the manner in which the services will be coordinated through such system;

"(ii) how the costs of such services and the operating costs of such system will be funded to provide a stable and equitable funding stream for ongoing one-stop system operations, including the funding of the infrastructure costs of one-stop centers in accordance with subsection (h);

"(iii) methods of referral of individuals between the one-stop operator and the one-stop partners for appropriate services and activities;

"(iv) methods to ensure the needs of hard-to-serve populations are addressed in

providing access to services through the one-stop system; and

"(v) the duration of the memorandum of understanding and the procedures for amending the memorandum during the term of the memorandum, and assurances that such memorandum shall be reviewed not less than once every 2-year period to ensure appropriate funding and delivery of services; and".

(c) CONFORMING AMENDMENT.—Section 121(d)(2) (29 U.S.C. 2841(d)(2)) is amended by striking "section 134(c)" and inserting "section 121(e)".

(d) PROVISION OF SERVICES.—

(1) ELIMINATION OF PROVISIONS CONCERNING ESTABLISHED SYSTEMS.—Section 121 (29 U.S.C. 2841) is amended by striking subsection (e).

(2) REDESIGNATION.—Subtitle B of title I is amended—

(A) in section 134 (29 U.S.C. 2864), by redesignating subsection (c) as subsection (e); and

(B) by transferring that subsection (e) so that the subsection appears after subsection (d) of section 121.

(3) ONE-STOP DELIVERY SYSTEMS.—Paragraph (1) of section 121(e) (29 U.S.C. 2841(e)) (as redesignated by paragraph (2)) is amended—

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

(B) in subparagraph (B)—

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

(ii) by striking "individual training accounts" and inserting "career scholarship accounts"; and

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

(C) in subparagraph (C), by striking "subsection (e)" and inserting "section 134(e)";

(D) in subparagraph (D), by striking "section 121(b)" and inserting "subsection (b)"; and

(E) in subparagraph (E), by striking "information described in section 15" and inserting "data, information, and analysis described in section 15(a)".

(e) CONTINUOUS IMPROVEMENT OF ONE-STOP CENTERS.—Section 121 (29 U.S.C. 2841) is amended by adding at the end the following:

"(g) CONTINUOUS IMPROVEMENT OF ONE-STOP CENTERS.—

"(1) IN GENERAL.—The State board, in consultation with chief local elected officials and local boards, shall establish objective criteria and procedures for use by local boards in periodically assessing the effectiveness, physical and programmatic accessibility, and continuous improvement of one-stop centers and one-stop delivery systems.

"(2) CRITERIA.—The procedures and criteria developed under this subsection shall include minimum standards relating to the scope and degree of service coordination achieved by the one-stop delivery system with respect to the programs administered by the one-stop partners at the one-stop centers, consistent with the guidelines and guidance provided by the Governor and by the State board, in consultation with the chief elected official and local boards, for such partners' participation under subsections (h)(1)(B) and subsection (i), respectively, and such other factors relating to the quality, accessibility, and effectiveness of the one-stop delivery system as the State board determines to be appropriate.

"(3) LOCAL BOARDS.—Consistent with the criteria developed by the State, the local board may de-

velop additional criteria of higher standards to respond to local labor market and demographic conditions and trends.

"(h) FUNDING OF ONE-STOP INFRASTRUCTURE.—

"(1) IN GENERAL.—

"(A) OPTIONS FOR INFRASTRUCTURE FUNDING.—

"(i) LOCAL OPTIONS.—The local board, chief elected officials, and one-stop partners in a local area may choose to fund the costs of the infrastructure of one-stop centers through—

"(I) methods described in the local memorandum of understanding, if, the local board, chief elected officials, and one-stop partners agree to such methods; or

"(II) the State infrastructure funding mechanism described in paragraph (2).

"(ii) FAILURE TO REACH AGREEMENT ON FUNDING METHODS.—If, as of July 1, 2004, the local board, chief elected officials, and one-stop partners in a local area fail to reach agreement on methods of sufficient

funding of the infrastructure costs of one-stop centers, as determined by the local area, the State infrastructure funding mechanism described in paragraph (2) shall be applicable to such local area.

"(B) GUIDANCE FOR INFRASTRUCTURE FUNDING.—In addition to carrying out the requirements relating to the State mechanism for one-stop center infrastructure funding described in paragraph (2), the Governor, after consultation with chief local elected officials, local boards, and the State board, and consistent with the guidelines provided by the State board under subsection (i), shall provide—

"(i) guidelines for State administered one-stop partner programs in determining such programs' contributions to and participation in the one-stop delivery system, including funding for the costs of infrastructure as defined in paragraph (2)(D), negotiated pursuant to the local memorandum of understanding under subsection (c); and

"(ii) guidance to assist local areas in identifying equitable and stable alternative

methods of funding of the costs of the infrastructure of one-stop centers in local areas.

"(2) STATE ONE-STOP INFRASTRUCTURE FUNDING.—

"(A) PARTNER CONTRIBUTIONS.—

"(i) IN GENERAL.—Subject to clause (iii), a portion determined under clause (ii) of the Federal funds provided to the State and areas within the State under the Federal laws authorizing the programs described in subsection (b)(1) and administered by one-stop partners for a fiscal year shall be provided to the Governor from such programs to assist in paying the costs of infrastructure of one-stop centers in those local areas of the State not funded under the option described in paragraph (1)(A)(i)(I).

"(ii) DETERMINATION OF GOVERNOR.—

"(I) IN GENERAL.—Subject to subclause (II) and clause (iii), the Governor, after consultation with chief local elected officials, local boards, and the State board, shall determine the

portion of funds to be provided under clause (i) by each one-stop partner from each program described in clause (i). In making such determination, the Governor shall calculate the proportionate use of the one-stop centers for the purpose of determining funding contributions pursuant to clause (i)(II) or (ii) of paragraph (1)(A) by each partner, and the costs of administration for purposes not related to one-stop centers for each partner. The Governor shall exclude from such determination the portion of funds and use of one-stop centers attributable to the programs of one-stop partners for those local areas of the State where the infrastructure of one-stop centers is funded under the option described in paragraph (1)(A)(i)(I).

"(II) SPECIAL RULE.—In a State in which the State constitution places policymaking authority that is independent of the authority of the Governor in an entity or official with re-

spect to the funds provided for adult education and literacy activities authorized under title II and for postsecondary vocational and technical education activities authorized under the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301 et seq.), or vocational rehabilitation services offered under the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.), the determination described in subclause (I) with respect to the programs authorized under that title and those Acts shall be made by the chief officer of the entity with such authority in consultation with the Governor.

"(III) APPEAL BY ONE-STOP PARTNERS.—The Governor shall establish a procedure for the one-stop partner administering a program described in subsection (b) to appeal a determination regarding the portion of funds to be contributed under this paragraph on the basis that such deter-

mination is inconsistent with the criteria described in the State plan or with the requirements of this paragraph. Such procedure shall ensure prompt resolution of the appeal.

"(iii) 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 program limitations with respect to the portion of funds under such program that may be used for administration.

"(II) CAP ON REQUIRED CONTRIBUTIONS.—

"(aa) WIA FORMULA PROGRAMS AND EMPLOYMENT SERVICE.—The portion of funds required to be contributed under clause (i)(II) or (ii) of paragraph (1)(A) by the programs authorized

under chapters 4 and 5 and under the Wagner-Peyser Act shall not be in excess of 3 percent of the amount of Federal funds provided to carry out each such program in the State for a fiscal year.

"(bb) OTHER ONE-STOP PARTNERS.—The portion of funds required to be contributed under clause (i)(II) or (ii) of paragraph (1)(A) by a one-stop partner from a program described in subsection (b)(1) other than the programs described under item (aa) shall not be in excess of 1½ percent of the amount of Federal funds provided to carry out such program in the State for a fiscal year.

"(cc) SPECIAL RULE.—Notwithstanding items (aa) and (bb), an agreement, including a local memorandum of understanding, entered into prior to the date of enactment of the Workforce Investment Act Amendments of 2003 by

an entity regarding contributions under this title that permits the percentages described in such items to be exceeded, may continue to be in effect until terminated by the parties.

"(dd) VOCATIONAL REHABILITATION.—Notwithstanding items (aa) and (bb), an entity administering a program under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) shall not be required to provide, for the purposes of this paragraph, an amount in excess of—

"(AA) 0.75 percent of the amount provided for such program in the State for the second program year that begins after the date of enactment of the Workforce Investment Act Amendments of 2003;

"(BB) 1.0 percent of the amount provided for such

program in the State for the third program year that begins after such date;

"(CC) 1.25 percent of the amount provided for such program in the State for the fourth program year that begins after such date; and

"(DD) 1.5 percent of the amount provided for such program in the State for the fifth and each succeeding program year that begins after such date.

"(III) FEDERAL DIRECT SPENDING PROGRAMS.—An entity administering a program funded with direct spending as defined in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 900(c)(8)) shall not be required to provide, for purposes of this paragraph, an amount in excess of the amount determined to be equivalent to the cost of the proportionate use of the

one-stop centers for such program in the State.

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

"(B) ALLOCATION BY GOVERNOR.—From the funds provided under subparagraph (A), the Governor shall allocate the funds to local areas in accordance with the formula established under subparagraph (C) for the purposes of assisting in paying the costs of infrastructure of one-stop centers.

"(C) ALLOCATION FORMULA.—The State board shall develop a formula to be used by the

Governor to allocate the funds provided under subparagraph (A) to local areas not funding infrastructure costs under the option described in paragraph (1)(A)(i)(I). The formula shall be based on factors including the number of one-stop centers in a local area, the population served by such centers, the services provided by such centers, and other factors relating to the performance of such centers that the State board determines are appropriate.

"(D) COSTS OF INFRASTRUCTURE.—In this subsection, the term 'costs of infrastructure', used with respect to a one-stop center, means the non-personnel costs that are necessary for the general operation of the one-stop center, including the rental costs of the facilities, the costs of utilities and maintenance, equipment (including adaptive technology for individuals with disabilities), and technology to facilitate remote access to the one-stop center's strategic planning activities, and common outreach activities.

"(i) OTHER FUNDS.—

"(1) IN GENERAL.—Subject to the memorandum of understanding described in subsection (c) for the one-stop delivery system involved, in addition to the

funds provided to carry out subsection (h), a portion of funds made available under Federal law authorizing the programs described in subsection (b) and administered by one-stop partners, or the noncash resources available under such programs, shall be used to pay the additional costs relating to the operation of the one-stop delivery system that are not paid from the funds provided under subsection (h), as determined in accordance with paragraph (2), to the extent not inconsistent with the Federal law involved. Such costs shall include the costs of the provision of core services described in section 134(d)(2) applicable to each program and may include common costs that are not paid from the funds provided under subsection (h).

"(2) DETERMINATION AND GUIDANCE.—The method for determining the appropriate portion of funds and noncash resources to be provided by each program under paragraph (1) for a one-stop center shall be determined as part of the development of the memorandum of understanding under subsection (c) for the one-stop center and shall be stated in the memorandum. The State board shall provide guidance to facilitate the determination of an appropriate allo-

cation of the funds and noncash resources in local areas.".

SEC. 118. 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, after consultation with the State board, shall establish criteria and procedures regarding the eligibility of providers of training services described in section 134(d)(4) (referred to in this section as 'training services') to receive funds provided under section 133(b) for the provision of training services.

"(b) CRITERIA.—

"(1) IN GENERAL.—The criteria established by the Governor pursuant to subsection (a) shall take into account—

"(A) the performance of providers of training services with respect to the performance measures described in section 136 or other appropriate measures of performance outcomes for those individuals receiving training services under this subtitle (taking into consideration the characteristics of the population served and relevant economic conditions);

"(B) the need to ensure access to training services throughout the State, including any rural areas;

"(C) the information such providers are required to report to State agencies with respect to Federal and State programs (other than the program carried out under this subtitle), including one-stop partner programs;

"(D) the requirements for State licensing of providers of training services, and the licensing status of each provider of training services if applicable;

"(E) to the extent practicable, encouraging the use of industry-recognized standards and certification;

"(F) the ability to provide training services to hard-to-serve populations, including individuals with disabilities; and

"(G) such other factors as the Governor determines are appropriate to ensure—

"(i) the quality of services provided;

"(ii) the accountability of the providers;

"(iii) that the one-stop centers in the State will ensure that such providers meet

the needs of local employers and participants;

"(iv) the informed choice of participants under chapter 5; and

"(v) that the collection of information required is not unduly burdensome or costly to providers.

"(2) INFORMATION AND RENEWAL.—The criteria established by the Governor shall require that a provider of training services submit appropriate, accurate, and timely information to the State for purposes of carrying out subsection (d). The criteria shall also provide for annual review and renewal of eligibility under this section for providers of training services.

"(3) LOCAL CRITERIA.—A local board in the State may establish criteria in addition to the criteria established by the Governor, or may require higher levels of performance than required under the criteria established by the Governor, for purposes of determining the eligibility of providers of training services to receive funds described in subsection (a) to provide the services in the local area involved.

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

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

"(1) IN GENERAL.—In order to facilitate and assist participants in choosing employment and training activities under chapter 5 and in choosing providers of training services, the Governor shall ensure that an appropriate list of providers determined to be eligible under this section in the State, accompanied by appropriate information provided by providers of training services in the State in accordance with subsection (b) and such other information as the Governor determines is appropriate, including information on program costs for participants in applicable programs, is provided to the one-stop delivery system in the State. The list and the information shall be

made available to such participants and to members of the public through the one-stop delivery system in the State.

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

"(e) ENFORCEMENT.—

"(1) IN GENERAL.—The criteria and procedures established under this section shall provide the following:

"(A) INTENTIONALLY SUPPLYING INACCURATE INFORMATION.—Upon a determination, by an individual or entity specified in the criteria or procedures, that a provider of training services, or individual providing information on behalf of the provider, intentionally supplied inaccurate information under this section, the eligibility of such provider to receive funds under chapter 5 shall be terminated for a period of time that is not less than 2 years.

"(B) SUBSTANTIAL VIOLATIONS.—Upon a determination, by an individual or entity specified in the criteria or procedures, that a provider of training services substantially violated any requirement under this title, the eligibility of such provider to receive funds under the program involved may be terminated, or other appropriate action may be taken.

"(C) REPAYMENT.—A provider of training services whose eligibility is terminated under subparagraph (A) or (B) shall be liable for the repayment of funds received under chapter 5 during a period of noncompliance described in such subparagraph.

"(2) CONSTRUCTION.—Paragraph (1) shall be construed to provide remedies and penalties that supplement, but do not supplant, other civil and criminal remedies and penalties.

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

"(g) OPPORTUNITY TO SUBMIT COMMENTS.—In establishing criteria, procedures, and information required under this section, the Governor shall provide an oppor-

tunity for interested members of the public to make recommendations and submit comments regarding such criteria, procedures, and information.

"(h) TRANSITION PERIOD FOR IMPLEMENTATION.—The requirements of this section shall be implemented not later than December 31, 2004. In order to facilitate early implementation of this section, the Governor may establish transition procedures under which providers eligible to provide training services under chapter 5 as such chapter was in effect on the day before the date of enactment of the Workforce Investment Act Amendments of 2003 may continue to be eligible to provide such services until December 31, 2004, or until such earlier date as the Governor determines to be appropriate.

"(i) ON-THE-JOB TRAINING OR CUSTOMIZED TRAINING EXCEPTION.—

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

"(2) COLLECTION AND DISSEMINATION OF INFORMATION.—A one-stop operator in a local area shall collect such performance information from on-the-job training and customized training providers as the Governor may require, determine whether the providers meet such performance criteria as the Governor

may require, and disseminate information identifying providers that meet the criteria as eligible providers, and the performance information, through the one-stop delivery system. Providers determined to meet the criteria shall be considered to be identified as eligible providers of training services.".

SEC. 119. 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 described in section 112 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 is an insufficient number of eligible providers of youth activities in the local area involved (such as a rural area) for grants and contracts to be awarded on a competitive basis under subsection (a).".

SEC. 120. YOUTH ACTIVITIES.

(a) STATE ALLOTMENTS.—Section 127 (29 U.S.C. 2852) is amended—

(1) in subsection (a)(1), by striking "opportunity" and inserting "challenge"; and

(2) by striking subsection (b) and inserting the following:

"(b) ALLOTMENT AMONG STATES.—

"(1) YOUTH ACTIVITIES.—

"(A) YOUTH CHALLENGE GRANTS.—

"(i) IN GENERAL.—For each fiscal year in which the amount appropriated under section 137(a) exceeds $1,000,000,000, the Secretary shall reserve a portion of the amount to provide youth challenge grants and other activities under section 169 (relating to youth challenge grants) and provide youth activities under section 167 (relating to migrant and seasonal farmworker programs).

"(ii) PORTION.—The portion referred to in clause (i) shall equal, for a fiscal year—

"(I) except as provided in subclause (II), the difference obtained by subtracting $1,000,000,000 from the amount appropriated under section 137(a) for the fiscal year; or

"(II) for any fiscal year in which the amount is $1,250,000,000 or greater, $250,000,000.

"(iii) YOUTH ACTIVITIES FOR FARMWORKERS.—The Secretary shall reserve the greater of $10,000,000 or 4 percent of the portion described in clause (i) for a fiscal year to provide youth activities under section 167.

"(iv) NATIVE AMERICANS.—From the remainder of the amount appropriated under section 137(a) for each fiscal year the Secretary shall reserve not more than 1½ percent of such amount to provide youth activities under section 166 (relating to Native Americans).

"(B) OUTLYING AREAS.—

"(i) IN GENERAL.—From the amount made available under subsection (a)(2) for each fiscal year the Secretary shall reserve not more than ¼ of 1 percent of the amount appropriated under section 137(a) for the fiscal year to provide assistance to the outlying areas to carry out youth activities

and statewide workforce investment activities.

"(ii) LIMITATION FOR FREELY ASSOCIATED STATES.—

"(I) COMPETITIVE GRANTS.—The Secretary shall use funds described in clause (i) to award grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Freely Associated States to carry out youth activities and statewide workforce investment activities.

"(II) AWARD BASIS.—The Secretary shall award grants pursuant to subclause (I) on a competitive basis and pursuant to the recommendations of experts in the field of employment and training, working through the Pacific Region Educational Laboratory in Honolulu, Hawaii.

"(III) ASSISTANCE REQUIREMENTS.—Any Freely Associated State that desires to receive assistance under this subparagraph shall submit an application to the Secretary and shall in-

clude in the application for assistance—

"(aa) information demonstrating that the Freely Associated State will meet all conditions that apply to States under this title;

"(bb) an assurance that, notwithstanding any other provision of this title, the Freely Associated State will use such assistance only for the direct provision of services; and

"(cc) such other information and assurances as the Secretary may require.

"(IV) ADMINISTRATIVE COSTS.—The Secretary may provide not more than 5 percent of the funds made available for grants under subclause (I) to pay the administrative costs of the Pacific Region Educational Laboratory in Honolulu, Hawaii, regarding activities assisted under this clause.

"(iii) ADDITIONAL REQUIREMENT.—The provisions of Public Law 95–134, permitting the consolidation of grants by the outlying areas, shall not apply to assistance provided to those areas, including the Freely Associated States, under this subparagraph.

"(C) STATES.—

"(i) IN GENERAL.—From the remainder of the amount appropriated under section 137(a) for a fiscal year that exists after the Secretary determines the amounts to be reserved under subparagraphs (A) and (B), the Secretary shall allot to the States—

"(I) an 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 Investment Act Amendments 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 subclause (I), in accordance with clause (ii).

"(ii) FORMULA.—Subject to clauses (iii) and (iv), of the amount described in clause (i)(II)—

"(I) 33⅓ percent shall be allotted on the basis of the relative number of individuals in the civilian labor force who are ages 16 through 21 in each State, compared to the total number of individuals in the civilian labor force who are ages 16 through 21 in all States;

"(II) 33⅓ 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) 33⅓ 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.—

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

"(II) MAXIMUM PERCENTAGE.—Subject to subclause (I), the Secretary shall ensure that no State shall receive an allotment percentage under this subparagraph for a fiscal year that is more than 130 percent of the allotment percentage of the 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 subparagraph that is less than the total of—

"(I) 3/10 of 1 percent of $1,000,000,000 of the remainder described in clause (i) for the fiscal year; and

"(II) if the remainder described in clause (i) for the fiscal year exceeds $1,000,000,000, 2/5 of 1 percent of the excess.

"(2) DEFINITIONS.—For the purposes of paragraph (1):

"(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 by the State involved through an allotment made under this subsection for the fiscal year. The term, used 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 Investment Act Amendments of 2003) that is received by the State involved for fiscal year 2003.

"(B) DISADVANTAGED YOUTH.—Subject to paragraph (3), the term 'disadvantaged youth'

means an individual who is age 16 through 21 who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the higher of—

"(i) the poverty line; or

"(ii) 70 percent of the lower living standard income level.

"(C) FREELY ASSOCIATED STATE.—The term 'Freely Associated State' means the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

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

(b) REALLOTMENT.—

(1) AMENDMENT.—Section 127(c) (29 U.S.C. 2852(c)) is amended—

(A) by striking paragraph (2) and inserting the following:

"(2) AMOUNT.—The amount available for reallotment for a program year is equal to the amount

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

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

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

(B) in paragraph (3)—

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

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

(C) by striking paragraph (4) and inserting the following:

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

(D) in paragraph (5), by striking "obligation" and inserting "accrued expenditure".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect for the program year that begins after the date of enactment of this Act.

(c) WITHIN STATE ALLOCATIONS.—

(1) RESERVATION FOR STATEWIDE ACTIVITIES.—Section 128(a) (29 U.S.C. 2853(a)) is amended to read as follows:

"(a) RESERVATIONS FOR STATEWIDE ACTIVITIES.—

"(1) IN GENERAL.—The Governor of a State shall reserve not more than 15 percent of each of the amounts allotted to the State under section 127(b)(1)(C) and paragraphs (1)(B) and (2)(B) of section 132(b) for a fiscal year for statewide workforce investment activities.

"(2) USE OF FUNDS.—Regardless of whether the reserved amounts were allotted under section 127(b)(1)(C), or under paragraph (1)(B) or (2)(B) of section 132(b), the Governor may use the reserved

amounts to carry out statewide activities under section 129(b) or statewide employment and training activities, for adults or dislocated workers, under section 134(a).".

(2) WITHIN STATE ALLOCATION.—Section 128(b) (29 U.S.C. 2853(b)) is amended to read as follows:

"(b) WITHIN STATE ALLOCATIONS.—

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

"(A) a portion equal to not less than 80 percent of such amount shall be allocated by the Governor to local areas in accordance with paragraph (2); and

"(B) a portion equal to not more than 20 percent of such amount may be allocated by the Governor to local areas in accordance with paragraph (3).

"(2) ESTABLISHED FORMULA.—

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

"(i) 33⅓ percent on the basis of the relative number of individuals in the civilian labor force who are ages 16 through 21

in each local area, compared to the total number of individuals in the civilian labor force who are ages 16 through 21 in all local areas in the State;

"(ii) 33⅓ 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; and

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

"(B) MINIMUM AND MAXIMUM PERCENTAGES.—

"(i) MINIMUM PERCENTAGE.—The Governor shall ensure that no local area shall receive an allocation percentage under this paragraph for a fiscal year that is less than 90 percent of the allocation percentage of the local area for the preceding fiscal year.

"(ii) MAXIMUM PERCENTAGE.—Subject to clause (i), the Governor shall ensure that no local area shall receive an allocation percentage under this paragraph for a fiscal year that is more than 130 percent of the allocation percentage of the local area for the preceding fiscal year.

"(C) DEFINITIONS.—In this paragraph:

"(i) ALLOCATION PERCENTAGE.—The term 'allocation percentage', used with respect to fiscal year 2004 or a subsequent fiscal year, means a percentage of the portion described in paragraph (1)(A) that is received by the local area involved through an allocation made under this paragraph for the fiscal year. The term, used 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—

"(I) is age 16 through 21;

"(II) is not a college student or member of the Armed Forces; and

"(III) received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the higher of—

"(aa) the poverty line; or

"(bb) 70 percent of the lower living standard income level.

"(3) YOUTH DISCRETIONARY ALLOCATION.—The Governor may allocate the portion described in paragraph (1)(B) to local areas where there are a significant number of eligible youth, after consultation with the State board and local boards.

"(4) LOCAL ADMINISTRATIVE COST LIMIT.—

"(A) IN GENERAL.—Of the amount allocated to a local area under this subsection and section 133(b) for a fiscal year, not more than 10 percent of the amount may be used by the local board involved 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.—

(A) AMENDMENT.—Section 128(c) (29 U.S.C. 2853(c)) is amended—

(i) in paragraph (1), by striking "paragraph (2)(A) or (3) of";

(ii) by striking paragraph (2) and inserting the following:

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

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

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

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

(iii) by amending paragraph (3)—

(I) by striking "subsection (b)(3)" each place it appears and inserting "subsection (b)";

(II) by striking "for the prior program year" the first place it appears and inserting "for the program year for 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

(iv) by striking paragraph (4) and inserting the following:

"(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means a local area 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.".

(B) EFFECTIVE DATE.—The amendments made by subparagraph (A) shall take effect for the later of—

(i) the program year that begins after the date of enactment of this Act; or

(ii) program year 2004.

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

"(a) YOUTH PARTICIPANT ELIGIBILITY.—

"(1) ELIGIBILITY.—

"(A) IN GENERAL.—To be eligible to participate in activities carried out under this chapter during any program year an individual shall, at the time the eligibility determination is made, be an out-of-school youth or an in-school youth.

"(B) OUT-OF-SCHOOL YOUTH.—In this title the term 'out-of-school youth' means an individual who is—

"(i) not younger than age 16 (subject to paragraph (3)) nor older than age 21; and

"(ii) one of the following:

"(I) A school dropout.

"(II) A youth who is within the age for compulsory school attendance, but has not attended school for at least 1 school year calendar quarter.

"(III) A recipient of a secondary school diploma or its equivalent who is—

"(aa) deficient in basic skills, including limited English proficiency;

"(bb) a low-income individual; and

"(cc) not attending any school.

"(IV) Subject to the juvenile justice system or ordered by a court to an alternative school.

"(V) A low-income individual who is pregnant or parenting and not attending any school.

"(VI) A youth who is not attending school or a youth attending an alternative school, who is homeless, a runaway, a foster child, a child eligible for assistance under section 477 of the Social Security Act, or in an out-of-home placement.

"(VII) A low-income individual who requires additional assistance to complete an educational program or to secure or hold employment.

"(C) IN-SCHOOL YOUTH.—In this section the term 'in-school youth' means an individual who is—

"(i) not younger than age 14 nor older than age 21;

"(ii) a low-income individual; and

"(iii) one or more of the following:

"(I) Deficient in basic literacy skills, including limited English proficiency.

"(II) Homeless, a runaway, a foster child, a child eligible for assistance under section 477 of the Social Security Act, or in an out-of-home placement.

"(III) Pregnant or parenting.

"(IV) An offender (other than an individual described in subparagraph (B)(ii)(IV)).

"(V) An individual who requires additional assistance to complete an educational program or to secure or hold employment.

"(2) EXCEPTION.—Not more than 5 percent of the individuals assisted under this section in each local area, in the case of individuals for whom low income is a requirement for eligibility under this section, may be individuals who are not low income.

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

"(A) IN GENERAL.—For any program year, not more than 60 percent of the funds available for statewide activities under subsection (b), and not more than 60 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).

"(B) EXCEPTION.—A State that receives a minimum allotment under section 127(b)(1) in accordance with section 127(b)(1)(C)(iv) or under section 132(b)(1) in accordance with section 132(b)(1)(B)(iv)(II) may increase the percentage described in subparagraph (A) for a local area in the State, if—

"(i) after an analysis of the eligible youth population in the local area, the State determines that the local area will be unable to use at least 40 percent of the funds available for activities under subsection (b) or (c) to serve out-of-school youth due to a low number of out-of-school youth; and

"(ii)(I) the State submits to the Secretary, for the local area, a request including a proposed increased percentage for purposes of subparagraph (A), and the summary of the eligible youth population analysis; and

"(II) the request is approved by the Secretary.

"(4) CONSISTENCY WITH COMPULSORY SCHOOL ATTENDANCE LAWS.—In providing assistance under this section to an individual who is required to attend school under applicable State compulsory school attendance laws, the priority in providing such assistance shall be for the individual to attend school regularly.".

(e) STATEWIDE 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) shall be used, regardless of whether the funds were allotted to the State under section 127(b)(1)(C) or under paragraph (1)(B) or (2)(B) of section 132(b) for statewide activities, which may include—

"(A) conducting—

"(i) 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;

"(ii) research; and

"(iii) demonstration projects;

"(B) 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 title, and for performance by local areas as described in section 136(i)(2);

"(C) providing technical assistance and capacity building activities 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, the provision of technical assistance to local areas that fail to meet local performance measures described in section 136(c), and the provision of technology to facilitate remote access to services provided through one-stop delivery systems;

"(D) operating a fiscal and management accountability information system under section 136(f);

"(E) carrying out monitoring and oversight of activities carried out under this chapter and chapter 5, which may include a review com-

paring the services provided to male and female youth;

"(F) providing additional assistance to local areas that have high concentrations of eligible youth;

"(G) supporting the development of alternative programs and other activities that enhance the choices available to eligible youth and encourage such youth to reenter secondary education, enroll in postsecondary education and advanced training, and obtain career path employment; and

"(H) supporting the provision of core services described in section 134(d)(2) in the one-stop delivery system in the State.

"(2) LIMITATION.—Not more than 5 percent of the funds allotted to a State under section 127(b)(1)(C) shall be used by the State for administrative activities carried out under this subsection or section 134(a).

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

(f) LOCAL ELEMENTS AND REQUIREMENTS.—

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

(A) in the matter that precedes subparagraph (A), by striking "paragraph (2)(A) or (3), as appropriate, of";

(B) in subparagraph (B), by inserting "are directly linked to 1 or more of the performance measures 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 redesignated by clause (i)) the following:

"(i) activities leading to the attainment of a secondary school diploma or its equivalent, or another recognized credential;";

(iii) in clause (ii) (as redesignated by clause (i)), by inserting "and advanced training" after "opportunities";

(iv) in clause (iii) (as redesignated by clause (i))—

(I) by inserting "instruction based on State academic content and student academic achievement standards established under section 1111 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311)" after "academic"; and

(II) by inserting "that lead to the attainment of recognized credentials" after "learning"; and

(v) by striking clause (v) (as redesignated by clause (i)) and inserting the following:

"(v) effective connections to all employers, including small employers, in sectors of the local and regional labor markets that are 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 "the requirements for a secondary school diploma or its recognized equivalent (including recognized alternative standards

for individuals with disabilities) or for another recognized credential, including dropout prevention strategies";

(B) in subparagraph (B), by inserting ", with a priority on exposing youth to technology and nontraditional jobs" before the semicolon;

(C) in subparagraph (F), by striking "during nonschool hours";

(D) in subparagraph (I), by striking "and" at the end;

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

(F) by adding at the end the following:

"(K) on-the-job training opportunities;

"(L) opportunities to acquire financial literacy skills;

"(M) entrepreneurial skills training and microenterprise services; and

"(N) information about average wages for a range of jobs available in the local area, including technology jobs.".

(3) ADDITIONAL REQUIREMENTS.—Section 129(c)(3)(A) (29 U.S.C. 2854(c)(3)(A)) is amended in the matter preceding clause (i) by striking "or appli-

cant 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 amended by striking paragraphs (4) and (5).

(5) PROHIBITIONS AND LINKAGES.—Section 129(c) (29 U.S.C. 2854(c)), as amended by paragraph (4), is further amended—

(A) by redesignating paragraphs (6), (7), and (8) as paragraphs (4), (5), and (6), respectively;

(B) in paragraph (4) (as redesignated by subparagraph (A))—

(i) by striking subparagraph (B); and

(ii) by redesignating subparagraph (C) as subparagraph (B); and

(C) in paragraph (5) (as redesignated by subparagraph (A)), by striking "youth councils" and inserting "local boards".

SEC. 121. ADULT AND DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES.

(a) STATE ALLOTMENTS.—

(1) RESERVATIONS.—Section 132(a)(2)(A) is amended by striking "national emergency grants" and inserting "national dislocated worker grants".

(2) ALLOTMENT AMONG STATES.—Section 132(b) (29 U.S.C. 2862(b)) is amended—

(A) in paragraph (1)(A)(ii), by striking "section 127(b)(1)(B)" and all that follows and inserting "section 127(b)(1)(B).";

(B) by striking paragraph (1)(B)(ii) and inserting the following:

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

"(I) 40 percent shall be allotted on the basis of the relative number of unemployed individuals in areas of substantial unemployment in each State, compared to the total number of unemployed individuals in areas of substantial unemployment in all States;

"(II) 25 percent 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 such individuals in all States; and

"(III) 35 percent shall be allotted on the basis of the relative number of

disadvantaged adults in each State, compared to the total number of disadvantaged adults in all States, except as described in clause (iii).";

(C) in paragraph (1)(B)—

(i) in clause (iii), by striking "section 116(a)(2)(B)" and inserting "section 116(a)(2)(A)(iii)"; and

(ii) in clause (iv)—

(I) in subclause (II), by striking "subclauses (I), (III), and (IV)" and inserting "subclauses (I) and (III)"; and

(II) by striking subclause (IV); and

(D) in paragraph (2)(A)(ii), by striking "section 127(b)(1)(B)" and all that follows and inserting "section 127(b)(1)(B).".

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

(A) by striking paragraph (2) and inserting the following:

"(2) AMOUNT.—The amount available for reallotment for a program year for programs funded under subsection (b)(1)(B) (relating to adult employ-

ment and training) and subsection (b)(2)(B) (relating to dislocated worker employment and training), respectively, is equal to the amount by which the unexpended balance at the end of the program year prior to the program year for which the determination is made exceeds 30 percent of the total amount of funds available to the State under subsection (b)(1)(B) or (b)(2)(B), respectively, during such prior program year (including amounts allotted to the State in all prior program years under such provisions that remained available). For purposes of this paragraph, the unexpended balance is the amount that is the difference between—

"(A) the total amount of funds available to the State under subsection (b)(1)(B) or (b)(2)(B), respectively, during the program year prior to the program year for which the determination is made (including amounts allotted to the State in all prior program years under such provisions that remained available); and

"(B) the accrued expenditures from such total amount of funds available under subsection (b)(1)(B) or (b)(2)(B), respectively, during such prior program year.";

(B) in paragraph (3)—

(i) by striking "under this section for such activities for the prior program year" and inserting "under subsection (b)(1)(B) or (b)(2)(B), as appropriate, for the program year for which the determination is made"; and

(ii) by striking "under this subsection for such activities for such prior program year" and inserting "under subsection (b)(1)(B) or (b)(2)(B), as appropriate, for such program year";

(C) by striking paragraph (4) and inserting the following:

"(4) ELIGIBILITY.—For purposes of this subsection, an eligible State means—

"(A) with respect to funds allotted under subsection (b)(1)(B), a State that does not have an amount of such funds available for reallotment under paragraph (2) for the program year for which the determination under paragraph (2) is made; and

"(B) with respect to funds allotted under subsection (b)(2)(B), a State that does not have an amount of such funds available for reallotment under paragraph (2) for the program year

for which the determination under paragraph (2) is made.”; and

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

(4) EFFECTIVE DATE.—The amendments made by paragraph (3) shall take effect for the later of—

(A) the program year that begins after the date of enactment of this Act; or

(B) program year 2004.

(b) WITHIN STATE ALLOCATIONS.—

(1) ALLOCATION.—Section 133(b)(5)(B)(ii) (29 U.S.C. 2863(b)(5)(B)(ii)) is amended by striking “section 134(c)” and inserting “section 121(e)”.

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

(A) in paragraph (1), by inserting “, and under subsection (b)(2)(B) for dislocated worker employment and training activities,” after “activities”;

(B) by striking paragraph (2) and inserting the following:

“(2) AMOUNT.—The amount available for reallocation for a program year for programs funded under paragraphs (2)(A) and (3) of subsection (b) (relating to adult employment and training) and sub-

section (b)(2)(B) (relating to dislocated worker employment and training), respectively, is equal to the amount by which the unexpended balance at the end of the program year prior to the program year for which the determination is made exceeds 30 percent of the total amount of funds available to the local area under paragraphs (2)(A) and (3) of subsection (b), or subsection (b)(2)(B), respectively, during such prior program year (including amounts allocated to the local area in all prior program years under such provisions that remained available). For purposes of this paragraph, the unexpended balance is the amount that is the difference between—

"(A) the total amount of funds available to the local area under paragraphs (2)(A) and (3) of subsection (b), or subsection (b)(2)(B), respectively, during the program year prior to the program year for which the determination is made (including amounts allotted to the local area in all prior program years under such provisions that remained available); and

"(B) the accrued expenditures from such total amount of funds available under paragraphs (2)(A) and (3) of subsection (b), or sub-

section (b)(2)(B), respectively, during such prior program year.";

(C) by striking paragraph (3) and inserting the following:

"(3) REALLOCATION.—In making reallocations to eligible local areas of amounts available pursuant to paragraph (2) for a program year, the Governor shall allocate to each eligible local area within the State—

"(A) with respect to amounts that are available for reallocation under paragraph (2) that were allocated under paragraphs (2)(A) or (3) of subsection (b), an amount based on the relative amount allocated to such local area under paragraphs (2)(A) or (3) of subsection (b), as appropriate, for the program year for which the determination is made, as compared to the total amount allocated to all eligible local areas under paragraphs (2)(A) or (3) of subsection (b), as appropriate, of such program year; and

"(B) with respect to amounts that are available for reallocation under paragraph (2) that were allocated under subsection (b)(2)(B), an amount based on the relative amount allocated to such local area under subsection

(b)(2)(B) for the program year for which the determination is made, as compared to the total amount allocated to all eligible local areas under subsection (b)(2)(B) for such program year.”; and

(D) by striking paragraph (4) and inserting the following:

“(4) ELIGIBILITY.—For purposes of this subsection, an eligible local area means—

“(A) with respect to funds allocated under paragraphs (2)(A) or (3) of subsection (b), a local area that does not have an amount of such funds available for reallocation under paragraph (2) for the program year for which the determination under paragraph (2) is made; and

“(B) with respect to funds allocated under subsection (b)(2)(B), a local area that does not have an amount of such funds available for reallocation under paragraph (2) for the program year for which the determination under paragraph (2) is made.”.

(3) EFFECTIVE DATE.—The amendments made by paragraph (2) shall take effect for the later of—

(A) the program year that begins after the date of enactment of this Act; or

(B) program year 2004.

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

(1) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—

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

"(A) STATEWIDE RAPID RESPONSE ACTIVITIES.—

"(i) IN GENERAL.—A State shall carry out statewide rapid response activities using funds reserved by a Governor for a State under section 133(a)(2). Such activities shall include—

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

"(II) provision of additional assistance to local areas that experience disasters, mass layoffs, or plant closings, or other events that precipitate

substantial increases in the number of unemployed individuals, carried out in local areas by the State, working in conjunction with the local boards and the chief elected officials for the local areas.

"(ii) USE OF UNEXPENDED FUNDS.—Funds reserved under section 133(a)(2) to carry out this subparagraph that remain unexpended after the first program year for which such funds were allotted may be used by the Governor to carry out statewide activities authorized under subparagraph (B) and paragraph (3)(A) in addition to activities under this subparagraph.".

(B) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—Section 134(a)(2) (29 U.S.C. 2864(a)(2)) is amended by striking subparagraph (B) and inserting the following:

"(B) STATEWIDE EMPLOYMENT AND TRAINING ACTIVITIES.—Funds reserved by a Governor for a State under sections 128(a)(1) and 133(a)(1) and not used under paragraph (1)(A) (regardless of whether the funds were allotted to the States under section 127(b)(1)(C) or para-

graphs (1)(B) or (2)(B) of section 132(b)) shall be used for statewide employment and training activities, including—

"(i) disseminating—

"(I) the State list of eligible providers of training services, including eligible providers of nontraditional training services;

"(II) information identifying eligible providers of on-the-job training and customized training;

"(III) performance information and program cost information, as described in subsections (d) and (i) of section 122; and

"(IV) information on physical and programmatic accessibility for individuals with disabilities;

"(ii) 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;

"(iii) providing incentive grants to local areas in recognition of exceptional achievement relating to—

"(I) regional cooperation among local boards (including local boards in a designated region as described in section 116(c));

"(II) expanded local coordination of programs and activities carried out as part of a comprehensive workforce investment system, including—

"(aa) employment services under the Wagner-Peyser Act and core activities under this title; and

"(bb) one-stop partner programs described in section 121;

"(III) performance by local areas as described in section 136(i)(2); and

"(IV) providing expanded access to education and training services, especially through increased leveraging of resources other than those provided through programs under this title;

"(iv) developing strategies for ensuring that activities carried out under this section are placing men and women in jobs, education, and training that lead to comparable pay;

"(v) 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 described in section 136(c), which may include the development and training of staff to provide opportunities for hard-to-serve populations to enter high-wage, high-skilled, and nontraditional occupations;

"(vi) operating a fiscal and management accountability system under section 136(f); and

"(vii) carrying out monitoring and oversight of activities carried out under this chapter and chapter 4.".

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

"(A) IN GENERAL.—Funds reserved by a Governor for a State under sections 128(a)(1) and 133(a)(1) and not used under paragraph (1)(A) or (2)(B) (regardless of whether the funds were allotted to the State under section 127(b)(1)(C) or paragraph (1)(B) or (2)(B) of section 132(b)) may be used to carry out additional statewide employment and training activities, which may include—

"(i) implementing innovative programs and strategies designed to meet the needs of all businesses in the State, including small businesses, which may include incumbent worker training programs, sectoral and industry cluster strategies and partnerships, including regional skills alliances, career ladder programs, micro-enterprise and entrepreneurial training and support programs, utilization of effective business intermediaries, activities to improve linkages between the one-stop delivery systems in the

State and all employers (including small employers) in the State, and other business services and strategies that better engage employers in workforce investment activities and make the workforce investment system more relevant to the needs of State and local businesses, consistent with the objectives of this title;

"(ii) developing strategies for effectively serving hard-to-serve populations and for coordinating programs and services among one-stop partners;

"(iii) implementing innovative programs for displaced homemakers, which for purposes of this clause 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.);

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

"(v) carrying out activities to facilitate remote access to services, including training

services described in subsection (d)(4), provided through a one-stop delivery system, including facilitating access through the use of technology;

"(vi) supporting the provision of core services described in subsection (d)(2) in the one-stop delivery system in the State;

"(vii) coordinating with the child welfare system to facilitate services for children in foster care and those who are eligible for assistance under section 477 of the Social Security Act;

"(viii) activities—

"(I) to improve coordination between workforce investment activities carried out within the State involved and economic development activities;

"(II) to improve coordination between employment and training assistance, child support services, and assistance provided by State and local agencies carrying out part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.);

"(III) to improve coordination between employment and training assistance and cooperative extension programs carried out by the Department of Agriculture;

"(IV) to improve coordination between employment and training assistance and programs carried out in the local area for individuals with disabilities, including programs carried out by State agencies relating to mental retardation and developmental disabilities, Statewide Independent Living Councils established under section 705 of the Rehabilitation Act of 1973 (29 U.S.C. 796d), and centers for independent living defined in section 702 of the Rehabilitation Act of 1973 (29 U.S.C. 796a);

"(V) to develop and disseminate workforce and labor market information; and

"(VI) to improve coordination with the corrections system to facilitate provision of training services and em-

ployment opportunities that will assist ex-offenders in reentering the workforce;

"(ix) conducting—

"(I) research; and

"(II) demonstration projects; and

"(x) adopting, calculating, or commissioning a minimum self-sufficiency standard that specifies the income needs of families, by family size, the number and ages of children in the family, and sub-State geographical considerations.".

(2) REQUIRED LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—

(A) ALLOCATED FUNDS.—Section 134(d)(1)(A) (29 U.S.C. 2864(d)(1)(A)) is amended—

(i) in clause (i), by striking "described in subsection (c)";

(ii) in clause (iii), by striking "and" at the end;

(iii) in clause (iv), by striking the period and inserting a semicolon; and

(iv) by adding at the end the following:

"(v) to designate a dedicated business liaison in the local area who may be funded with funds provided under this title or from other sources to establish and develop relationships and networks with large and small employers and their intermediaries; and

"(vi) in order to avoid duplication of services and enhance coordination of services, to require the colocation of employment services provided under the Wagner-Peyser Act at the comprehensive one-stop centers.".

(B) CORE SERVICES.—Section 134(d)(2) (29 U.S.C. 2864(d)(2)) is amended—

(i) in the matter preceding subparagraph (A), by striking "paragraph (1)(A)" and inserting "paragraph (1)";

(ii) by striking subparagraph (D) and inserting the following:

"(D) labor exchange services, including—

"(i) job search and placement assistance and, in appropriate cases, career counseling, including—

"(I) exposure to high wage, high skill jobs; and

"(II) nontraditional employment; and

"(ii) appropriate recruitment and other business services for all employers, including small employers, in the local area, which may include services described in this subsection, including information and referral to specialized business services not traditionally offered through the one-stop delivery system;";

(iii) in subparagraph (E)(iii)—

(I) by inserting ", career ladders," after "earnings"; and

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

(iv) in subparagraph (F)—

(I) by striking "and program cost information"; and

(II) by striking "described in section 123";

(v) by striking subparagraph (H) and inserting the following:

"(H) provision of accurate information, in formats that are usable and understandable to all one-stop center customers, relating to the availability of supportive services or assistance,

including child care, child support, medical or child health assistance under title XIX or XXI of the Social Security Act, benefits under the Food Stamp Act of 1977, the earned income tax credit under section 32 of the Internal Revenue Code of 1986, and assistance under a State program funded under part A of title IV of the Social Security Act and other supportive services and transportation provided through funds made available under such part, available in the local area, and referral to such services or assistance as appropriate;"; and

(vi) in subparagraph (J), by striking "for—" and all that follows through "(ii) programs" and inserting "for programs".

(C) INTENSIVE SERVICES.—Section 134(d)(3) (29 U.S.C. 2864(d)(3)) is amended—

(i) by striking subparagraph (A) and inserting the following:

"(A) IN GENERAL.—

"(i) ELIGIBILITY.—Except as provided in clause (ii), funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to the local area for dis-

located workers under section 133(b)(2)(B), shall be used to provide intensive services to adults and dislocated workers, respectively—

"(I) who are unemployed and who, after an interview, evaluation, or assessment, have been determined by a one-stop operator or one-stop partner to be—

"(aa) unlikely or unable to obtain employment, that leads to self-sufficiency or wages comparable to or higher than previous employment, through core services described in paragraph (2); and

"(bb) in need of intensive services to obtain employment that leads to self-sufficiency or wages comparable to or higher than previous employment; or

"(II) who are employed, but who, after an interview, evaluation, or assessment are determined by a one-stop operator or one-stop partner to be in need of intensive services to obtain or

retain employment that leads to self-sufficiency.

"(ii) SPECIAL RULE.—A new interview, evaluation, or assessment of a participant is not required under clause (i) if the one-stop operator or one-stop partner determines that it is appropriate to use a recent assessment of the participant conducted pursuant to another education or training program."; and

(ii) in subparagraph (C)—

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

(II) by adding at the end the following:

"(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.

"(x) English language acquisition and integrated training programs.".

(D) TRAINING SERVICES.—Section 134(d)(4) (29 U.S.C. 2864(d)(4)) is amended—

(i) by striking subparagraph (A) and inserting the following:

"(A) IN GENERAL.—

"(i) ELIGIBILITY.—Except as provided in clause (ii), funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to the local area for dislocated workers under section 133(b)(2)(B), shall be used to provide training services to adults and dislocated workers, respectively—

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

"(aa) be unlikely or unable to obtain or retain employment, that leads to self-sufficiency or wages comparable to or higher than previous employment,

through the intensive services described in paragraph (3);

"(bb) be in need of training services to obtain or retain employment that leads to self-sufficiency or wages comparable to or higher than previous employment; and

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

"(II) who select programs of training services that are directly linked to the employment opportunities in the local area or region involved or in another area to which the adults or dislocated workers are willing to commute or relocate;

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

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

"(ii) SPECIAL RULE.—A new interview, evaluation, or assessment of a participant is not required under clause (i) if the one-stop operator or one-stop partner determines that it is appropriate to use a recent assessment of the participant conducted pursuant to another education or training program.";

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

(iii) in subparagraph (D)—

(I) in clause (viii), by striking "and" after the semicolon;

(II) in clause (ix), by striking the period and inserting "; and"; and

(III) by adding at the end the following:

"(x) English language acquisition and integrated training programs.";

(iv) in subparagraph (F)—

(I) in clause (ii), by striking "referred to in subsection (c), shall make

available—" and all that follows and inserting "shall make available a list of eligible providers of training services, and accompanying information, in accordance with section 122(d).";

(II) in the heading of clause (iii), by striking "INDIVIDUAL TRAINING ACCOUNTS" and inserting "CAREER SCHOLARSHIP ACCOUNTS";

(III) in clause (iii)—

(aa) by striking "identifying information" and inserting "accompanying information";

(bb) by striking "clause (ii)(I)" and inserting "clause (ii)"; and

(cc) by striking "individual training account" and inserting "career scholarship account"; and

(IV) by adding at the end the following:

"(iv) COORDINATION.—Each local board may, through one-stop centers, coordinate career scholarship accounts with other Federal, State, local, or private job training

programs or sources to assist the individual in obtaining training services.”; and

(v) in subparagraph (G)—

(I) in the subparagraph heading, by striking “INDIVIDUAL TRAINING ACCOUNTS” and inserting “CAREER SCHOLARSHIP ACCOUNTS”;

(II) in clause (i), by striking “individual training accounts” and inserting “career scholarship accounts”;

(III) in clause (ii)—

(aa) by striking “individual training account” and inserting “career scholarship account”;

(bb) in subclause (II), by striking “individual training accounts” and inserting “career scholarship accounts”;

(cc) in subclause (II) by striking “or” after the semicolon;

(dd) in subclause (III), by striking “special participant populations that face multiple barriers to employment” and inserting “hard-to-serve populations”;

(ee) in subclause (III), by striking the period and inserting "'; or"; and

(ff) by adding at the end the following:

"(IV) the local board determines that it would be most appropriate to award a contract to an institution of higher education in order to facilitate the training of multiple individuals in high-demand occupations, if such contract does not limit customer choice."; and

(IV) in clause (iv)—

(aa) by redesignating subclause (IV) as subclause (V); and

(bb) by inserting after subclause (III) the following:

"(IV) Individuals with disabilities.".

(3) PERMISSIBLE ACTIVITIES.—Section 134(e) (29 U.S.C. 2864(e)) is amended—

(A) by striking the matter preceding paragraph (2) and inserting the following:

"(e) PERMISSIBLE LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.—

"(1) IN GENERAL.—

"(A) ACTIVITIES.—Funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to the local area for dislocated workers under section 133(b)(2)(B), may be used to provide, through the one-stop delivery system involved—

"(i) customized screening and referral of qualified participants in training services described in subsection (d)(4) to employment;

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

"(iii) customer support to enable members of hard-to-serve populations, including individuals with disabilities, to navigate among multiple services and activities for such populations;

"(iv) technical assistance and capacity building for serving individuals with disabilities in local areas, for one-stop opera-

tors, one-stop partners, and eligible providers, including the development and training of staff, the provision of outreach, intake, assessments, and service delivery, and the development of performance measures;

"(v) employment and training assistance provided in coordination with child support enforcement activities of the State and local agencies carrying out part D of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

"(vi) activities to improve coordination between employment and training assistance, child support services, and assistance provided by State and local agencies carrying out part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.);

"(vii) activities to improve coordination between employment and training assistance and cooperative extension programs carried out by the Department of Agriculture;

"(viii) activities to facilitate remote access to services provided through a one-

stop delivery system, including facilitating access through the use of technology;

"(ix) activities—

"(I) to improve coordination between workforce investment activities carried out within the local area involved and economic development activities; and

"(II) to improve services and linkages between the local workforce investment system including the local one-stop delivery system, and all employers, including small employers in the local area, through services described in this section, including subparagraph (B);

"(x) training programs for displaced homemakers and for individuals training for nontraditional occupations, in conjunction with programs operated in the local area;

"(xi) using a portion of the funds allocated under section 133(b), activities to carry out business services and strategies that meet the workforce investment needs of

local area employers, as determined by the local board, consistent with the local plan under section 118, which services—

"(I) may be provided through effective business intermediaries working in conjunction with the local board, and may also be provided on a fee-for-service basis or through the leveraging of economic development and other resources as determined appropriate by the local board; and

"(II) may include—

"(aa) identifying and disseminating to business, educators, and job seekers, information related to the workforce, economic and community development needs, and opportunities of the local economy;

"(bb) development and delivery of innovative workforce investment services and strategies for area businesses, which may include sectoral, industry cluster, regional skills alliances, career lad-

der, skills upgrading, skill standard development and certification, apprenticeship, and other effective initiatives for meeting the workforce investment needs of area employers and workers;

"(cc) participation in seminars and classes offered in partnership with relevant organizations focusing on the workforce-related needs of area employers and job seekers;

"(dd) training consulting, needs analysis, and brokering services for area businesses, including the organization and aggregation of training (which may be paid for with funds other than those provided under this title), for individual employers and coalitions of employers with similar interests, products, or workforce needs;

"(ee) assistance to area employers in the aversion of layoffs

and in managing reductions in force in coordination with rapid response activities;

"(ff) the marketing of business services offered under this title, to appropriate area employers, including small and mid-sized employers;

"(gg) information referral on concerns affecting local employers; and

"(hh) other business services and strategies designed to better engage employers in workforce investment activities and to make the workforce investment system more relevant to the workforce investment needs of area businesses, as determined by the local board to be consistent with the objectives of this title;

"(xii) activities to adjust the self-sufficiency standards for local factors, or activities to adopt, calculate, or commission a self-sufficiency standard that specifies the

income needs of families, by family size, the number and ages of children in the family, and sub-State geographical considerations; and

"(xiii) improved coordination between employment and training assistance and programs carried out in the local area for individuals with disabilities, including programs carried out by State agencies relating to mental retardation and developmental disabilities, Statewide Independent Living Councils established under section 705 of the Rehabilitation Act of 1973 (29 U.S.C. 796d), and centers for independent living defined in section 702 of the Rehabilitation Act of 1973 (29 U.S.C. 796a).

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

"(i) IN GENERAL.—Funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to the local area for dislocated workers under section 133(b)(2)(B), may be used to provide, through the one-stop delivery system in-

volved, work support activities designed to assist low-wage workers in retaining and enhancing employment. The one-stop partners shall coordinate the appropriate programs and resources of the partners with the activities and resources provided under this subparagraph.

"(ii) ACTIVITIES.—The activities described in clause (i) may include the provision of activities described in this section through the one-stop delivery system in a manner that enhances the opportunities of such workers to participate in the activities, such as the provision of activities described in this section during nontraditional hours and the provision of onsite child care while such activities are being provided.";

(B) in paragraph (2), by striking the matter preceding subparagraph (A) and inserting the following:

"(2) SUPPORTIVE SERVICES.—Funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section 133(b), and funds allocated to the local area for dislocated workers under section 133(b)(2)(B), may be used to provide supportive serv-

ices to adults and dislocated workers, respectively—"; and

(C) by adding at the end the following:

"(4) INCUMBENT WORKER TRAINING PROGRAMS.—

"(A) IN GENERAL.—The local board may use up to 10 percent of the funds allocated to the local area involved under section 133(b) to pay for the Federal share of the cost of providing training through an incumbent worker training program carried out in accordance with this paragraph. The Governor or State board may make recommendations to the local board regarding incumbent worker training with statewide impact.

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

"(C) EMPLOYER SHARE REQUIRED.—

"(i) IN GENERAL.—Employers participating in the program carried out under this paragraph shall be required to pay the non-Federal share of the costs of providing the training to incumbent workers of the employers. The local board shall establish the non-Federal share of such costs, which may include in-kind contributions. The non-Federal share 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 EMPLOYER SHARE.—The non-Federal share paid by such an employer may include the amount of the wages paid by the employer to a worker while the worker is attending a training program under this paragraph.".

SEC. 122. PERFORMANCE ACCOUNTABILITY SYSTEM.

(a) STATE PERFORMANCE MEASURES.—

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

(A) in clause (i)—

(i) in the matter preceding subclause (I), by striking "and (for participants who are eligible youth age 19 through 21) for youth activities authorized under section 129";

(ii) by striking subclause (III) and inserting the following:

"(III) increases in earnings from unsubsidized employment; and"; and

(iii) in subclause (IV), by striking ", or by participants" and all that follows through "unsubsidized employment"; and

(B) by striking clause (ii) and inserting the following:

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

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

"(II) attainment of secondary school diplomas or their recognized equivalents, and postsecondary certificates; and

"(III) literacy or numeracy gains.".

(2) ADDITIONAL INDICATORS.—Section 136(b)(2)(C) (29 U.S.C. 2871(b)(2)(C)) is amended to read as follows:

"(C) ADDITIONAL INDICATORS.—A State may identify in the State plan additional indicators for workforce investment activities under this subtitle, including indicators identified in collaboration with State business and industry associations, with employee representatives where applicable, and with local boards, to measure the performance of the workforce investment system in serving the workforce needs of business and industry in the State.".

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

(A) 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 "described in clauses (i) and (ii) of paragraph (2)(A) and the customer satisfaction indicator of performance, for the first 2"; and

(iii) by inserting at the end the following: "Agreements on levels of performance for each of the core indicators of performance for the third and fourth program years covered by the State plan shall be reached prior to the beginning of the third program year covered by the State plan, and incorporated as a modification to the State plan.";

(B) in clause (iv)—

(i) in subclause (II)—

(I) by striking "taking into account" and inserting "and shall ensure that the levels involved are adjusted, using objective statistical methods, based on";

(II) by inserting "(such as differences in unemployment rates and

job losses or gains in particular industries)" after "economic conditions";

(III) by inserting "(such as indicators of poor work history, lack of work experience, lack of educational or occupational skills attainment, dislocation from high-wage and benefit employment, low levels of literacy or English proficiency, disability status, homelessness, and welfare dependency)" after "program"; and

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

(ii) in subclause (III), by striking the period and inserting "; and"; and

(iii) by adding at the end the following:

"(IV) the extent to which the levels involved will assist the State in meeting the national goals described in clause (v).";

(C) by striking clause (v) and inserting the following:

"(v) ESTABLISHMENT OF NATIONAL GOALS.—In order to promote enhanced performance outcomes on the performance

measures and to facilitate the process of reaching agreements with the States under clause (iii) and to measure systemwide performance for the one-stop delivery systems of the States, the Secretary shall establish long-term national goals for the adjusted levels of performance for that systemwide performance to be achieved by the programs assisted under chapters 4 and 5 on the core indicators of performance described in subparagraphs (A) and (B) of subsection (b)(2). Such goals shall be established in accordance with the Government Performance and Results Act of 1993 in consultation with the States and other appropriate parties.”; and

(D) in clause (vi)—

(i) by striking “or (v)”; and

(ii) by striking “with the representatives described in subsection (i)” and inserting “with the States and other interested parties”.

(b) LOCAL PERFORMANCE MEASURES.—Section 136(c)(3) (29 U.S.C 2871(c)(3))—

(1) by striking "shall take into account" and inserting "shall ensure that the levels involved are adjusted, using objective statistical methods, based on";

(2) by inserting "(characteristics such as unemployment rates and job losses or gains in particular industries)" after "economic"; and

(3) by inserting "(characteristics such as indicators of poor work history, lack of work experience, lack of educational and occupational skills attainment, dislocation from high-wage and benefit employment, low levels of literacy or English proficiency, disability status, homelessness, and welfare dependency)" after "demographic".

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

(1) in paragraph (1), by adding at the end the following: "In the case of a State or local area that chooses to expend funds for activities under subsection (a)(3)(A)(i) or (e)(1)(A)(xi), respectively, of section 134, the report also shall include the amount of such funds so expended and the percentage that such funds are of the funds available for activities under section 134.";

(2) in paragraph (2)—

(A) in subparagraph (E)—

(i) by striking "(excluding participants who received only self-service and informational activities)"; and

(ii) by striking "and" after the semicolon;

(B) in subparagraph (F)—

(i) by inserting "noncustodial parents with child support obligations, homeless individuals," after "displaced homemakers,"; and

(ii) by striking the period and inserting a semicolon; and

(C) by adding at the end the following:

"(G) the number of participants served and the cost per participant; and

"(H) the amount of adult and dislocated worker funds spent on—

"(i) core, intensive, and training services, respectively; and

"(ii) services provided under subsection (a)(3)(A)(i) or (e)(1)(A)(xi) of section 134, if applicable."; and

(3) by adding at the end the following:

"(4) DATA VALIDATION.—In preparing the reports described in this subsection, the States shall es-

tablish procedures, consistent with guidelines issued by the Secretary, to ensure that the information contained in the reports is valid and reliable.".

(d) EVALUATION OF STATE PROGRAMS.—Section 136(e)(3) is amended by inserting ", including information on promoting self-sufficiency and comparable pay between men and women" after "employers".

(e) SANCTIONS FOR STATE.—Section 136(g) is amended—

(1) in paragraph (1)(B), by striking "If such failure continues for a second consecutive year" and inserting "If a State performs at less than 80 percent of the adjusted level of performance for core indicators of performance described in subsection (b)(2)(A) for 2 consecutive years"; and

(2) in paragraph (2), by striking "section 503" and inserting "subsection (i)(1)".

(f) SANCTIONS FOR LOCAL AREA.—Section 136(h)(2)(A) (29 U.S.C. 2871(h)(2)(A)) is amended—

(1) in the matter preceding clause (i), by striking "If such failure continues for a second consecutive year" and inserting "If a local area performs at less than 80 percent of the adjusted level of performance for core indicators of performance described in subsection (b)(2)(A) for 2 consecutive years";

(2) in clause (ii), by striking "or" after the semicolon;

(3) by redesignating clause (iii) as clause (iv); and

(4) by inserting after clause (ii) the following:

"(iii) redesignate the local area in accordance with section 116(b)(2); or".

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

"(i) INCENTIVE GRANTS FOR LOCAL AREAS.—

"(1) IN GENERAL.—From funds reserved under sections 128(a) and 133(a)(1), the Governor involved shall award incentive grants to local areas for performance described in paragraph (2) in carrying out programs under chapters 4 and 5.

"(2) BASIS.—The Governor shall award the grants on the basis—

"(A) that the local areas met or exceeded the performance measures established under subsection (c)(2) relating to indicators described in subsection (b)(3)(A)(iii);

"(B) of exemplary performance of the local areas in serving hard-to-serve populations; or

"(C) that the local areas are effectively—

"(i) coordinating multiple systems into a comprehensive workforce investment system, including coordination of employment services under the Wagner-Peyser Act and core activities under this title as well as one-stop partner programs described in section 121;

"(ii) expanding access to training, including through increased leveraging of resources other than those funded through programs under this title; or

"(iii) implementing innovative business and economic development initiatives.

"(3) USE OF FUNDS.—The funds awarded to a local area under this paragraph may be used to carry out activities authorized for local areas under chapters 4 and 5, and such demonstration projects or innovative programs for hard-to-serve populations as may be approved by the Governor.".

(g) USE OF CORE MEASURES IN OTHER DEPARTMENT OF LABOR PROGRAMS.—Section 136 (29 U.S.C. 2871) is amended by adding at the end the following:

"(j) USE OF CORE INDICATORS FOR OTHER PROGRAMS.—In addition to the programs carried out under chapters 4 and 5, and consistent with the requirements of

the applicable authorizing laws, the Secretary shall use the indicators of performance described in subparagraphs (A) and (B) of subsection (b)(2) to assess the effectiveness of the programs described in clauses (i), (ii), and (vi) of section 121(b)(1)(B) that are carried out by the Secretary.".

(h) PREVIOUS DEFINITIONS OF CORE INDICATORS.—Section 502 (29 U.S.C. 9272) is repealed.

SEC. 123. 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 "such sums as may be necessary for each of fiscal years 2004 through 2009".

(b) ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—Section 137(b) (29 U.S.C. 2872(b)) is amended by striking "such sums as may be necessary for each of fiscal years 1999 through 2003" and inserting "such sums as may be necessary for each of fiscal years 2004 through 2009".

(c) DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES.—Section 137(c) (29 U.S.C. 2872(c)) is amended by striking "such sums as may be necessary for each of fiscal years 1999 through 2003" and inserting "such sums as may be necessary for each of fiscal years 2004 through 2009".

Subtitle C—Job Corps

SEC. 131. JOB CORPS.

(a) ELIGIBILITY.—Section 144(3) (29 U.S.C. 2884(3)) is amended by adding at the end the following:

"(F) A child eligible for assistance under section 477 of the Social Security Act.".

(b) IMPLEMENTATION OF STANDARDS AND PROCEDURES.—Section 145(a)(3) (29 U.S.C. 2885(a)(3)) is amended—

(1) in subparagraph (B), by striking "and" after the semicolon;

(2) in subparagraph (C), by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(D) child welfare agencies that are responsible for children in foster care and children eligible for assistance under section 477 of the Social Security Act.".

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

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

(2) by adding at the end the following:

"(3) EMPLOYERS OUTSIDE OF LOCAL AREA.—The industry council may include, or otherwise pro-

vide for consultation with, employers from outside the local area who are likely to hire a significant number of enrollees from the Job Corps center.

"(4) SPECIAL RULE FOR SINGLE LOCAL AREA STATES.—In the case of a single local area State designated under section 116(b), the industry council shall include a representative of the State Board.".

(d) INDICATORS OF PERFORMANCE.—Section 159 (29 U.S.C. 2899) is amended—

(1) in subsection (c)—

(A) by striking paragraph (1) and inserting the following:

"(1) PERFORMANCE 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 of performance for youth activities identified in section 136(b)(2)(A)(ii).";

(B) in paragraph (2), by striking "measures" each place it appears and inserting "indicators"; and

(C) in paragraph (3)—

(i) in the first sentence, by striking "core performance measures, as compared to the expected performance level for each per-

formance measure" and inserting "performance indicators described in paragraph (1), as compared to the expected level of performance established under paragraph (1) for each performance measure"; and

(ii) in the second sentence, by striking "measures" each place it appears and inserting "indicators"; and

(2) in subsection (f)(2), in the first sentence, by striking "core performance measures" and inserting "indicators of performance".

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 161 (29 U.S.C. 2901) is amended by striking "1999 through 2003" and inserting "2004 through 2009".

Subtitle D—National Programs

SEC. 141. 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, including the selection of the individual appointed as head of the unit established under paragraph (1).".

(b) ASSISTANCE TO UNIQUE POPULATIONS IN ALASKA AND HAWAII.—Section 166(j) (29 U.S.C. 2911(j)) is amended to read as follows:

"(j) ASSISTANCE TO UNIQUE POPULATIONS IN ALASKA AND HAWAII.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary is authorized to provide assistance to unique populations who reside in Alaska or Hawaii to improve job training and workforce investment activities.

"(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection such sums as may be necessary for fiscal year 2004.".

(c) PERFORMANCE INDICATORS.—Section 166 (29 U.S.C. 2911) is amended by adding at the end the following':

"(k) PERFORMANCE INDICATORS.—

"(1) DEVELOPMENT OF INDICATORS.—The Secretary, in consultation with the Native American Employment and Training Council, shall develop a set of performance indicators and standards which shall be applicable to programs under this section.

"(2) SPECIAL CONSIDERATIONS.—Such performance indicators and standards shall take into account—

"(A) the purposes of the programs under this section as described in paragraph (a)(1);

"(B) the needs of the groups served by this section, including the differences in needs among such groups in various geographic service areas; and

"(C) the economic circumstances of the communities served, including differences in circumstances among various geographic service areas.".

SEC. 142. MIGRANT AND SEASONAL FARMWORKER PROGRAMS.

Section 167(d) (29 U.S.C. 2912(d)) is amended by inserting "(including permanent housing)" after "housing".

SEC. 143. VETERANS' WORKFORCE INVESTMENT PROGRAMS.

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

SEC. 144. 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(b)(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 subsection to assist eligible youth in acquiring the skills, credentials, and employment experience necessary to achieve the performance outcomes for youth described in section 136

"(2) ELIGIBLE ENTITY.—In this subsection, the term 'eligible entity' means—

"(A) a State or consortium of States;

"(B) a local board or consortium of local boards;

"(C) a recipient of a grant under section 166 (relating to Native American programs); or

"(D) a public or private entity (including a consortium of such entities) with expertise in the provision of youth activities, applying in partnership with a local board or consortium of local boards.

"(3) 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, and how the eligible entity will collaborate with State and local workforce investment systems established under this title in the provision of such activities;

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

"(C) a description of the State, local, and private resources that will be leveraged to provide the activities described under subparagraph

(A) in addition to funds provided under this subsection, and a description of the extent of the involvement of employers in the activities;

"(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); and

"(E) an assurance that the State board of each State in which the proposed activities are to be carried out had the opportunity to review the application, and including the comments, if any, of the affected State boards on the application, except that this subparagraph shall not apply to an eligible entity described in paragraph (2)(C).

"(4) FACTORS FOR AWARD.—

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

"(i) the quality of the proposed activities;

"(ii) the goals to be achieved;

"(iii) the likelihood of successful implementation;

"(iv) the extent to which the proposed activities are based on proven strategies or the extent to which the proposed activities will expand the base of knowledge relating to the provision of activities for youth;

"(v) the extent of collaboration with the State and local workforce investment systems in carrying out the proposed activities;

"(vi) the extent of employer involvement in the proposed activities;

"(vii) whether there are other Federal and non-Federal funds available for similar activities to the proposed activities, and the additional State, local, and private resources that will be provided to carry out the proposed activities; and

"(viii) the quality of proposed activities in meeting the needs of the youth to be served.

"(B) EQUITABLE GEOGRAPHIC DISTRIBUTION.—In awarding grants under this subsection the Secretary shall ensure an equitable distribution of such grants across geographically diverse areas.

"(5) USE OF FUNDS.—

"(A) IN GENERAL.—An eligible entity that receives a grant under this subsection shall use the grant funds to carry out 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.

"(B) ACTIVITIES.—The activities carried out pursuant to subparagraph (A) may include the following:

"(i) Training and internships for out-of-school youth in sectors of the economy experiencing, or projected to experience, high growth.

"(ii) Dropout prevention activities for in-school youth.

"(iii) Activities designed to assist special youth populations, such as court-involved youth and youth with disabilities.

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

"(v) Activities, including work experience, paid internships, and entrepreneurial training, in areas where there is a migration of youth out of the areas.

"(C) PARTICIPANT ELIGIBILITY.—Youth who are 14 years of age through 21 years of age, as of the time the eligibility determination is made, may be eligible to participate in activities carried out under this subsection.

"(6) GRANT PERIOD.—The Secretary shall make a grant under this subsection for a period of 2 years and may renew the grant, if the eligible entity has performed successfully, for a period of not more than 3 succeeding years.

"(7) MATCHING FUNDS REQUIRED.—The Secretary shall require that an eligible entity that receives a grant under this subsection provide non-Federal matching funds in an amount to be determined by the Secretary that is not less than 10 percent of the cost of activities carried out under the grant. The Secretary may require that such non-Federal matching funds be provided in cash resources, noncash resources, or a combination of cash and noncash resources.

"(8) EVALUATION.—The Secretary shall reserve not more than 3 percent of the funds described in subsection (a)(1) to provide technical assistance to, and conduct evaluations of (using appropriate techniques as described in section 172(c)), the projects funded under this subsection.

"(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 ENTITY.—In this subsection, the term 'eligible entity' means a public or private entity that the Secretary determines would effectively carry out activities relating to youth under this subsection.

"(3) EQUITABLE DISTRIBUTION TO RURAL AREAS.—In awarding grants under this subsection the Secretary shall ensure an equitable distribution of such grants to rural areas.

"(4) 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.

"(5) USE OF FUNDS.—

"(A) IN GENERAL.—An eligible entity that receives a grant under this subsection shall use the grant funds to carry out—

"(i) 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;

"(ii) activities designed to assist in-school youth to stay in school and gain work experience;

"(iii) activities designed to assist youth in economically distressed areas; and

"(iv) such other activities that the Secretary determines are appropriate to ensure that youth entering the workforce have the skills needed by employers.

"(B) PARTICIPANT ELIGIBILITY.—Youth who are 14 years of age through 21 years of age, as of the time the eligibility determination is made, may be eligible to participate in activities carried out under this subsection.

"(6) MATCHING FUNDS REQUIRED.—The Secretary shall require that an eligible entity that receives a grant under this subsection provide non-Federal matching funds in an amount to be determined by the Secretary that is not less than 10 percent of the cost of activities carried out under the grant. The Secretary may require that such non-Federal matching funds be provided in cash resources, noncash resources, or a combination of cash and noncash resources.

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

SEC. 145. TECHNICAL ASSISTANCE.

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

(1) in subsection (a)(1), by—

(A) inserting "the training of staff providing rapid response services, the training of other staff of recipients of funds under this title, the training of members of State boards and local boards, peer review activities under this title," after "localities,"; and

(B) striking "from carrying out activities" and all that follows through the period and inserting "to implement the amendments made by the Workforce Investment Act Amendments of 2003.";

(2) in subsection (a)(2), by adding at the end the following: "The Secretary shall also hire staff qualified to provide the assistance described in paragraph (1).";

(3) in subsection (b)(2), by striking the last sentence and inserting "Such projects shall be administered by the Employment and Training Administration."; and

(4) by adding at the end the following:

"(c) BEST PRACTICES COORDINATION.—The Secretary shall—

"(1) establish a system through which States may share information regarding best practices with regard to the operation of workforce investment activities under this Act;

"(2) evaluate and disseminate information regarding best practices and identify knowledge gaps; and

"(3) commission research under section 172 to address knowledge gaps identified under paragraph (2).".

SEC. 146. 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 striking subparagraphs (A) through (E) and inserting the following:

"(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 for career ladder jobs 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 maximum effectiveness 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 expe-

rience, high rates of growth and jobs with wages leading to self-sufficiency;

"(D) computerized, individualized, self-paced training projects targeted to dislocated, disadvantaged, or incumbent workers utilizing equipment and curriculum designed in partnership with industries for employment in the operations, repair, and maintenance of high-tech equipment that is used in integrated systems technology;

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

(C) in subparagraph (G), by striking "and" after the semicolon; and

(D) by striking subparagraph (H) and inserting the following:

"(H) projects that provide retention grants, which shall—

"(i) be made to qualified job training programs offering instruction, assessment, or professional coaching, upon placement of a low-income individual trained by the program involved in employment with an employer and retention of the low-income indi-

vidual in that employment with that employer for a period of 1 year, if that employment provides the low-income individual with an annual salary—

"(I) that is at least $10,000 more than the individual's federally adjusted income for the previous year; and

"(II) that is not less than twice the poverty line applicable to the individual; and

"(ii) be made taking into account the economic benefit received by the Federal Government from the employment and retention of the individual, including the economic benefit from tax revenue and decreased public subsidies;

"(I) targeted innovation projects that improve access to and delivery of employment and training services, with emphasis given to projects that incorporate advanced technologies to facilitate the connection of individuals to the information and tools they need to upgrade skills;

"(J) projects that promote the use of distance learning, enabling students to take courses through the use of media technology such as vid-

eos, teleconferencing computers, and the Internet; and

"(K) projects that provide comprehensive education and training services, and support services, in coordination with local boards, for populations in targeted high poverty areas where the greatest barriers to employment exist, including ex-offenders, out-of-school youth, and public assistance recipient populations."; 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) STUDIES AND REPORTS.—

"(i) NET IMPACT STUDIES AND REPORTS.—

"(I) IN GENERAL.—The Secretary, in coordination with the Secretary of Education, shall conduct studies to determine the net impacts of programs, services, and activities carried out under this title.

"(II) REPORTS.—The Secretary shall prepare and disseminate to the public reports containing the results of the studies conducted under subclause (I).

"(ii) STUDY ON RESOURCES AVAILABLE TO ASSIST OUT-OF-SCHOOL YOUTH.—The Secretary, in coordination with the Secretary of Education, may conduct a study examining the resources available at the Federal, State, and local levels to assist out-of-school youth in obtaining the skills, credentials, and work experience necessary to become successfully employed, including the availability of funds provided through average daily attendance and other methodologies used by States and local areas to distribute funds.

"(iii) STUDY OF INDUSTRY-BASED CERTIFICATION AND CREDENTIALS.—

"(I) IN GENERAL.—The Secretary shall conduct a study concerning the role and benefits of credentialing and certification to businesses and workers in the economy and the implications of

certification to the services provided through the workforce investment system. The study may examine issues such as—

"(aa) the characteristics of successful credentialing and certification systems that serve business and individual needs;

"(bb) the relative proportions of certificates and credentials attained with assistance from the public sector, with private-sector training of new hires or incumbent workers, and by individuals on their own initiative without other assistance, respectively;

"(cc) the return on human capital investments from occupational credentials and industry-based skill certifications, including the extent to which acquisition of such credentials or certificates enhances outcomes such as entry into employment, retention, earnings (including the number

and amount of wage increases), career advancement, and layoff aversion;

"(dd) the implications of the effects of skill certifications and credentials to the types and delivery of services provided through the workforce investment system;

"(ee) the role that Federal and State governments play in fostering the development of and disseminating credentials and skill standards; and

"(ff) the use of credentials by businesses to achieve goals for workforce skill upgrading and greater operating efficiency.

"(II) REPORT TO CONGRESS.—The Secretary shall prepare and submit to Congress a report containing the results of the study conducted pursuant to subclause (I). Such report may include any recommendations that the Secretary determines are appropriate to include in such report re-

lating to promoting the acquisition of industry-based certification and credentials, and the appropriate role of the Department of Labor and the workforce investment system in supporting the needs of business and individuals with respect to such certification and credentials.

"(iv) STUDY OF EFFECTIVENESS OF WORKFORCE INVESTMENT SYSTEM IN MEETING BUSINESS NEEDS.—

"(I) IN GENERAL.—Using funds available to carry out this section jointly with funds available to the Secretary of Commerce and Administrator of the Small Business Administration, the Secretary, in coordination with the Secretary of Commerce and the Administrator of the Small Business Administration, may conduct a study of the effectiveness of the workforce investment system in meeting the needs of business, with particular attention to the needs of small business, including in assisting workers to obtain the skills

needed to utilize emerging technologies. In conducting the study, the Secretary, in coordination with the Secretary of Commerce and the Administrator of the Small Business Administration, may examine issues such as—

"(aa) methods for identifying the workforce needs of businesses and how the requirements of small businesses may differ from larger establishments;

"(bb) business satisfaction with the workforce investment system, with particular emphasis on the satisfaction of small businesses;

"(cc) the extent to which business is engaged as a collaborative partner in the workforce investment system, including the extent of business involvement as members of State boards and local boards, and the extent to which such boards and one-stop centers effectively collaborate with busi-

ness and industry leaders in developing workforce investment strategies, including strategies to identify high growth opportunities;

"(dd) ways in which the workforce investment system addresses changing skill needs of business that result from changes in technology and work processes;

"(ee) promising practices for serving small businesses;

"(ff) the extent and manner in which the workforce investment system uses technology to serve business and individual needs, and how uses of technology could enhance efficiency and effectiveness in providing services; and

"(gg) the extent to which various segments of the labor force have access to and utilize technology to locate job openings and apply for jobs, and characteristics of individuals utilizing such tech-

nology (such as age, gender, race or ethnicity, industry sector, and occupational groups).

"(II) REPORT TO CONGRESS.—The Secretary shall prepare and submit to Congress a report containing the results of the study described in clause (I). Such report may include any recommendations the Secretary determines are appropriate to include in such report, including ways to enhance the effectiveness of the workforce investment system in meeting the needs of business for skilled workers.".

(c) NEXT GENERATION TECHNOLOGIES.—Section 171 (29 U.S.C. 2916) is amended by adding at the end the following:

"(e) SKILL CERTIFICATION PILOT PROJECTS.—

"(1) PILOT PROJECTS.—In accordance with subsection (b) and from funds appropriated pursuant to paragraph (10), the Secretary shall establish and carry out not more than 10 pilot projects to establish a system of industry-validated national certifications of skills, including—

"(A) not more than 8 national certifications of skills in high-technology industries, including biotechnology, telecommunications, highly automated manufacturing (including semiconductors), nanotechnology, and energy technology; and

"(B) not more than 2 cross-disciplinary national certifications of skills in homeland security technology.

"(2) GRANTS TO ELIGIBLE ENTITIES.—In carrying out the pilot projects, the Secretary shall make grants to eligible entities, for periods of not less than 36 months and not more than 48 months, to carry out the authorized activities described in paragraph (7) with respect to the certifications described in paragraph (1). In awarding grants under this subsection the Secretary shall take into consideration awarding grants to eligible entities from diverse geographic areas, including rural areas.

"(3) ELIGIBLE ENTITIES.—

"(A) DEFINITION OF ELIGIBLE ENTITY.—In this subsection the term 'eligible entity' means an entity that shall work in conjunction with a local board and shall include as a principal participant one or more of the following:

"(i) An educational institution, including a 2- or 4-year college, or a technical or vocational school.

"(ii) An advanced technology education center.

"(iii) A local board.

"(iv) A representative of a business in a target industry for the certification involved.

"(v) A representative of an industry association, labor organization, or community development organization.

"(B) HISTORY OF DEMONSTRATED CAPABILITY REQUIRED.—To be eligible to receive a grant under this subsection, an eligible entity shall have a history of demonstrated capability for effective collaboration with industry on workforce investment activities that is consistent with the objectives of this title.

"(4) 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.

"(5) CRITERIA.—The Secretary shall establish criteria, consistent with paragraph (6), for awarding grants under this subsection.

"(6) PRIORITY.—In selecting eligible entities to receive grants under this subsection, the Secretary shall give priority to eligible entities that demonstrate the availability of and ability to provide matching funds from industry or nonprofit sources. Such matching funds may be provided in cash or in kind.

"(7) AUTHORIZED ACTIVITIES.—

"(A) IN GENERAL.—An eligible entity that receives a grant under this subsection shall use the funds made available through the grant—

"(i) to facilitate the establishment of certification requirements for a certification described in paragraph (1) for an industry;

"(ii) to develop and initiate a certification program that includes preparatory courses, course materials, procedures, and examinations, for the certification; and

"(iii) to collect and analyze data related to the program at the program's completion, and to identify best practices (consistent with paragraph (8)) that may be

used by local and State workforce investment boards in the future.

"(B) BASIS FOR REQUIREMENTS.—The certification requirements established under the grant shall be based on applicable skill standards for the industry involved that have been developed by or linked to national centers of excellence under the National Science Foundation's Advanced Technological Education Program. The requirements shall require an individual to demonstrate an identifiable set of competencies relevant to the industry in order to receive certification. The requirements shall be designed to provide evidence of a transferable skill set that allows flexibility and mobility of workers within a high technology industry.

"(C) RELATIONSHIP TO TRAINING AND EDUCATION PROGRAMS.—The eligible entity shall ensure that—

"(i) a training and education program related to competencies for the industry involved, that is flexible in mode and timeframe for delivery and that meets the needs of those seeking the certification, is offered; and

"(ii) the certification program is offered at the completion of the training and education program.

"(D) RELATIONSHIP TO THE ASSOCIATE DEGREE.—The eligible entity shall ensure that the certification program is consistent with the requirements for a 2-year associate degree.

"(E) AVAILABILITY.—The eligible entity shall ensure that the certification program is open to students pursuing associate degrees, employed workers, and displaced workers.

"(8) CONSULTATION.—The Secretary shall consult with the Director of the National Science Foundation to ensure that the pilot projects build on the expertise and information about best practices gained through the implementation of the National Science Foundation's Advanced Technological Education Program.

"(9) CORE COMPONENTS; GUIDELINES; REPORTS.—After collecting and analyzing the data obtained from the pilot programs, the Secretary shall—

"(A) establish the core components of a model high-technology certification program;

"(B) establish guidelines to assure development of a uniform set of standards and policies for such programs;

"(C) prepare and submit a report on the pilot projects to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives; and

"(D) make available to the public both the data and the report.

"(10) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts authorized to be appropriated under section 174(b), there is authorized to be appropriated $30,000,000 for fiscal year 2004 to carry out this subsection.".

(d) INTEGRATED WORKFORCE TRAINING PROGRAMS FOR ADULTS WITH LIMITED ENGLISH PROFICIENCY.—Section 171 (29 U.S.C. 2916), as amended by subsection (c), is further amended by adding at the end the following:

"(f) INTEGRATED WORKFORCE TRAINING PROGRAMS FOR ADULTS WITH LIMITED ENGLISH PROFICIENCY.—

"(1) DEFINITIONS.—In this subsection:

"(A) INTEGRATED WORKFORCE TRAINING.—The term 'integrated workforce training' means

training that integrates occupational skills training with language acquisition.

"(B) SECRETARY.—The term 'Secretary' means the Secretary of Labor in consultation with the Secretary of Education.

"(2) DEMONSTRATION PROJECT.—In accordance with subsection (b) and from funds appropriated pursuant to paragraph (11), the Secretary shall establish and implement a national demonstration project designed to both analyze and provide data on workforce training programs that integrate English language acquisition and occupational training.

"(3) GRANTS.—

"(A) IN GENERAL.—In carrying out the demonstration project, the Secretary shall make not less than 10 grants, on a competitive basis, to eligible entities to provide the integrated workforce training programs. In awarding grants under this subsection the Secretary shall take into consideration awarding grants to eligible entities from diverse geographic areas, including rural areas.

"(B) PERIODS.—The Secretary shall make the grants for periods of not less than 24 months and not more than 48 months.

"(4) ELIGIBLE ENTITIES.—

"(A) IN GENERAL.—To be eligible to receive a grant under this subsection, an eligible entity shall work in conjunction with a local board and shall include as a principal participant one or more of the following:

"(i) An employer or employer association.

"(ii) A nonprofit provider of English language instruction.

"(iii) A provider of occupational or skills training.

"(iv) A community-based organization.

"(v) An educational institution, including a 2- or 4-year college, or a technical or vocational school.

"(vi) A labor organization.

"(vii) A local board.

"(B) EXPERTISE.—To be eligible to receive a grant under this subsection, an eligible entity shall have proven expertise in—

"(i) serving individuals with limited English proficiency, including individuals with lower levels of oral and written English; and

"(ii) providing workforce programs with training and English language instruction.

"(5) APPLICATIONS.—

"(A) IN GENERAL.—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.

"(B) CONTENTS.—Each application submitted under subparagraph (A) shall—

"(i) contain information, including capability statements, that demonstrates that the eligible entity has the expertise described in paragraph (4)(B); and

"(ii) include an assurance that the program to be assisted shall—

"(I) establish a generalized adult bilingual workforce training and education model that integrates English language acquisition and occupational training, and incorporates the unique linguistic and cultural factors of the participants;

"(II) establish a framework by which the employer, employee, and other relevant members of the eligible entity can create a career development and training plan that assists both the employer and the employee to meet their long-term needs;

"(III) ensure that the framework established under subclause (II) takes into consideration the knowledge, skills, and abilities of the employee with respect to both the current and economic conditions of the employer and future labor market conditions relevant to the local area; and

"(IV) establish identifiable measures so that the progress of the employee and employer and the relative efficacy of the program can be evaluated and best practices identified.

"(6) CRITERIA.—The Secretary shall establish criteria for awarding grants under this subsection.

"(7) INTEGRATED WORKFORCE TRAINING PROGRAMS.—

"(A) PROGRAM COMPONENTS.—

"(i) REQUIRED COMPONENTS.—Each program that receives funding under this subsection shall—

"(I) test an individual's English language proficiency levels to assess oral and literacy gains from the beginning and throughout program enrollment;

"(II) combine training specific to a particular occupation or occupational cluster, with—

"(aa) English language instruction, such as instruction through an English as a Second Language program, or an English for Speakers of Other Languages program;

"(bb) basic skills instruction; and

"(cc) supportive services;

"(III) effectively integrate public and private sector entities, including the local workforce investment system and its functions, to achieve the goals of the program; and

"(IV) require matching or in-kind resources from private and nonprofit entities.

"(ii) PERMISSIBLE COMPONENTS.—The program may offer other services, as necessary to promote successful participation and completion, including work-based learning, substance abuse treatment, and mental health services.

"(B) GOAL.—Each program that receives funding under this subsection shall be designed to prepare limited English proficient adults for, and place such adults in employment in, growing industries with identifiable career ladder paths.

"(C) PROGRAM TYPES.—In selecting programs to receive funding under this subsection, the Secretary shall select programs that meet 1 or more of the following criteria:

"(i) A program that—

"(I) serves unemployed, limited English proficient individuals with significant work experience or substantial education but persistently low wages; and

"(II) aims to prepare such individuals for, and place such individuals in, higher paying employment, defined for purposes of this subparagraph as employment that provides at least 75 percent of the median wage in the local area.

"(ii) A program that—

"(I) serves limited English proficient individuals with lower levels of oral and written fluency, who are working but at persistently low wages; and

"(II) aims to prepare such individuals for, and place such individuals in, higher paying employment, through services provided at the worksite, or at a location central to several work sites, during work hours.

"(iii) A program that—

"(I) serves unemployed, limited English proficient individuals with lower levels of oral and written fluency, who have little or no work experience; and

"(II) aims to prepare such individuals for, and place such individuals in, employment through services that include subsidized employment, in addition to the components required in subparagraph (A)(i).

"(iv) A program that includes funds from private and nonprofit entities.

"(D) PROGRAM APPROACHES.—In selecting programs to receive funding under this subsection, the Secretary shall select programs with different approaches to integrated workforce training, in different contexts, in order to obtain comparative data on multiple approaches to integrated workforce training and English language instruction, to ensure programs are tailored to characteristics of individuals with varying skill levels and to assess how different curricula work for limited English proficient populations. Such approaches may include—

"(i) bilingual programs in which the workplace language component and the training are conducted in a combination of an individual's native language and English;

"(ii) integrated workforce training programs that combine basic skills, language instruction, and job specific skills training; or

"(iii) sequential programs that provide a progression of skills, language, and training to ensure success upon an individual's completion of the program.

"(8) EVALUATION BY ELIGIBLE ENTITY.—Each eligible entity that receives a grant under this subsection for a program shall carry out a continuous program evaluation and an evaluation specific to the last phase of the program operations.

"(9) EVALUATION BY SECRETARY.—

"(A) IN GENERAL.—The Secretary shall conduct an evaluation of program impacts of the programs funded under the demonstration project, with a random assignment, experimental design impact study done at each worksite at which such a program is carried out.

"(B) DATA COLLECTION AND ANALYSIS.—The Secretary shall collect and analyze the data from the demonstration project to determine program effectiveness, including gains in language

proficiency, acquisition of skills, and job advancement for program participants.

"(C) REPORT.—The Secretary shall prepare and submit to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives, and make available to the public, a report on the demonstration project, including the results of the evaluation.

"(10) TECHNICAL ASSISTANCE.—The Secretary shall provide technical assistance to recipients of grants under this subsection throughout the grant periods.

"(11) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts authorized to be appropriated under section 174(b), there is authorized to be appropriated $10,000,000 for fiscal year 2004 to carry out this subsection.".

SEC. 147. NATIONAL DISLOCATED WORKER GRANTS.

(a) IN GENERAL.—Section 173 (29 U.S.C. 2918) is amended—

(1) by striking the heading and inserting the following:

"SEC. 173. NATIONAL DISLOCATED WORKER GRANTS.";

and

(2) in subsection (a)—

(A) by striking the matter preceding paragraph (1) and inserting the following:

"(a) IN GENERAL.—The Secretary is authorized to award national dislocated worker grants—";

(B) in paragraph (1), by striking "subsection (c)" and inserting "subsection (b)";

(C) in paragraph (3), by striking "and" after the semicolon; and

(D) by striking paragraph (4) and inserting the following:

"(4) to a State or entity (as defined in subsection (b)(1)(B)) to carry out subsection (e), including providing assistance to eligible individuals;

"(5) to a State or entity (as defined in subsection (b)(1)(B)) to carry out subsection (f), including providing assistance to eligible individuals;

"(6) to provide additional assistance to a State board or local board where a higher than average demand for employment and training services for dislocated members of the Armed Forces, or spouses, as defined in section 101(9)(E), of members of the Armed Forces as described in subsection (b)(2)(A)(iv), exceeds State and local resources for providing such services, and where such programs are to be carried out in

partnership with the Department of Defense and Department of Veterans Affairs transition assistance programs; and

"(7) to provide assistance to a State for statewide or local use in order to—

"(A) address cases in which there have been worker dislocations across multiple sectors or across multiple local areas and such workers remain dislocated;

"(B) coordinate the State plan described in section 112 with emerging economic development needs; and

"(C) train eligible individuals who are dislocated workers described in subparagraph (A).

The Secretary shall issue a final decision on an application for a national dislocated worker grant under this subsection not later than 60 calendar days after receipt of the application. The Secretary shall issue a notice of obligation for such a grant not later than 10 days after the award of the grant.".

(b) ADMINISTRATION AND ADDITIONAL ASSISTANCE.—Section 173 (29 U.S.C. 2918) is amended—

(1) by striking subsection (b);

(2) by redesignating subsections (c) through (g) as subsections (b) through (f), respectively;

(3) by striking subsection (d) (as redesignated by paragraph (2)) and inserting the following:

"(d) ADDITIONAL ASSISTANCE.—

"(1) IN GENERAL.—From the amount appropriated and made available to carry out this section for any program year, the Secretary shall use not more than $20,000,000 to make grants to States to provide employment and training activities under section 134, in accordance with subtitle B.

"(2) ELIGIBLE STATES.—The Secretary shall make a grant under paragraph (1) to a State for a program year if—

"(A) the amount of the allotment that was made to the State for the program year 2003 under the formula specified in section 132(b)(1)(B) as such section was in effect on July 1, 2003, is greater than

"(B) the amount of the allotment that would be made to the State for the program year under the formula specified in section 132(b)(1)(B).

"(3) AMOUNT OF GRANTS.—Subject to paragraph (1), the amount of the grant made under paragraph (1) to a State for a program year shall be based on the difference between—

"(A) the amount of the allotment that was made to the State for the program year 2003 under the formula specified in section 132(b)(1)(B) as such section was in effect on July 1, 2003; and

"(B) the amount of the allotment that would be made to the State for the program year under the formula specified in section 132(b)(1)(B).";

(4) in subsection (e) (as redesignated by paragraph (2))—

(A) in paragraph (1), by striking "paragraph (4)(A)" and inserting "paragraph (4)";

(B) in paragraph (2), by striking "subsection (g)" and inserting "subsection (f)";

(C) in paragraph (4), by striking "subsection (g)" and inserting "subsection (f)";

(D) in paragraph (5), by striking "subsection (g)" and inserting "subsection (f)"; and

(E) in paragraph (6)—

(i) by striking "subsection (g)" and inserting "subsection (f)"; and

(ii) by striking "subsection (c)(1)(B)" and inserting "subsection (b)(1)(B)"; and

(5) in subsection (f)(1) (as redesignated by paragraph (2))—

(A) by striking "paragraph (4)(B)" and inserting "paragraph (4)"; and

(B) by striking "subsection (f)(1)(A)" and inserting "subsection (e)(1)(A)".

SEC. 148. 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) (29 U.S.C. 2919(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(i) such sums as may be necessary for each of fiscal years 2004 through 2009.".

Subtitle E—Administration

SEC. 151. REQUIREMENTS AND RESTRICTIONS.

Section 181(e) (29 U.S.C. 2931(e)) is amended by striking "economic development activities,".

SEC. 152. REPORTS.

Section 185(c) (29 U.S.C. 2935(c)) is amended—

(1) in paragraph (2), by striking "and" after the semicolon;

(2) in paragraph (3), by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(4) shall have the option to submit or disseminate electronically any reports, records, plans, or any other data that are required to be collected or disseminated under this title.".

SEC. 153. ADMINISTRATIVE PROVISIONS.

(a) ANNUAL REPORT.—Section 189(d) (29 U.S.C. 2939(d)) is amended—

(1) in paragraph (3), by striking "and" after the semicolon;

(2) by redesignating paragraph (4) as paragraph (5); and

(3) by inserting after paragraph (3) the following:

"(4) the negotiated levels of performance of the States, the States' requests for adjustments of such levels, and the adjustments of such levels that are made; and".

(b) AVAILABILITY.—Section 189(g)(2) (29 U.S.C. 2939(g)(2)) is amended, in the first sentence—

(1) by striking "Funds" and inserting "Except as otherwise provided in this paragraph, funds"; and

(2) by striking "each State receiving" and inserting "each recipient of".

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

(1) in subparagraph (A)(i), by inserting "the funding of infrastructure costs for one-stop centers," after "local boards,"; and

(2) by adding at the end the following:

"(D) EXPEDITED REQUESTS.—The Secretary shall expedite requests for waivers of statutory or regulatory requirements that have been approved for a State pursuant to subparagraph (B), if the requirements of this paragraph have been satisfied.".

SEC. 154. USE OF CERTAIN REAL PROPERTY.

Section 193 (29 U.S.C. 2943) is amended to read as follows:

"SEC. 193. TRANSFER OF FEDERAL EQUITY IN STATE EMPLOYMENT SECURITY AGENCY REAL PROPERTY TO THE STATES.

"(a) TRANSFER OF FEDERAL EQUITY.—Notwithstanding any other provision of law, any Federal equity acquired in real property through grants to States awarded

under title III of the Social Security Act (42 U.S.C. 501 et seq.) or under the Wagner-Peyser Act is transferred to the States that used the grants for the acquisition of such equity. The portion of any real property that is attributable to the Federal equity transferred under this section shall be used to carry out activities authorized under title III of the Social Security Act or the Wagner-Peyser Act. Any disposition of such real property shall be carried out in accordance with the procedures prescribed by the Secretary and the portion of the proceeds from the disposition of such real property that is attributable to the Federal equity transferred under this section shall be used to carry out activities authorized under title III of the Social Security Act or the Wagner-Peyser Act.

"(b) LIMITATION ON USE.—A State shall not use funds awarded under title III of the Social Security Act or the Wagner-Peyser Act to amortize the costs of real property that is purchased by any State on or after the effective date of this provision.".

SEC. 155. TABLE OF CONTENTS.

Section 1(b) (29 U.S.C. 9201 note) is amended—

(1) by striking the item relating to section 106 and inserting the following:

"Sec. 106. Purposes.";

(2) by striking the item relating to section 123 and inserting the following:

"Sec. 123. Eligible providers of youth activities.";

(3) by striking the item relating to section 169 and inserting the following:

"Sec. 169. Youth challenge grants.";

(4) by striking the item relating to section 173 and inserting the following:

"Sec. 173. National dislocated worker grants.";

(5) by striking the item relating to section 193 and inserting the following:

"Sec. 193. Transfer of Federal equity in State employment security agency real property to the States.";

and

(6) by inserting after the item relating to section 243 the following:

"Sec. 244. Integrated english literacy and civics education.".

Subtitle F—Incentive Grants

SEC. 161. INCENTIVE GRANTS.

Section 503 (20 U.S.C. 9273) is amended—

(1) by striking subsection (a) and inserting the following:

"(a) IN GENERAL.—

"(1) PRIOR TO JULY 1, 2005.—Prior to July 1, 2005, the Secretary shall award a grant to each State in accordance with the provisions of this section as this section was in effect on July 1, 2003.

"(2) BEGINNING ON JULY 1, 2005.—Beginning on July 1, 2005, the Secretary shall award a grant to each State on the basis—

"(A) of the State's exceeding the State adjusted levels of performance for title I, the adjusted levels of performance for title II, and the levels of performance for programs under the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301 et seq.), for the purpose of carrying out an innovative program consistent with the requirements of any one or more of the programs within title I, title II, or such Act, respectively;

"(B) of exemplary performance of the States in serving hard-to-serve populations (as defined in section 101) (including performance relating to the levels of service provided and the performance outcomes on such performance measures with respect to the populations);

"(C) of States that are effectively—

"(i) coordinating multiple systems into a more effective workforce investment system, including coordination of employment services under the Wagner-Peyser Act and

core activities under title I as well as partner programs described in section 121;

"(ii) expanding access to training, including through increased leveraging of resources other than those funded through programs under title I; or

"(iii) implementing innovative business and economic development initiatives; or

"(D) of such other factors relating to the performance of the States under title I as the Secretary determines are appropriate."; and

(2) in subsection (b)(2), by adding at the end the following:

"(D) USE OF FUNDS.—The funds awarded to a State under this section may be used to carry out any activities authorized for States under chapters 4 and 5 of subtitle B of title I, title II, and the Carl D. Perkins Vocational and Technical Education Act of 1998, including demonstration projects and innovative programs for hard-to-serve populations (as defined in section 101).".

TITLE II—AMENDMENTS TO THE ADULT EDUCATION AND FAMILY LITERACY ACT

SEC. 201. SHORT TITLE; PURPOSE.

(a) SHORT TITLE.—This title may be cited as the "Adult Education and Family Literacy Act Amendments of 2003".

(b) PURPOSE.—Section 202 of the Adult Education and Family Literacy Act (20 U.S.C. 9201) is amended—

(1) in paragraph (2), by striking "and" after the semicolon;

(2) in paragraph (3), by striking "education." and inserting "education and in the transition to postsecondary education; and"; and

(3) by adding at the end the following:

"(4) assist immigrants and other individuals with limited English proficiency in improving their reading, writing, speaking, and mathematics skills and acquiring an understanding of the American free enterprise system, individual freedom, and the responsibilities of citizenship.".

SEC. 202. DEFINITIONS.

Section 203 of the Adult Education and Family Literacy Act (20 U.S.C. 9202) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking "services or instruction below the postsecondary level" and inserting "academic instruction and education services below the postsecondary level that increase an individual's ability to read, write, and speak in English and perform mathematics"; and

(B) by striking subparagraph (C)(i) and inserting the following:

"(i) are basic skills deficient as defined in section 101;";

(2) in paragraph (2), by striking "activities described in section 231(b)" and inserting "programs and services which include reading, writing, speaking, or mathematics skills, workplace literacy activities, family literacy activities, English language acquisition activities, or other activities necessary for the attainment of a secondary school diploma or its State recognized equivalent";

(3) in paragraph (5)—

(A) by inserting "an organization that has demonstrated effectiveness in providing adult education, that may include" after "means";

(B) in subparagraph (B), by striking "of demonstrated effectiveness";

(C) in subparagraph (C), by striking "of demonstrated effectiveness"; and

(D) in subparagraph (I), by inserting "or coalition" after "consortium";

(4) in paragraph (6)—

(A) by striking "LITERACY PROGRAM" and inserting "LANGUAGE ACQUISITION PROGRAM";

(B) by striking "literacy program" and inserting "language acquisition program"; and

(C) by inserting "reading, writing, and speaking" after "competence in";

(5) by redesignating paragraphs (7) through (18) as paragraphs (8) through (19), respectively;

(6) by inserting after paragraph (6) the following:

"(7) ESSENTIAL COMPONENTS OF READING INSTRUCTION.—The term 'essential components of reading instruction' has the meaning given the term in section 1208 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6368)."; and

(7) by striking paragraph (19), as redesignated by paragraph (4), and inserting the following:

"(19) WORKPLACE LITERACY PROGRAM.—The term 'workplace literacy program' means an educational program designed to improve the produc-

tivity of the workforce through the improvement of literacy skills that is offered by an eligible provider in collaboration with an employer or an employee organization at a workplace, at an off-site location, or in a simulated workplace environment.".

SEC. 203. AUTHORIZATION OF APPROPRIATIONS.

Section 205 of the Adult Education and Family Literacy Act (20 U.S.C. 9204) is amended—

(1) by striking "1999" and inserting "2004"; and

(2) by striking "2003" and inserting "2009".

SEC. 204. HOME SCHOOLS.

Section 204 of the Adult Education and Family Literacy Act (20 U.S.C. 9203) is amended to read as follows:

"SEC. 204. HOME SCHOOLS.

"Nothing in this title shall be construed to affect home schools, whether 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 literacy program, family literacy services, or adult education.".

SEC. 205. RESERVATION OF FUNDS; GRANTS TO ELIGIBLE AGENCIES; ALLOTMENTS.

Section 211 of the Adult Education and Family Literacy Act (20 U.S.C. 9211) is amended—

(1) by striking subsection (a) and inserting the following:

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

"(1) shall reserve 1.5 percent to carry out section 242, except that the amount so reserved shall not exceed $10,000,000;

"(2) shall reserve 1.5 percent to carry out section 243 and subsection (f)(4), except that the amount so reserved shall not exceed $8,000,000;

"(3) shall make available, to the Secretary of Labor, 1.72 percent for incentive grants under section 136(i); and

"(4) shall reserve 12 percent of the amount that remains after reserving funds under paragraphs (1), (2) and (3) to carry out section 244.";

(2) in subsection (c)(1)(B), by striking "$250,000" and inserting "$350,000";

(3) by striking subsection (d) and inserting the following:

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

"(1) is not less than 16 years of age;

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

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

"(4) is not enrolled in secondary school.";

(4) in subsection (e)—

(A) by striking paragraph (2) and inserting the following:

"(2) AWARD BASIS.—The Secretary shall award grants pursuant to paragraph (1) on a competitive basis and pursuant to recommendations from the Pacific Region Educational Laboratory in Honolulu, Hawaii."; and

(B) in paragraph (3), by striking "shall" and all that follows through the period and inserting "shall be eligible to receive a grant under this title until the date when an agreement for the extension of the United States education assistance under the Compact of Free Association for each of the Freely Associated States becomes effective."; and

(5) by striking subsection (f) and inserting the following:

"(f) HOLD-HARMLESS PROVISIONS.—

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

"(2) 100 PERCENT ALLOTMENT.—Notwithstanding paragraphs (1) and (2) of subsection (e), an eligible agency that receives only an initial allotment under subsection (c)(1) (and no additional allotment under subsection (c)(2)) shall receive an allotment under this section that is equal to 100 percent of the initial allotment under subsection (c)(1).

"(3) RATABLE REDUCTION.—If for any fiscal year the amount available for allotment under this subtitle is insufficient to satisfy the provisions of paragraphs (1) and (2), the Secretary shall ratably reduce the payments to all eligible agencies, as necessary.

"(4) ADDITIONAL ASSISTANCE.—

"(A) IN GENERAL.—From amounts reserved under subsection (a)(2), the Secretary shall make grants to eligible agencies described in subpara-

graph (B) to enable such agencies to provide activities authorized under chapter 2.

"(B) ELIGIBILITY.—An eligible agency is eligible to receive a grant under this paragraph for a fiscal year if the amount of the allotment such agency receives under this section for the fiscal year is less than the amount such agency would have received for the fiscal year if the allotment formula under this section as in effect on September 30, 2003, were in effect for such year.

"(C) AMOUNT OF GRANT.—The amount of a grant made to an eligible agency under this paragraph for a fiscal year shall be the difference between—

"(i) the amount of the allotment such agency would have received for the fiscal year if the allotment formula under this section as in effect on September 30, 2003, were in effect for such year; and

"(ii) the amount of the allotment such agency receives under this section for the fiscal year.".

SEC. 206. PERFORMANCE ACCOUNTABILITY SYSTEM.

Section 212 of the Adult Education and Family Literacy Act (20 U.S.C. 9212) is amended—

(1) in subsection (b)—

(A) in paragraph (1)(A)(ii), by striking "additional indicators of performance (if any)" and inserting "employment performance indicators";

(B) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clause (i), by striking "Demonstrated" and inserting "Measurable";

(II) by striking clause (ii) and inserting the following:

"(ii) Placement in, retention in, or completion of, postsecondary education or other training programs."; and

(III) in clause (iii), by inserting "(including recognized alternative standards for individuals with disabilities)" after "equivalent";

(ii) by redesignating subparagraph (B) as subparagraph (C);

(iii) by inserting after subparagraph (A), the following:

"(B) EMPLOYMENT PERFORMANCE INDICATORS.—An eligible agency shall identify in the

State plan individual participant employment performance indicators, including entry into unsubsidized employment, retention in unsubsidized employment, and career advancement. The State workforce investment board shall assist the eligible agency in obtaining and using quarterly wage records to collect data for such indicators, consistent with applicable Federal and State privacy laws.";

(iv) in subparagraph (C), as redesignated by clause (ii), by inserting "relevant" after "additional"; and

(v) by adding at the end the following:

"(D) INDICATORS FOR WORKPLACE LITERACY PROGRAMS.—Special accountability measures may be negotiated for workplace literacy programs."; and

(C) in paragraph (3)—

(i) in subparagraph (A)—

(I) in clause (i)(II), by striking "in performance" and inserting "the agency's performance outcomes in an objective, quantifiable, and measurable form";

(II) in clause (ii), by striking "3 programs years" and inserting "2 program years";

(III) in clause (iii), by striking "FIRST 3 YEARS" and inserting "FIRST 2 YEARS";

(IV) in clause (iii), by striking "first 3 program years" and inserting "first 2 program years";

(V) in clause (v), by striking "4TH AND 5TH" and inserting "3RD AND 4TH";

(VI) in clause (v), by striking "to the fourth" and inserting "to the third";

(VII) in clause (v), by striking "fourth and fifth" and inserting "third and fourth"; and

(VIII) in clause (vi), by striking "(II)" and inserting "(I)";

(ii) in subparagraph (B)—

(I) by striking the heading and inserting "LEVELS OF EMPLOYMENT PERFORMANCE";

(II) by striking "may" and inserting "shall"; and

(III) by striking "additional" and inserting "employment"; and

(iii) by adding at the end the following:

"(C) ALTERNATIVE ASSESSMENT SYSTEMS.—Eligible agencies may approve the use of assessment systems that are not commercially available standardized systems if such systems meet the Standards for Educational and Psychological Testing issued by the Joint Committee on Standards for Educational and Psychological Testing of the American Educational Research Association, the American Psychological Association, and the National Council on Measurement in Education.";

(2) in subsection (c)—

(A) in paragraph (1)—

(i) by inserting "the Governor, the State legislature, and the State workforce investment board" after "Secretary"; and

(ii) by striking "including" and all that follows through the period and inserting "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.

"(C) The number of enrollees 16 to 18 years of age who enrolled in adult education not later than 1 year after participating in secondary school education.";

(B) in paragraph (2)(A), by inserting "eligible providers and" after "available to"; and

(C) by adding at the end the following:

"(3) DATA ACCESS.—The report made available under paragraph (2) shall indicate which eligible agencies did not have access to State unemployment insurance wage data in measuring employment performance indicators."; and

(3) by adding at the end the following:

"(d) PROGRAM IMPROVEMENT.—

"(1) IN GENERAL.—If the Secretary determines that an eligible agency did not meet its adjusted levels of performance for the core indicators of performance described in subsection (b)(2)(A) for any program year, the eligible agency shall—

"(A) work with the Secretary to develop and implement a program improvement plan for the 2 program years succeeding the program year in which the eligible agency did not meet its adjusted levels of performance; and

"(B) revise its State plan under section 224, if necessary, to reflect the changes agreed to in the program improvement plan.

"(2) FURTHER ASSISTANCE.—If, after the period described in paragraph (1)(A), the Secretary has provided technical assistance to the eligible agency but determines that the eligible agency did not meet its adjusted levels of performance for the core indicators of performance described in subsection (b)(2)(A), the Secretary may require the eligible agency to make further revisions to the program improvement plan described in paragraph (1). Such further revisions shall be accompanied by further technical assistance from the Secretary.".

SEC. 207. STATE ADMINISTRATION.

Section 221(1) of the Adult Education and Family Literacy Act (20 U.S.C. 9221(1)) is amended by striking "and implementation" and inserting "implementation, and monitoring".

SEC. 208. STATE DISTRIBUTION OF FUNDS; MATCHING REQUIREMENT.

Section 222 of the Adult Education and Family Literacy Act (20 U.S.C. 9222) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking "82.5" the first place such term appears and inserting "80"; and

(ii) by striking "the 82.5 percent" and inserting "such amount";

(B) in paragraph (2), by striking "not more than 12.5 percent" and inserting "not more than 15 percent"; and

(C) in paragraph (3), by striking "$65,000" and inserting "$75,000"; and

(2) in subsection (b)(1), by striking "equal to" and inserting "that is not less than".

SEC. 209. STATE LEADERSHIP ACTIVITIES.

Section 223 of the Adult Education and Family Literacy Act (20 U.S.C. 9223) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1), by inserting "to develop or enhance the adult education system of the State" after "activities";

(B) in paragraph (1), by striking "instruction incorporating" and all that follows through

the period and inserting "instruction incorporating the essential components of reading instruction and instruction provided by volunteers or by personnel of a State or outlying area.";

(C) in paragraph (2), by inserting ", including development and dissemination of instructional and programmatic practices based on the most rigorous research available in reading, writing, speaking, mathematics, English language acquisition programs, distance learning and staff training" after "activities";

(D) in paragraph (5), by striking "monitoring and";

(E) by striking paragraph (6) and inserting the following:

"(6) The development and implementation of technology applications, translation technology, or distance learning, including professional development to support the use of instructional technology."; and

(F) by striking paragraph (7) through paragraph (11) and inserting the following:

"(7) Coordination with—

"(A) other partners carrying out activities authorized under this Act;

"(B) existing support services, such as transportation, child care, mental health services, and other assistance designed to increase rates of enrollment in, and successful completion of adult education and literacy activities, for adults enrolled in such activities.

"(8) Developing and disseminating curricula, including curricula incorporating the essential components of reading instruction as they relate to adults.

"(9) The provision of assistance to eligible providers in developing, implementing, and reporting measurable progress in achieving the objectives of this subtitle.

"(10) The development and implementation of a system to assist in the transition from adult basic education to postsecondary education, including linkages with postsecondary educational institutions.

"(11) Integration of literacy and English language instruction with occupational skill training, and promoting linkages with employers.

"(12) Activities to promote workplace literacy programs.

"(13) Activities to promote and complement local outreach initiatives described in section 243(b)(3)(F).

"(14) In cooperation with efforts funded under sections 242 and 243, the development of curriculum frameworks and rigorous content standards that—

"(A) specify what adult learners should know and be able to do in the areas of reading and language arts, mathematics, and English language acquisition; and

"(B) take into consideration the following:

"(i) State academic standards established under section 1111(b) of the Elementary and Secondary Education Act of 1965.

"(ii) The current adult skills and literacy assessments used in the State.

"(iii) The core indicators of performance established under section 212(b)(2)(A).

"(iv) Standards and academic requirements for enrollment in non-remedial, for-credit, courses in State supported postsecondary education institutions.

"(v) Where appropriate, the basic and literacy skill content of occupational and industry skill standards widely used by business and industry in the State.

"(15) In cooperation with efforts funded under sections 242 and 243, development and piloting of—

"(A) new assessment tools and strategies that identify the needs and capture the gains of students at all levels, with particular emphasis on—

"(i) students at the lowest achievement level;

"(ii) students who have limited English proficiency; and

"(iii) adults with learning disabilities;

"(B) options for improving teacher quality and retention; and

"(C) assistance in converting research into practice.

"(16) The development and implementation of programs and services to meet the needs of adult learners with learning disabilities or limited English proficiency.

"(17) Other activities of statewide significance that promote the purpose of this title."; and

(2) in subsection (c), by striking "being State- or outlying area-imposed" and inserting "being imposed by the State or outlying area".

SEC. 210. STATE PLAN.

Section 224 of the Adult Education and Family Literacy Act (20 U.S.C. 9224) is amended—

(1) in subsection (a)—

(A) by striking the heading and inserting "4-YEAR PLANS"; and

(B) in paragraph (1), by striking "5" and inserting "4";

(2) in subsection (b)—

(A) in paragraph (1), by inserting "and the role of provider and cooperating agencies in preparing the assessment" after "serve";

(B) by striking paragraph (2) and inserting the following:

"(2) a description of how the eligible agency will address the adult education and literacy needs identified under paragraph (1) in each workforce development area of the State, using funds received under this subtitle, as well as other Federal, State, or local funds received in partnership with other agencies for the purpose of adult literacy as applicable;";

(C) in paragraph (3)—

(i) by inserting "and measure" after "evaluate";

(ii) by inserting "and improvement" after "effectiveness"; and

(iii) by striking "212" and inserting "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 subtitle 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 performance)";

(D) in paragraph (4), by striking "will ensure the improvement of" and inserting "improved";

(E) by redesignating paragraphs (5) through (12) as paragraphs (6) through (13), respectively;

(F) by inserting after paragraph (4) the following:

"(5) a description of how the eligible agency will improve teacher quality, the professional development of eligible providers, and instruction;";

(G) in paragraph (6) (as redesignated by subparagraph (E)), by striking "who" and all that follows through the semicolon and inserting "that—

"(A) offers flexible schedules and coordinates with necessary Federal, State, and local support services (such as child care, transportation, mental health services, and case management) to enable individuals, including individuals with disabilities or individuals with other special needs, to participate in adult education and literacy activities; and

"(B) attempts to coordinate with support services that are not provided under this subtitle prior to using funds for adult education and literacy activities provided under this subtitle for support services;";

(H) in paragraph (10) (as redesignated by subparagraph (E)), by striking "plan" and inserting "plan, which process—

"(A) shall include the State Workforce Investment Board, the Governor, State officials

representing public schools, community colleges, welfare agencies, agencies that provide services to individuals with disabilities, other State agencies that promote or operate adult education and literacy activities, and direct providers of such adult literacy services;

"(B) may include consultation with the State agency for higher education, institutions responsible for professional development of adult education and literacy education program instructors, institutions of higher education, representatives of business and industry, refugee assistance programs, and community-based organizations, as defined in section 101;";

(I) in paragraph (11) (as redesignated by subparagraph (E))—

(i) by inserting "assess potential population needs and" after "will";

(ii) in subparagraph (A), by striking "students" and inserting "individuals";

(iii) in subparagraph (C), by striking "and" after the semicolon; and

(iv) by adding at the end the following: "(E) the unemployed; and

"(F) those who are employed, but at levels below self-sufficiency, as defined in section 101.";

(J) in paragraph (12) (as redesignated by subparagraph (E))—

(i) by inserting "and how the plan submitted under this subtitle is coordinated with the plan submitted by the State under title I" after "eligible agency"; and

(ii) by striking "and" after the semicolon;

(K) in paragraph (13) (as redesignated by subparagraph (E)), by striking "231(c)(1)." and inserting "231(c)(1), including—

"(A) how the State will build the capacity of organizations that provide adult education and literacy activities; and

"(B) how the State will increase the participation of business and industry in adult education and literacy activities;"; and

(L) by adding at the end the following:

"(14) a description of how the eligible agency will consult with any State agency responsible for postsecondary education to develop adult education programs and services (including academic skill development and support services) that prepare students

to enter postsecondary education upon completion of secondary school programs or their recognized equivalent;

"(15) a description of how the eligible agency will consult with the State agency responsible for workforce development to develop adult education programs and services that are designed to prepare students to enter the workforce; and

"(16) a description of how the eligible agency will improve the professional development of eligible providers of adult education and literacy activities.";

(3) in subsection (c), by adding at the end the following: "At the end of the first 2-year period of the 4-year State plan, the eligible agency shall review and, as needed, revise the 4-year State plan."; and

(4) in subsection (d)—

(A) in paragraph (1), by inserting ", the chief State school officer, the State officer responsible for administering community and technical colleges, and the State Workforce Investment Board" after "Governor"; and

(B) in paragraph (2), by striking "comments" and all that follows through the period and inserting "comments regarding the State plan by the Governor, the chief State school offi-

cer, the State officer responsible for administering community and technical colleges, and the State Workforce Investment Board, and any revision to the State plan, are submitted to the Secretary.".

SEC. 211. PROGRAMS FOR CORRECTIONS EDUCATION AND OTHER INSTITUTIONALIZED INDIVIDUALS.

Section 225 of the Adult Education and Family Literacy Act (20 U.S.C. 9225) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking "basic education" and inserting "adult education and literacy activities";

(B) in paragraph (2), by inserting "and" after the semicolon;

(C) by striking paragraph (3); and

(D) by redesignating paragraph (4) as paragraph (3); and

(2) in subsection (d), by striking "DEFINITION OF CRIMINAL OFFENDER.—" and inserting "DEFINITIONS.—In this section:".

SEC. 212. GRANTS AND CONTRACTS FOR ELIGIBLE PROVIDERS.

Section 231 of the Adult Education and Family Literacy Act (20 U.S.C. 9241) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking "workplace literacy services" and inserting "workplace literacy programs"; and

(B) in paragraph (3), by striking "literacy" and inserting "language acquisition";

(2) in subsection (e)—

(A) in paragraph (1), by inserting "to be achieved annually on the core indicators of performance and employment performance indicators described in section 212(b)(2)" after "outcomes";

(B) by striking paragraph (3) and inserting the following:

"(3) the commitment of the eligible provider to be responsive to local needs and to serve individuals in the community who were identified by the assessment as most in need of adult literacy services, including individuals who are low-income, have minimal literacy skills, have learning disabilities, or have limited English proficiency;";

(C) in paragraph (4)(B), by striking ", such as" and all that follows through the semicolon and inserting "that include the essential components of reading instruction;";

(D) in paragraph (5), by striking "research" and inserting "the most rigorous research available";

(E) in paragraph (7), by inserting ", when appropriate and based on the most rigorous research available," after "real life contexts";

(F) in paragraph (9), by inserting "education, job-training, and social service" after "other available";

(G) in paragraph (10)—

(i) by inserting "coordination with Federal, State, and local" after "schedules and"; and

(ii) by striking "and transportation" and inserting ", transportation, mental health services, and case management";

(H) in paragraph (11)—

(i) by inserting "measurable" after "report";

(ii) by striking "eligible agency";

(iii) by inserting "established by the eligible agency" after "performance measures"; and

(iv) by striking "and" after the semicolon;

(I) in paragraph (12), by striking "literacy programs." and inserting "language acquisition programs and civics education programs;"; and

(J) by adding at the end the following:

"(13) the capacity of the eligible provider to produce information on performance results, including enrollments and measurable participant outcomes;

"(14) whether reading, writing, speaking, mathematics, and English language acquisition instruction provided by the eligible provider are based on the best practices derived from the most rigorous research available;

"(15) whether the eligible provider's applications of technology and services to be provided are sufficient to increase the amount and quality of learning and lead to measurable learning gains within specified time periods; and

"(16) the capacity of the eligible provider to serve adult learners with learning disabilities.".

SEC. 213. LOCAL APPLICATION.

Section 232 of the Adult Education and Family Literacy Act (20 U.S.C. 9242) is amended—

(1) in paragraph (1)—

(A) by inserting "consistent with the requirements of this subtitle" after "spent"; and

(B) by striking "and" after the semicolon;

(2) in paragraph (2), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(3) information that addresses each of the considerations required under section 231(e).".

SEC. 214. LOCAL ADMINISTRATIVE COST LIMITS.

Section 233 of the Adult Education and Family Literacy Act (20 U.S.C. 9243) is amended—

(1) in subsection (a)(2)—

(A) by inserting "and professional" after "personnel"; and

(B) by inserting "development of measurable goals in reading, writing, and speaking the English language, and in mathematical computation," after "development,"; and

(2) in subsection (b)—

(A) by inserting "and professional" after "personnel"; and

(B) by inserting "development of measurable goals in reading, writing, and speaking the English language, and in mathematical computation," after "development,".

SEC. 215. ADMINISTRATIVE PROVISIONS.

Section 241(b) of the Adult Education and Family Literacy Act (20 U.S.C. 9251(b)) is amended—

(1) in paragraph (1)(A)—

(A) by striking "adult education and literacy activities" both places such terms appear and inserting "activities under this subtitle"; and

(B) by striking "was" and inserting "were"; and

(2) in paragraph (4)—

(A) by inserting "not more than" after "this subsection for"; and

(B) by striking "only".

SEC. 216. NATIONAL INSTITUTE FOR LITERACY.

Section 242 of the Adult Education and Family Literacy Act (20 U.S.C. 9252) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking "literacy" and inserting "effective literacy programs for children, youth, adults, and families";

(B) in paragraph (2), by inserting "and disseminates information on" after "coordinates"; and

(C) by striking paragraph (3)(A) and inserting the following:

"(A) coordinating and participating in the Federal effort to identify and disseminate information on literacy that is derived from scientifically based research, or the most rigorous research available and effective programs that serve children, youth, adults, and families; and";

(2) by striking subsection (b)(3) and inserting the following:

"(3) RECOMMENDATIONS.—The Interagency Group, in consultation with the National Institute for Literacy Advisory Board (in this section referred to as the 'Board') established under subsection (e), shall plan the goals of the Institute and the implementation of any programs to achieve the goals. The Board may also request a meeting of the Interagency Group to discuss any recommendations the Board may make.";

(3) in subsection (c)—

(A) in paragraph (1)—

(i) in subparagraph (A)—

(I) by striking "to establish" and inserting "to maintain";

(II) in clause (i), by striking "phonemic awareness, systematic phonics, fluency, and reading comprehension" and inserting "the essen-

tial components of reading instruction";

(III) in clause (iii), by striking "and" after the semicolon;

(IV) in clause (iv), by inserting "and" after the semicolon; and

(V) by adding at the end the following:

"(v) a list of local adult education and literacy programs;";

(ii) in subparagraph (C)—

(I) by striking "reliable and replicable research" and inserting "reliable and replicable research as defined by the Institute of Education Sciences"; and

(II) by striking "especially with the Office of Educational Research and Improvement in the Department of Education,";

(iii) in subparagraph (D), by striking "phonemic awareness, systematic phonics, fluency, and reading comprehension based on" and inserting "the essential components of reading instruction and";

(iv) in subparagraph (H), by striking "and" after the semicolon;

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

(vi) by adding at the end the following:

"(J) to work cooperatively with the Department of Education to assist States that are pursuing the implementation of standards-based educational improvements for adults through the dissemination of training, technical assistance, and related support and through the development and dissemination of related standards-based assessment instruments; and

"(K) to identify rigorous research on the effectiveness of instructional practices and organizational strategies relating to literacy programs on the acquisition of skills in reading, writing, English acquisition, and mathematics."; and

(B) by adding at the end the following:

"(3) COORDINATION.—In identifying the reliable and replicable research the Institute will support, the Institute shall use standards for research quality that are consistent with those of the Institute of Education Sciences.";

(4) in subsection (e)—

(A) in paragraph (1)(B)—

(i) in clause (i), by striking "literacy programs" and inserting "language acquisition programs";

(ii) in clause (ii), by striking "literacy programs" and inserting "or have participated in or partnered with workplace literacy programs";

(iii) in clause (iv), by inserting ", including adult literacy research" after "research";

(iv) in clause (vi), by striking "and" after the semicolon;

(v) in clause (vii), by striking the period at the end and inserting "; and"; and

(vi) by adding at the end the following:

"(viii) institutions of higher education.";

(B) in paragraph (2)—

(i) in subparagraph (B), by striking "and" after the semicolon;

(ii) in subparagraph (C), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(D) review the biennial report submitted to Congress pursuant to subsection (k)."; and

(C) in paragraph (5), by striking the second sentence and inserting the following: "A recommendation of the Board may be passed only by a majority of the Board's members present at a meeting for which there is a quorum."; and

(5) in subsection (k)—

(A) by striking "Labor and Human Resources" and inserting "Health, Education, Labor, and Pensions"; and

(B) by striking "The Institute shall submit a report biennially to" and inserting "Not later than 1 year after the date of enactment of the Adult Education and Family Literacy Act Amendments of 2003, and biennially thereafter, the Institute shall submit a report to".

SEC. 217. NATIONAL LEADERSHIP ACTIVITIES.

Section 243 of the Adult Education and Family Literacy Act (20 U.S.C. 9253) is amended to read as follows:

"SEC. 243. NATIONAL LEADERSHIP ACTIVITIES.

"(a) IN GENERAL.—The Secretary shall establish and carry out a program of national leadership activities to en-

hance the quality of adult education and literacy programs nationwide.

"(b) PERMISSIVE ACTIVITIES.—The national leadership activities described in subsection (a) may include the following:

"(1) Technical assistance, including—

"(A) assistance provided to eligible providers in developing and using performance measures for the improvement of adult education and literacy activities, including family literacy services;

"(B) assistance related to professional development activities, and assistance for the purposes of developing, improving, identifying, and disseminating the most successful methods and techniques for providing adult education and literacy activities, including family literacy services, based on scientific evidence where available;

"(C) assistance in distance learning and promoting and improving the use of technology in the classroom;

"(D) assistance in developing valid, measurable, and reliable performance data, including data around employment and employment outcome, and using performance information for the

improvement of adult education and literacy programs; and

"(E) assistance to help States, particularly low-performing States, meet the requirements of section 212.

"(2) A program of grants, contracts, or cooperative agreements awarded on a competitive basis to national, regional, or local networks of private nonprofit organizations, public libraries, or institutions of higher education to build the capacity of such networks' members to meet the performance requirements of eligible providers under this title and involve adult learners in program improvement.

"(3) Funding national leadership activities that are not described in paragraph (1), either directly or through grants, contracts, or cooperative agreements awarded on a competitive basis to or with postsecondary educational institutions, public or private organizations or agencies, or consortia of such institutions, organizations, or agencies, such as—

"(A) developing, improving, and identifying the most successful methods and techniques for addressing the education needs of adults, including instructional practices using the essential components of reading instruction based on the

work of the National Institute of Child Health and Human Development;

"(B) increasing the effectiveness of, and improving the quality of, adult education and literacy activities, including family literacy services;

"(C) carrying out research on national literacy basic skill acquisition for adult learning, including estimating the number of adults functioning at the lowest levels of literacy proficiency;

"(D)(i) carrying out demonstration programs;

"(ii) disseminating best practices information, including information regarding promising practices resulting from federally funded demonstration programs; and

"(iii) developing and replicating best practices and innovative programs, including—

"(I) the development of models for basic skill certificates;

"(II) the identification of effective strategies for working with adults with learning disabilities and with adults with limited English proficiency;

"(III) integrated basic and workplace skills education programs;

"(IV) coordinated literacy and employment services; and

"(V) postsecondary education transition programs;

"(E) providing for the conduct of an independent evaluation and assessment of adult education and literacy activities through studies and analyses conducted independently through grants and contracts awarded on a competitive basis, which evaluation and assessment shall include descriptions of—

"(i) the effect of performance measures and other measures of accountability on the delivery of adult education and literacy activities, including family literacy services;

"(ii) the extent to which the adult education and literacy activities, including family literacy services, increase the literacy skills of adults (and of children, in the case of family literacy services), lead the participants in such activities to involvement in further education and training, enhance the employment and earnings of such

participants, and, if applicable, lead to other positive outcomes, such as reductions in recidivism in the case of prison-based adult education and literacy activities;

"(iii) the extent to which the provision of support services to adults enrolled in adult education and family literacy programs increase the rate of enrollment in, and successful completion of, such programs; and

"(iv) the extent to which different types of providers measurably improve the skills of participants in adult education and literacy programs;

"(F) supporting efforts aimed at capacity building of programs at the State and local levels such as technical assistance in program planning, assessment, evaluation, and monitoring of activities carried out under this subtitle;

"(G) collecting data, such as data regarding the improvement of both local and State data systems, through technical assistance and development of model performance data collection systems;

"(H) supporting the development of an entity that would produce and distribute technology-based programs and materials for adult education and literacy programs using an interconnection system (as 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;

"(I) determining how participation in adult education and literacy activities prepares individuals for entry into postsecondary education and employment and, in the case of prison-based services, has an effect on recidivism; and

"(J) other activities designed to enhance the quality of adult education and literacy activities nationwide.".

SEC. 218. INTEGRATED ENGLISH LITERACY AND CIVICS EDUCATION.

Chapter 4 of subtitle A of title II (29 U.S.C. 9251 et seq.) is amended by adding at the end the following:

"SEC. 244. INTEGRATED ENGLISH LITERACY AND CIVICS EDUCATION.

"(a) IN GENERAL.—From funds made available under section 211(a)(4) for each fiscal year the Secretary shall award grants to States, from allotments under subsection (b), for integrated English literacy and civics education.

"(b) ALLOTMENT.—

"(1) IN GENERAL.—Subject to paragraph (2), from amounts made available under section 211(a)(4) for a fiscal year the Secretary shall allocate—

"(A) 65 percent to the States on the basis of a State's need for integrated English literacy and civics education as determined by calculating each State's share of a 10-year average of the Immigration and Naturalization Service data for immigrants admitted for legal permanent residence for the 10 most recent years; and

"(B) 35 percent to the States on the basis of whether the State experienced growth as measured by the average of the 3 most recent years for which Immigration and Naturalization Service data for immigrants admitted for legal permanent residence are available.

"(2) MINIMUM.—No State shall receive an allotment under paragraph (1) in an amount that is less than $60,000.".

SEC. 219. TRANSITION.

The Secretary shall take such steps as the Secretary determines to be appropriate to provide for the orderly transition to the authority of the Adult Education and Family Literacy Act (as amended by this title) from any authority under provisions of the Adult Education and Family Literacy Act (as such Act was in effect on the day before the date of enactment of the Adult Education and Family Literacy Act Amendments of 2003.

TITLE III—AMENDMENTS TO OTHER PROVISIONS OF LAW

SEC. 301. WAGNER-PEYSER ACT.

(a) CONFORMING AMENDMENT.—Section 2(3) of the Wagner-Peyser Act (29 U.S.C. 49a(3)) is amended by striking "section 134(c)" and inserting "section 121(e)".

(b) COLOCATION.—Section 3 of the Wagner-Peyser Act (29 U.S.C. 49b) is amended by adding at the end the following:

"(d) In order to avoid duplication of services and enhance integration of services, employment services offices in each State shall be colocated with comprehensive one-stop centers established under title I of the Workforce Investment Act of 1998.".

(c) COOPERATIVE STATISTICAL PROGRAM.—Section 14 of the Wagner-Peyser Act (29 U.S.C. 49l–1) is amended

by striking the section heading and all that follows through "There" and inserting the following:

"SEC. 14. COOPERATIVE STATISTICAL PROGRAM.

"There".

(d) WORKFORCE AND LABOR MARKET INFORMATION SYSTEM.—Section 15 of the Wagner-Peyser Act (29 U.S.C. 49l–2) is amended—

(1) by striking the section heading and inserting the following:

"SEC. 15. WORKFORCE AND LABOR MARKET INFORMATION SYSTEM.";

(2) by striking "employment statistics system" each place it appears and inserting "workforce and labor market information system";

(3) in subsection (a)(1), by striking "of employment statistics";

(4) in subsection (b)(2)(E)—

(A) in clause (i), by adding "and" at the end;

(B) in clause (ii), by striking "; and" and inserting a period; and

(C) by striking clause (iii);

(5) by striking subsections (c) and (d) and inserting the following:

"(c) NATIONAL ELECTRONIC TOOLS TO PROVIDE SERVICES.—The Secretary, in consultation with States, is authorized to assist in the development of national electronic tools that may be used to improve access to workforce information for individuals through—

"(1) the one-stop delivery systems established under section 121(e); and

"(2) such other delivery systems as the Secretary determines to be appropriate.

"(d) TWO-YEAR PLAN.—The Secretary, working through the Bureau of Labor Statistics, and in cooperation with the States and with the assistance of the Employment and Training Administration and other appropriate Federal agencies, shall prepare a 2-year plan which shall be the mechanism for achieving cooperative management of the nationwide workforce and labor market information system described in subsection (a) and the statewide workforce and labor market information systems that comprise the nationwide system. The plan shall—

"(1) describe the steps the to be taken in the following 2 years to carry out the duties described in subsection (b)(2);

"(2) evaluate the performance of the system and recommend needed improvements, with particular at-

tention to the improvements needed at the State and local levels; and

"(3) describe the involvement of States in the development of the plan, pursuant to a process established by the Secretary in cooperation with the States in accordance with subsection (i).";

(6) in subsection (e)(2)—

(A) in subparagraph (G), by adding "and" at the end;

(B) by striking subparagraph (H); and

(C) by redesignating subparagraph (I) as subparagraph (H);

(7) in subsection (g), by striking "1999 through 2004" and inserting "2004 through 2009 to enable the Secretary to carry out the provisions of this section in a timely manner through grants or cooperative agreements with the States";

(8) in subsection (g)—

(A) by striking "There are" and inserting the following:

"(1) IN GENERAL.—There are"; and

(B) by adding at the end the following:

"(2) DISTRIBUTION OF FUNDS.—With regard to distributing funds appropriated under paragraph (1) (relating to workforce and labor market information

funding) for fiscal years 2004 through 2009, the Secretary shall continue to distribute the funds to the States in the manner in which the Secretary distributed funds to the States under this section for fiscal years 1999 through 2003.''; and

(9) by adding at the end the following:

''(i) COORDINATION WITH THE STATES.—The Secretary, working though the Bureau of Labor Statistics and in coordination with the Employment and Training Administration, shall consult at least annually with representatives of each of the 10 Federal regions of the Department of Labor, elected (pursuant to a process established by the Secretary) by and from the State workforce and labor market information directors affiliated with the State agencies that perform the duties described in subsection (e)(2).''.

TITLE IV—REHABILITATION ACT AMENDMENTS

SEC. 401. SHORT TITLE.

This title may be cited as the ''Rehabilitation Act Amendments of 2003''.

SEC. 402. TECHNICAL AMENDMENTS TO TABLE OF CONTENTS.

(a) INCENTIVE GRANTS.—Section 1(b) of the Rehabilitation Act of 1973 (29 U.S.C. 701 note) is amended by inserting after the item relating to section 112 the following:

''Sec. 113. Incentive grants.''.

(b) INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND.—Section 1(b) of the Rehabilitation Act of 1973 (29 U.S.C. 701 note) is amended by striking the items relating to sections 752 and 753 and inserting the following:

"Sec. 752. Training and technical assistance.
"Sec. 753. Program of grants.
"Sec. 754. Authorization of appropriations.".

SEC. 403. PURPOSE.

Section 2(b) of the Rehabilitation Act of 1973 (29 U.S.C. 701(b)) is amended—

(1) in paragraph (1)(F), by striking "and" after the semicolon;

(2) in paragraph (2), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(3) to provide opportunities for employers and rehabilitation service providers to provide meaningful input at all levels of government to ensure successful employment of individuals with disabilities.".

SEC. 404. DEFINITIONS.

Section 7 of the Rehabilitation Act of 1973 (29 U.S.C. 705) is amended—

(1) in paragraph (2)(B)—

(A) in the matter preceding clause (i), by inserting "and literacy services" after "supported employment"; and

(B) in clause (iii), by inserting "and literacy skills" after "educational achievements";

(2) by striking paragraph (7) and inserting the following:

"(7) CONSUMER ORGANIZATION.—The term 'consumer organization' means a membership organization in which a majority of the organization's members and a majority of the organization's officers are individuals with disabilities.";

(3) in paragraph (17)—

(A) in subparagraph (C), by striking "and" after the semicolon;

(B) in subparagraph (D), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(E) maintaining individuals with significant disabilities in, or transitioning individuals with significant disabilities to, community-based living.";

(4) by redesignating paragraphs (24) through (28), (29) through (34), and (35) through (39), as paragraphs (25) through (29), (31) through (36), and (38) through (42), respectively;

(5) by inserting after paragraph (23) the following:

"(24) LITERACY.—The term 'literacy' has the meaning given the term in section 203 of the Adult Education and Family Literacy Act (20 U.S.C. 9202).";

(6) by inserting after paragraph (29), as redesignated by paragraph (4), the following:

"(30) POST-EMPLOYMENT SERVICE.—The term 'post-employment' service means a service identified in section 103(a) that is—

"(A) provided subsequent to the achievement of an employment outcome; and

"(B) necessary for an individual to maintain, regain, or advance in employment, consistent with the individual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.";

(7) by inserting after paragraph (36), as redesignated by paragraph (4), the following:

"(37) STUDENT WITH A DISABILITY.—

"(A) IN GENERAL.—The term 'student with a disability' means an individual with a disability who attends an elementary school or secondary school and who—

"(i) is not younger than 14 years of age;

"(ii) is not older than 21 years of age;

"(iii) has been determined to be eligible under section 102(a) for assistance under title I; and

"(iv)(I) is eligible for, and receiving, special education and related services under part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.); or

"(II) is an individual with a disability, for purposes of section 504.

"(B) STUDENTS WITH DISABILITIES.—The term 'students with disabilities' means more than 1 student with a disability."; and

(8) in paragraph (38)(A)(ii), as redesignated by paragraph (4), by striking "paragraph (36)(C)" and inserting "paragraph (39)(C)".

SEC. 405. ADMINISTRATION OF THE ACT.

Section 12(a)(1) of the Rehabilitation Act of 1973 (29 U.S.C. 709(a)(1)) is amended—

(1) by inserting "(A)" after "(1)";

(2) by striking the semicolon and inserting "; and"; and

(3) by adding at the end the following:

"(B) provide technical assistance to the designated State units on developing successful partnerships with employers;".

SEC. 406. CARRYOVER.

Section 19 of the Rehabilitation Act of 1973 (29 U.S.C. 716) is amended—

(1) in subsection (a)(1)—

(A) by striking ", section 509 (except as provided in section 509(b))";

(B) by striking "or (C)"; and

(C) by striking "752(b)" and inserting "753(b)"; and

(2) by adding at the end the following:

"(c) PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS.—

"(1) APPROPRIATED AMOUNTS.—Notwithstanding any other provision of law, any funds appropriated for a fiscal year to carry out a grant program under section 509 (except as provided in section 509(b)), including any funds reallotted under such grant program, that are not obligated and expended by recipients prior to the beginning of the succeeding fiscal year shall remain available for obligation and expenditure by such recipients during such succeeding fiscal year.

"(2) PROGRAM INCOME.—Notwithstanding any other provision of law, any amounts of program income received by recipients under a grant program under section 509 in a fiscal year that are not obligated and expended by recipients prior to the beginning of the succeeding fiscal year, shall remain available until expended.".

Subtitle A—Vocational Rehabilitation Services

SEC. 411. DECLARATION OF POLICY; AUTHORIZATION OF APPROPRIATIONS.

Section 100(b)(1) of the Rehabilitation Act of 1973 (29 U.S.C. 720(b)(1)) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

SEC. 412. STATE PLANS.

Section 101(a) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)) is amended—

(1) in paragraph (6)(B), by striking "to employ and advance in employment" and inserting "to recruit, employ, and advance in employment";

(2) in paragraph (7)(A)(v), by striking subclause (I) and inserting the following:

"(I) a system for the continuing education of rehabilitation profes-

sionals and paraprofessionals within the designated State unit, particularly with respect to rehabilitation technology, including training implemented in coordination with State programs carried out under section 101 of the Assistive Technology Act of 1998 (29 U.S.C. 3011); and";

(3) in paragraph (8)(A), by adding at the end the following:

"(iii) SERVICES IDENTIFIED IN INDIVIDUALIZED WORK PLAN.—For purposes of clause (i), for an individual who receives assistance under the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), comparable benefits and services available under such program only include those benefits and services identified in the individual's individualized work plan developed by an employment network pursuant to such section.";

(4) in paragraph (10)—

(A) in subparagraph (B), by striking "annual reporting on the eligible individuals receiv-

ing the services, on those specific data elements described in section 136(d)(2) of the Workforce Investment Act of 1998" and inserting "annual reporting of information on eligible individuals receiving services that is needed to assess performance on the core indicators of performance described in section 136(b)(2)(A)(i) of the Workforce Investment Act of 1998";

(B) in subparagraph (C), by striking clauses (iii) and (iv) and inserting the following:

"(iii) the number of applicants and eligible recipients, including the number of individuals with significant disabilities, who exited the program carried out under this title and the number of such individuals who achieved employment outcomes after receiving vocational rehabilitation services; and

"(iv) the number of individuals who received vocational rehabilitation services who entered and retained employment and the increases in earnings of such individuals, consistent with State reporting responsibilities pursuant to section 136(b)(2)(A)(i)

of the Workforce Investment Act of 1998.”; and

(C) in subparagraph (E)(ii), by striking “in meeting” and all that follows through the period and inserting “in meeting the standards and indicators established pursuant to section 106.”;

(5) in paragraph (11)—

(A) by striking subparagraph (C) and inserting the following:

“(C) INTERAGENCY COOPERATION WITH OTHER AGENCIES.—The State plan shall include descriptions of interagency cooperation with, and utilization of the services and facilities of, Federal, State, and local agencies and programs, including the State programs carried out under section 101 of the Assistive Technology Act of 1998 (29 U.S.C. 3011), programs carried out by the Under Secretary for Rural Development of the Department of Agriculture, and State use contracting programs, to the extent that such agencies and programs are not carrying out activities through the statewide workforce investment system.”;

(B) by striking subparagraph (D)(ii) and inserting the following:

"(ii) transition planning by personnel of the designated State agency and the State educational agency that will facilitate the development and completion of the individualized education programs under section 614(d) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(d)) and, as appropriate, the development and completion of the individualized plan for employment, in order to achieve post-school employment outcomes of students with disabilities;"; and

(C) by adding at the end the following:

"(G) COORDINATION WITH TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM.—The State plan shall provide that the designated State unit will coordinate activities with any other State agency that administers a Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19)."; and

(6) in paragraph (20)—

(A) by redesignating subparagraph (B) as subparagraph (D);

(B) by inserting after subparagraph (A) the following:

"(B) INFORMATION ON ASSISTANCE FOR BENEFICIARIES OF ASSISTANCE UNDER TITLE II OR XVI OF THE SOCIAL SECURITY ACT.—The State plan shall include an assurance that the designated State agency will make available to individuals entitled to benefits under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.) on the basis of a disability or blindness, information on the availability of—

"(i) medical assistance under the State medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.);

"(ii) benefits under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.);

"(iii) assistance through benefits planning and assistance programs under section 1149 of the Social Security Act (42 U.S.C. 1320b–20) and protection and advocacy

programs under section 1150 of the Social Security Act (42 U.S.C. 1320b–21); and

"(iv) medical assistance under other federally funded programs.

"(C) INFORMATION FOR INDIVIDUALS UNDER THE TICKET TO WORK PROGRAM.—The State plan shall include an assurance that the designated State agency will make available to individuals entitled to benefits under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.) on the basis of a disability or blindness and eligible for assistance under the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), general information regarding the Ticket to Work and Self-Sufficiency Program and specific information on how to contact the program manager of the Ticket to Work and Self-Sufficiency Program to obtain information on approved employment networks."; and

(C) in subparagraph (D)(ii), as redesignated by subparagraph (A)—

(i) in subclause (II), by inserting ", to the maximum extent possible," after "point of contact"; and

(ii) in subclause (III), by striking "or regain" and inserting "regain, or advance in".

SEC. 413. ELIGIBILITY AND INDIVIDUALIZED PLAN FOR EMPLOYMENT.

Section 102 of the Rehabilitation Act of 1973 (29 U.S.C. 722) is amended—

(1) in subsection (b)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking the semicolon at the end and inserting ", including a listing of all the community resources (including resources from consumer organizations), to the maximum extent possible, to assist in the development of such individual's individualized plan for employment to enable the individual to make informed and effective choices in developing the individualized plan for employment;"; and

(ii) in subparagraph (D)—

(I) in clause (i), by striking "and" after the semicolon;

(II) in clause (ii), by striking the period at the end and inserting a semicolon; and

(III) by adding at the end the following:

"(iii) for individuals entitled to benefits under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.) on the basis of a disability or blindness, information on the availability of—

"(I) medical assistance under the State medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.);

"(II) benefits under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.);

"(III) assistance through benefits planning and assistance programs under section 1149 of the Social Security Act (42 U.S.C. 1320b–20) and protection and advocacy programs under section 1150 of the Social Security Act (42 U.S.C. 1320b–21); and

"(IV) medical assistance under other federally funded programs; and

"(iv) for individuals entitled to benefits under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq., 1381 et seq.) on the basis of a disability or blindness and eligible for assistance under the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), information—

"(I) on the options under the Ticket to Work and Self-Sufficiency Program; and

"(II) on how to contact the program manager of the Ticket to Work and Self-Sufficiency Program who has contact information on approved employment networks, the benefits planning and assistance programs in the area, and the protection and advocacy programs in the area.";

(B) in paragraph (2)(E)—

(i) in clause (i)(II), by striking "and" after the semicolon;

(ii) in clause (ii), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(iii) amended, as necessary, to include the post-employment services and service providers that are necessary for the individual to maintain, regain, or advance in employment, consistent with the individual's strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice."; and

(C) in paragraph (3)—

(i) in subparagraph (B)(i)(I), by striking "and personal assistance services" and inserting "mentoring services, and personal assistance services";

(ii) in subparagraph (F)(ii), by striking "and" after the semicolon;

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

(iv) by adding at the end the following:

"(H) for a student with a disability, the description—

"(i) in paragraph (3)(A), may be a description of the student's projected post-school employment outcome; and

"(ii) in paragraph (3)(B), shall include the specific transition services (including, as appropriate, work experience and mentoring activities) needed to achieve the student's employment outcome or projected employment outcome; and

"(I) for an individual who is receiving assistance under the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), a list of services such individual receives from an employment network other than the designated State unit."; and

(2) in subsection (c)(7), by inserting "that take into consideration the informed choice of the individual," after "plan development,".

SEC. 414. VOCATIONAL REHABILITATION SERVICES.

Section 103(a) of the Rehabilitation Act of 1973 (29 U.S.C. 723(a)) is amended—

(1) in paragraph (5), by inserting "literacy services," after "vocational adjustment services,";

(2) in paragraph (17), by striking "and" after the semicolon;

(3) in paragraph (18), by striking the period at the end and inserting "; and"; and

(4) by adding at the end the following:

"(19) mentoring services.".

SEC. 415. STATE REHABILITATION COUNCIL.

Section 105(b) of the Rehabilitation Act of 1973 (29 U.S.C. 725(b)) is amended—

(1) in paragraph (1)(A), by striking clause (ix) and inserting the following:

"(ix) in a State in which 1 or more projects provide services under section 121, not less than 1 representative of the directors of the projects;"; and

(2) by striking paragraph (5) and inserting the following:

"(5) CHAIRPERSON.—The Council shall select a chairperson from among the voting membership of the Council.".

SEC. 416. EVALUATION STANDARDS AND PERFORMANCE INDICATORS.

Section 106(b)(2)(B)(i) of the Rehabilitation Act of 1973 (29 U.S.C. 726(b)(2)(B)(i)) is amended by striking ", if necessary" and all that follows through the semicolon

and inserting "if the State has not improved its performance to acceptable levels, as determined by the Commissioner, direct the State to make further revisions to the plan to improve performance, which may include allocating a higher proportion of the State's resources for services to individuals with disabilities if the State's spending on such services is low in comparison to spending on such services in comparable agencies in other States;".

SEC. 417. STATE ALLOTMENTS.

Section 110 of the Rehabilitation Act of 1973 (29 U.S.C. 730) is amended—

(1) by striking subsection (b) and inserting the following:

"(b) REALLOTMENT.—

"(1) DETERMINATION.—Not later than 45 days prior to the end of the fiscal year, the Commissioner shall determine, after reasonable opportunity for the submission to the Commissioner of comments by the State agency administering or supervising the program established under this title, that any payment of an allotment to a State under section 111(a) for any fiscal year will not be utilized by such State in carrying out the purposes of this title.

"(2) FORMULA.—

"(A) IN GENERAL.—As soon as practicable but not later than the end of the fiscal year, the Commissioner shall reallot the amount available under paragraph (1) to other States, consistent with subparagraphs (B) and (C), for carrying out the purposes of this title to the extent the Commissioner determines such other State will be able to use such additional amount during that fiscal year or the subsequent fiscal year for carrying out such purposes.

"(B) FORMULA.—

"(i) ELIGIBLE STATES.—The Commissioner shall reallot the amount available under paragraph (1) for a fiscal year to each State whose allotment under subsection (a) for such fiscal year is less than such State's allotment under subsection (a) for the immediately preceding fiscal year increased by the percentage change in the funds available for subsection (a) from the immediately preceding fiscal year.

"(ii) AMOUNT.—

"(I) IN GENERAL.—A State that is eligible to receive a reallotment under clause (i) shall receive an

amount for a fiscal year from the amount available for reallotment under paragraph (1) that is equal to the difference between—

"(aa) the amount such State received for such fiscal year; and

"(bb) the amount such State was allotted under subsection (a) for the immediately preceding fiscal year adjusted by the percentage change in the funds available for subsection (a) from the immediately preceding fiscal year.

"(II) INSUFFICIENT FUNDS.—If the amount available for reallotment under paragraph (1) is insufficient to provide each State eligible to receive a reallotment with the amount described in subclause (I), the amount reallotted to each eligible State shall be determined by the Commissioner.

"(C) REMAINING FUNDS.—If there are funds remaining after each State eligible to receive a reallotment under subparagraph (B)(i) receives the amount described in subparagraph (B)(ii),

the Commissioner shall reallot the remaining funds among the States requesting a reallotment.

"(3) NON-FEDERAL SHARE.—The Commissioner shall reallot an amount to a State under this subsection only if the State will be able to make sufficient payments from non-Federal sources to pay for the non-Federal share of the cost of vocational rehabilitation services under the State plan for the fiscal year for which the amount was appropriated.

"(4) INCREASE IN ALLOTMENT.—For the purposes of this part, any amount made available to a State for any fiscal year pursuant to this subsection shall be regarded as an increase of such State's allotment (as determined under the preceding provisions of this section) for such year."; and

(2) by striking subsection (c)(2) and inserting the following:

"(2)(A) In this paragraph:

"(i) The term 'appropriated amount' means the amount appropriated under section 100(b)(1) for allotment under this section.

"(ii) The term 'covered year' means a fiscal year—

"(I) that begins after September 30, 2003; and

"(II) for which the appropriated amount exceeds the total of—

"(aa) the appropriated amount for the preceding fiscal year; and

"(bb) 0.075 percent of the appropriated amount for the preceding fiscal year.

"(B) For each covered year, the sum referred to in paragraph (1) shall be, as determined by the Secretary—

"(i) not less than the total of the sum reserved under this subsection for the preceding fiscal year and 0.1 percent of the appropriated amount for the covered year; and

"(ii) not more than 1.5 percent of the appropriated amount for the covered year.".

SEC. 418. CLIENT ASSISTANCE PROGRAM.

Section 112 of the Rehabilitation Act of 1973 (29 U.S.C. 732) is amended—

(1) in subsection (a), by striking "States" and inserting "agencies designated under subsection (c)";

(2) in subsection (e)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking "The Secretary" and all that follows through the period and inserting the following: "After reserving funds under sub-

paragraphs (E) and (F), the Secretary shall allot the remainder of the sums appropriated for each fiscal year under this section among the agencies designated under subsection (c) within the States on the basis of relative population of each State, except that no such agency shall receive less than $50,000.";

(ii) in subparagraph (B), by inserting "the designated agencies located in" after "each to";

(iii) in subparagraph (D)(i)—

(I) by inserting "the designated agencies located in" after "$100,000 for"; and

(II) by inserting "the designated agencies located in" after "$45,000 for"; and

(iv) by adding at the end the following:

"(E)(i) Beginning on October 1, 2004, for any fiscal year for which the amount appropriated to carry out this section equals or exceeds $13,000,000, the Secretary shall reserve funds appropriated under this section to make grants to the protection and advocacy system serving the American Indian Consortium to provide client assistance

services in accordance with this section. The amount of such grants shall be the same amount as provided to territories under subparagraph (B), as increased under clauses (i) and (ii) of subparagraph (D).

"(ii) In this subparagraph:

"(I) The term 'American Indian Consortium' has the meaning given the term in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (42 U.S.C. 15002).

"(II) The term 'protection and advocacy system' means a protection and advocacy system established under subtitle C of title I of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (42 U.S.C. 15041 et seq.).

"(F) For any fiscal year for which the amount appropriated to carry out this section equals or exceeds $14,000,000, the Secretary shall reserve not less than 1.8 percent and not more than 2.2 percent of such amount to provide training and technical assistance to the programs established under this section. Such training and technical assistance shall be coordinated with activities provided under section 509(c)(1)(A).";

(B) in paragraph (2)—

(i) by striking "State" each place such term appears and inserting "designated agency"; and

(ii) by striking "States" each place such term appears and inserting "designated agencies"; and

(C) in paragraph (3), by striking "Except as specifically prohibited by or as otherwise provided in State law, the Secretary shall pay" and inserting "The Secretary shall pay directly";

(3) in subsection (f), by striking "State" and inserting "agency designated under subsection (c)"; and

(4) in subsection (h), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

SEC. 419. INCENTIVE GRANTS.

Part B of title I of the Rehabilitation Act of 1973 (29 U.S.C. 730 et seq.) is amended by adding at the end the following:

"SEC. 113. INCENTIVE GRANTS.

"(a) AUTHORITY.—The Commissioner is authorized to make incentive grants to States that, based on the criteria established under subsection (b)(1), demonstrate—

"(1) a high level of performance; or

"(2) a significantly improved level of performance as compared to the previous reporting period or periods.

"(b) CRITERIA.—

"(1) ESTABLISHMENT.—Not later than 180 days after the date of enactment of this section, the Commissioner shall establish, and publish in the Federal Register, criteria for making grant awards under subsection (a).

"(2) DEVELOPMENT AND EVALUATION STANDARDS.—The criteria under paragraph (1) shall—

"(A) be developed with input from State vocational rehabilitation agencies and other vocational rehabilitation stakeholders, including vocational rehabilitation consumers and consumer organizations; and

"(B) be based upon the evaluation standards and performance indicators established under section 106 and other performance related measures that the Commissioner determines to be appropriate.

"(c) USE OF FUNDS.—A State that receives a grant under subsection (a) shall use the grant funds for any approved activities in the State's State plan submitted under section 101.

"(d) NO NON-FEDERAL SHARE REQUIREMENT.—The provisions of sections 101(a)(3) and 111(a)(2) shall not apply to this section.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of fiscal years 2004 through 2009.".

SEC. 420. VOCATIONAL REHABILITATION SERVICES GRANTS.

Section 121 of the Rehabilitation Act of 1973 (29 U.S.C. 741) is amended—

(1) in subsection (a), in the first sentence, by inserting ", consistent with such individuals' strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, so that such individuals may prepare for, and engage in, gainful employment" before the period at the end; and

(2) in subsection (b)—

(A) in paragraph (1)—

(i) in subparagraph (B), by striking "and" after the semicolon;

(ii) in subparagraph (C), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(D) contains assurances that—

"(i) all decisions affecting eligibility for vocational rehabilitation services, the nature and scope of available services, and the provision of such services, will be made by a representative of the tribal vocational rehabilitation program; and

"(ii) such decisions will not be delegated to another agency or individual.";

(B) in paragraph (3), by striking the first sentence and inserting the following: "An application approved under this part that complies with the program requirements set forth in the regulations promulgated to carry out this part shall be effective for 5 years and shall be renewed for additional 5-year periods if the Commissioner determines that the grantee demonstrated acceptable past performance and the grantee submits a plan, including a proposed budget, to the Commissioner that the Commissioner approves that identifies future performance criteria, goals, and objectives."; and

(C) by striking paragraph (4) and inserting the following:

"(4) In allocating funds under this part, the Secretary shall give priority to paying the continuation costs of existing projects and may provide for increases in funding for such projects as determined necessary.".

SEC. 421. GAO STUDIES.

(a) STUDY ON TITLE I AND TICKET TO WORK.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study on the interaction of title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) with the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (42 U.S.C. 1320b–19), including the impact of the interaction on beneficiaries, community rehabilitation programs, and State vocational rehabilitation agencies.

(2) CONDUCT OF STUDY.—In conducting the study under paragraph (1), the Comptroller General of the United States shall consult with all participants in the Ticket to Work and Self-Sufficiency Program, including the Social Security Administration, the Rehabilitation Services Administration, ticket-holders, State agencies, community rehabilitation programs (including employment networks and non-employment networks), protection and advocacy agen-

cies, MAXIMUS, and organizations representing the interests of ticketholders.

(3) REPORT TO CONGRESS.—Not later than 18 months after the date of enactment of this title, the Comptroller General of the United States shall submit the study conducted pursuant to this subsection to the appropriate committees of Congress.

(b) STUDY ON THE ALLOTMENT FORMULA.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study on the relationship between the State allotment formula under section 110 of the Rehabilitation Act of 1973 (29 U.S.C. 730) and the ability of States to provide vocational rehabilitation services in accordance with the State's State plan under section 101 of such Act.

(2) CONDUCT OF STUDY.—In conducting the study under paragraph (1), the Comptroller General of the United States shall consult with appropriate entities.

(3) REPORT TO CONGRESS.—Not later than 12 months after the date of enactment of this title, the Comptroller General of the United States shall submit the study conducted pursuant to this subsection to the appropriate committees of Congress.

Subtitle B—Research and Training

SEC. 431. AUTHORIZATION OF APPROPRIATIONS.

Section 201(a) of the Rehabilitation Act of 1973 (29 U.S.C. 761(a)) is amended—

(1) in paragraph (1), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009"; and

(2) in paragraph (2), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

SEC. 432. NATIONAL INSTITUTE ON DISABILITY AND REHABILITATION RESEARCH.

Section 202(f)(1) of the Rehabilitation Act of 1973 (29 U.S.C. 762(f)(1)) is amended by striking "Federal employees" and inserting "Department of Education employees".

SEC. 433. RESEARCH AND OTHER COVERED ACTIVITIES.

Section 204(c)(2) of the Rehabilitation Act of 1973 (29 U.S.C. 764(c)(2)) is amended by striking "$500,000" and inserting "$750,000".

SEC. 434. REHABILITATION RESEARCH ADVISORY COUNCIL.

Section 205(c) of the Rehabilitation Act of 1973 (29 U.S.C. 765(c)) is amended by adding at the end the following: "The Council also shall include a representative from the business community who has experience with the

vocational rehabilitation system and hiring individuals with disabilities.".

Subtitle C—Professional Development and Special Projects and Demonstrations

SEC. 441. TRAINING.

Section 302 of the Rehabilitation Act of 1973 (29 U.S.C. 772) is amended—

(1) in subsection (b)(1)(B)(i), by striking "or prosthetics and orthotics" and inserting "prosthetics and orthotics, rehabilitation for the blind, or orientation and mobility instruction"; and

(2) in subsection (i), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

SEC. 442. DEMONSTRATION AND TRAINING PROGRAMS.

Section 303 of the Rehabilitation Act of 1973 (29 U.S.C. 773) is amended—

(1) in subsection (b)(5)(A)(i), by striking "special projects" and inserting "not less than 2 special projects";

(2) by redesignating subsections (c), (d), and (e) as subsections (e), (f), and (h), respectively;

(3) by inserting after subsection (b) the following:

"(c) DEMONSTRATION PROJECTS FOR EMPLOYMENT OF STUDENTS WITH INTELLECTUAL DISABILITIES OR MENTAL ILLNESS.—

"(1) PURPOSE.—The purpose of this subsection is to support model demonstration projects to provide supported and competitive employment experiences for students with intellectual disabilities or students with mental illness, and training for personnel that work with students described in this paragraph, to enable the students to gain employment skills and experience that will promote effective transitions from school to employment and adult living.

"(2) GRANTS AUTHORIZED.—

"(A) COMPETITIVE GRANTS AUTHORIZED.—The Secretary may award grants, contracts, and cooperative agreements, on a competitive basis, to eligible organizations described in paragraph (3), to enable the organizations to carry out demonstration projects described in paragraph (1).

"(B) DURATION.—The Secretary shall award grants under this subsection for periods of 3 to 5 years.

"(3) ELIGIBLE ORGANIZATIONS.—To be eligible to receive a grant, contract, or cooperative agreement under this subsection, an organization shall—

"(A) have expertise in providing employment and support services for individuals with intellectual disabilities or individuals with mental illness;

"(B) have a proven track record in successfully running supported employment programs;

"(C) provide employment services that are exclusively integrated community-based supported employment services;

"(D) have expertise in creating natural supports for employment;

"(E) have expertise in providing computer training for the targeted population for the project involved; and

"(F) have experience operating mentoring programs for the target population in middle and high schools for at least a decade in diverse communities throughout the Nation.

"(4) APPLICATIONS.—Each organization desiring to receive a grant, contract, or cooperative agreement under this subsection shall submit an application to the Secretary at such time, in such manner,

and including such information as the Secretary may require. Each application shall include—

"(A) a description of how the organization plans to carry out the activities authorized in this subsection through a demonstration project;

"(B) a description of how the organization will evaluate the project;

"(C) a description of how the organization will disseminate information about the activities and the impact of the activities on the lives of students served by the project; and

"(D) a description of how the organization will coordinate activities with any other relevant service providers in the locality where the organization is based, including federally supported independent living centers.

"(5) AUTHORIZED ACTIVITIES.—An organization that receives a grant under this subsection shall use the funds made available through the grant to carry out 1 or more of the following activities for individuals, ages 14 through 21, who are students with intellectual disabilities or students with mental illness:

"(A) PROVIDING SUPPORTED AND COMPETITIVE EMPLOYMENT EXPERIENCES.—The development of innovative and effective supported and

competitive employment experiences after school, on weekends, and in the summer, utilizing natural supports that lead to competitive high-paying jobs.

"(B) PROVIDING TRAINING TO SCHOOL AND TRANSITION PERSONNEL.—The development and deployment of experts to work with transition programs (including personnel working with students on transition) so that personnel from the programs develop skills needed to train students with intellectual disabilities or students with mental illness to be successful in competitive employment in a range of settings, including office settings. The training shall include training for the personnel in providing instruction to students in computer skills, office skills, interview etiquette, and appropriate social behavior required for successful long-term employment in professional environments.

"(6) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $5,000,000 for fiscal year 2004 and such sums as may be necessary for fiscal years 2005 through 2008.

"(d) DEMONSTRATION PROJECT FOR EMPLOYMENT OF INDIVIDUALS WHO ARE DEAF AND LOW FUNCTIONING.—

"(1) PURPOSE.—It is the purpose of this subsection to support a model demonstration project to provide training and support services for individuals who are deaf and low functioning to enable them to gain employment skills that will allow them to become employed and economically self-sufficient.

"(2) DEFINITION.—

"(A) IN GENERAL.—In this subsection, the term 'individual who is deaf and low functioning' means an individual who has been deaf from birth or very early childhood, reads at or below the second grade level, has little or no intelligible speech, and lacks a high school diploma or GED.

"(B) SECONDARY DISABILITIES.—Such term may include an individual with a secondary disability.

"(3) GRANTS AUTHORIZED.—

"(A) COMPETITIVE GRANTS AUTHORIZED.—The Secretary may award grants to State agencies, other public agencies or organizations, or not-for-profit organizations with expertise in providing employment training and support

services for individuals who are deaf and low functioning to support model demonstration projects.

"(B) DURATION.—Grants under this subsection shall be awarded for a period not to exceed 5 years.

"(4) AUTHORIZED ACTIVITIES.—

"(A) DEVELOPING A COMPREHENSIVE TRAINING PROGRAM.—Each grant recipient shall develop an innovative, comprehensive program of instruction for individuals who are deaf and low functioning that can be implemented at multiple training locations through such means as distance learning and use of advanced technology, as appropriate. Such training program shall be developed to maximize the potential for replication of the program by other training providers.

"(B) IMPLEMENTATION.—Each grant recipient shall implement the comprehensive training program developed in subparagraph (A) as soon as feasible. Such training shall provide instruction on the job and the social skills necessary for successful long-term employment of individuals who are deaf and low functioning.

"(C) ESTABLISHING A POST-TRAINING PROGRAM OF EMPLOYMENT AND SUPPORT SERVICES.—Each grant recipient shall implement employment and support services to assist individuals who complete the training program under subparagraph (A) in securing employment and transitioning to the workplace for a period of not less than 90 days subsequent to placement.

"(5) APPLICATIONS.—Each entity desiring to receive a grant under this subsection shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require including—

"(A) a description of how the applicant plans to address the activities authorized under this subsection;

"(B) a description of the evaluation plan to be used in the project;

"(C) a description of how the applicant will disseminate information about the training program developed and the results of the model demonstration project; and

"(D) a description of how the project will coordinate with any other relevant service providers or entities providing employment training

and supports for individuals who are deaf and low functioning.

"(6) MANDATED EVALUATION AND DISSEMINATION ACTIVITIES.—

"(A) ANNUAL REPORT.—Not later than 2 years after the date on which a grant under this subsection is awarded and annually thereafter, each grant recipient shall submit to the Commissioner a report containing—

"(i) the number of individuals who are participating in the demonstration project funded under this subsection;

"(ii) the employment and other skills being taught in the project;

"(iii) the number of individuals participating in the project that are placed in employment;

"(iv) the job sites in which those individuals are placed and the type of jobs they are placed in; and

"(v) the number of individuals who have dropped out of the project and the reasons for their terminating participation in the project.

"(B) EVALUATION OF THE PROJECT.—Each grant recipient shall implement the evaluation plan approved in its application for determining the results of the project within the timeframe specified in, and following the provisions of, its approved application.

"(C) PARTICIPANT EVALUATION PROCESS; FINAL EVALUATION.—In the final year of the project, the grant recipient will produce a final evaluation report of the results of the model demonstration project containing—

"(i) the number of individuals who participated in the training program;

"(ii) a description of the job sites in which those individuals were placed;

"(iii) the number of individuals placed in employment and the type of employment in which they were placed;

"(iv) the number of individuals who did not complete their training and the reasons those individuals dropped out of the project;

"(v) the number of individuals who participated in the training project and who remain employed as of 2 months prior

to the date on which the final report is submitted to the Secretary;

"(vi) a written analysis of the model project, including both the strengths and weaknesses of the project, to assist other entities in replicating the training program developed through this model demonstration project; and

"(vii) such other information as the Secretary determines appropriate.

"(D) DISSEMINATION.—Not later than 5 years after the date on which an award is granted under this subsection, the evaluations and results of activities funded by such grant shall be disseminated to State vocational rehabilitation agencies, school systems providing instruction to students who are deaf, supported employment providers, postsecondary vocational training programs, employers, the Social Security Administration, and other interested parties.

"(7) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection, $5,000,000 for fiscal year 2004 and such sums as may be necessary for each of fiscal years 2005 through 2008.";

(4) by inserting after subsection (f), as redesignated by paragraph (2), the following:

"(g) ACCESS TO TELEWORK.—

"(1) DEFINITION OF TELEWORK.—In this subsection, the term 'telework' means to work from home and other telework sites with the assistance of a computer and with reasonable accommodations, including the necessary equipment to facilitate successful work from home and other telework sites.

"(2) AUTHORIZATION OF PROGRAM.—The Commissioner is authorized to make grants to States and governing bodies of American Indian tribes located on Federal and State reservations (and consortia of such governing bodies) to pay for the Federal share of the cost of establishing or expanding a telework program.

"(3) APPLICATION.—A State that desires to receive a grant under this subsection shall submit an application to the Commissioner at such time, in such manner, and containing such information as the Commissioner may require.

"(4) USE OF FUNDS.—A State that receives a grant under this subsection shall establish or expand a telework program that shall provide loans or other alternative financing mechanisms to individuals with disabilities to enable such individuals to purchase

computers or other equipment, including adaptive equipment, that facilitates work from home and other telework sites so that such individuals are able to telework.

"(5) ANNUAL REPORT.—

"(A) IN GENERAL.—A State that receives a grant under this subsection shall submit an annual report to the Commissioner.

"(B) CONTENTS.—The report under subparagraph (A) shall include the following:

"(i) The characteristics of each individual with a disability that receives a loan or other alternative financing mechanism under the program, including information about the individual such as the following:

"(I) Age.

"(II) Ethnicity.

"(III) Type of disability.

"(IV) Employment status at the time of application for a loan or other alternative financing mechanism under this subsection.

"(V) Whether the individual attempted to secure financial support from other sources to enable the indi-

vidual to telework and, if so, a description of such sources.

"(VI) Whether the individual is working and, if so, whether the individual teleworks, the occupation in which the individual is working, the hourly salary the individual receives, and the hourly salary of the individual prior to receiving a loan or other alternative financing mechanism under the program.

"(VII) Whether the individual has repaid the loan or other alternative financing mechanism received under the program, is in repayment status, is delinquent on repayments, or has defaulted on the loan or other alternative financing mechanism.

"(ii) Any other information that the Commissioner may require.

"(6) FEDERAL SHARE.—The Federal share of the cost of establishing a telework program shall be 10 percent of the cost."; and

(5) in subsection (h), as redesignated by paragraph (2)—

(A) by striking "this section" and inserting "this section (other than subsections (c) and (d))"; and

(B) by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

SEC. 443. MIGRANT AND SEASONAL FARMWORKERS.

Section 304(b) of the Rehabilitation Act of 1973 (29 U.S.C. 774(b)) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

SEC. 444. RECREATIONAL PROGRAMS.

Section 305 of the Rehabilitation Act of 1973 (29 U.S.C. 775) is amended—

(1) in subsection (a)(1)(B), by striking "construction of facilities for aquatic rehabilitation therapy,"; and

(2) in subsection (b), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

Subtitle D—National Council on Disability

SEC. 451. AUTHORIZATION OF APPROPRIATIONS.

Section 405 of the Rehabilitation Act of 1973 (29 U.S.C. 785) is amended by striking "fiscal years 1999

through 2003" and inserting "fiscal years 2004 through 2009".

Subtitle E—Rights and Advocacy

SEC. 461. ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD.

Section 502(j) of the Rehabilitation Act of 1973 (29 U.S.C. 792(j)) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

SEC. 462. PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS.

Section 509 of the Rehabilitation Act of 1973 (29 U.S.C. 794e) is amended—

(1) in subsection (g)(2), by striking "was paid" and inserting "was paid, except that program income generated from the amount paid to an eligible system shall remain available to such system until expended"; and

(2) in subsection (l), by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

Subtitle F—Employment Opportunities for Individuals With Disabilities

SEC. 471. PROJECTS WITH INDUSTRY AUTHORIZATION OF APPROPRIATIONS.

Section 612 of the Rehabilitation Act of 1973 (29 U.S.C. 795a) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

SEC. 472. SERVICES FOR INDIVIDUALS WITH SIGNIFICANT DISABILITIES AUTHORIZATION OF APPROPRIATIONS.

Section 628 of the Rehabilitation Act of 1973 (29 U.S.C. 795n) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

Subtitle G—Independent Living Services and Centers for Independent Living

SEC. 481. STATE PLAN.

Section 704 of the Rehabilitation Act of 1973 (42 U.S.C. 795c) is amended by adding at the end the following:

"(o) PROMOTING FULL ACCESS TO COMMUNITY LIFE.—The plan shall describe how the State will provide independent living services that promote full access to com-

munity life for individuals with significant disabilities. The services shall include, as appropriate, facilitating transitions from nursing homes and other institutions, including institutions serving individuals with cognitive disabilities, to community-based residences, assisting individuals with significant disabilities at risk of entering institutions to remain in the community, and promoting home ownership among individuals with significant disabilities.".

SEC. 482. STATEWIDE INDEPENDENT LIVING COUNCIL.

(a) Section 705(b) of the Rehabilitation Act of 1973 (29 U.S.C. 796d(b)) is amended—

(1) in paragraph (2), by striking subparagraph (C) and inserting the following:

"(C) in a State in which 1 or more projects provide services under section 121, not less than 1 representative of the directors of the projects."; and

(2) by striking paragraph (5) and inserting the following:

"(5) CHAIRPERSON.—The Council shall select a chairperson from among the voting membership of the Council.".

SEC. 483. INDEPENDENT LIVING SERVICES AUTHORIZATION OF APPROPRIATIONS.

Section 714 of the Rehabilitation Act of 1973 (29 U.S.C. 796e–3) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

SEC. 484. PROGRAM AUTHORIZATION.

Section 721 of the Rehabilitation Act of 1973 (42 U.S.C. 796f) is amended—

(1) by striking subsection (c) and inserting the following:

"(c) ALLOTMENTS TO STATES.—

"(1) DEFINITIONS.—In this subsection:

"(A) ADDITIONAL APPROPRIATION.—The term 'additional appropriation' means the amount (if any) by which the appropriation for a fiscal year exceeds the total of—

"(i) the amount reserved under subsection (b) for that fiscal year; and

"(ii) the appropriation for fiscal year 2003.

"(B) APPROPRIATION.—The term 'appropriation' means the amount appropriated to carry out this part.

"(C) BASE APPROPRIATION.—The term 'base appropriation' means the portion of the ap-

propriation for a fiscal year that is equal to the lesser of—

"(i) an amount equal to 100 percent of the appropriation, minus the amount reserved under subsection (b) for that fiscal year; or

"(ii) the appropriation for fiscal year 2003.

"(2) ALLOTMENTS TO STATES FROM BASE APPROPRIATION.—After the reservation required by subsection (b) has been made, the Commissioner shall allot to each State whose State plan has been approved under section 706 an amount that bears the same ratio to the base appropriation as the amount the State received under this subsection for fiscal year 2003 bears to the total amount that all States received under this subsection for fiscal year 2003.

"(3) ALLOTMENTS TO STATES OF ADDITIONAL APPROPRIATION.—From any additional appropriation for each fiscal year, the Commissioner shall allot to each State whose State plan has been approved under section 706 an amount equal to the sum of—

"(A) an amount that bears the same ratio to 50 percent of the additional appropriation as

the population of the State bears to the population of all States; and

"(B) 1/56 of 50 percent of the additional appropriation."; and

(2) by adding at the end the following:

"(e) CARRYOVER AUTHORITY.—Notwithstanding any other provision of law—

"(1) any funds appropriated for a fiscal year to carry out a grant program under section 722 or 723, that are not obligated and expended by recipients prior to the beginning of the succeeding fiscal year shall remain available for obligation and expenditure by such recipients during that succeeding fiscal year and the subsequent fiscal year; and

"(2) any amounts of program income received by recipients under a grant program under section 722 or 723 in a fiscal year that are not obligated and expended by recipients prior to the beginning of the succeeding fiscal year, shall remain available for obligation and expenditure by such recipients during that succeeding fiscal year and the subsequent fiscal year.".

SEC. 485. GRANTS TO CENTERS FOR INDEPENDENT LIVING IN STATES IN WHICH FEDERAL FUNDING EXCEEDS STATE FUNDING.

Section 722(c) of the Rehabilitation Act of 1973 (29 U.S.C. 796f–1(c)) is amended by striking "by September 30, 1997" and inserting "during the preceding year".

SEC. 486. GRANTS TO CENTERS FOR INDEPENDENT LIVING IN STATES IN WHICH STATE FUNDING EQUALS OR EXCEEDS FEDERAL FUNDING.

Section 723(c) of the Rehabilitation Act of 1973 (29 U.S.C. 796f–2(c)) is amended by striking "by September 30, 1997" and inserting "during the preceding year".

SEC. 487. STANDARDS AND ASSURANCES FOR CENTERS FOR INDEPENDENT LIVING.

Section 725(b) of the Rehabilitation Act of 1973 (29 U.S.C. 796f–4(b)) is amended by adding at the end the following:

"(8) PROMOTING FULL ACCESS TO COMMUNITY LIFE.—The center shall provide independent living services that promote full access to community life for individuals with significant disabilities. The services shall include, as appropriate, facilitating transitions from nursing homes and other institutions, including institutions serving individuals with cognitive disabilities, to community-based residences, assisting individuals with significant disabilities at risk of enter-

ing institutions to remain in the community, and promoting home ownership among individuals with significant disabilities.".

SEC. 488. CENTERS FOR INDEPENDENT LIVING AUTHORIZATION OF APPROPRIATIONS.

Section 727 of the Rehabilitation Act of 1973 (29 U.S.C. 796f–6) is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

SEC. 489. INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND.

Chapter 2 of title VII of the Rehabilitation Act of 1973 (29 U.S.C. 796j et seq.) is amended—

(1) by redesignating sections 752 and 753 as sections 753 and 754, respectively; and

(2) by inserting after section 751 the following:

"SEC. 752. TRAINING AND TECHNICAL ASSISTANCE.

"(a) GRANTS; CONTRACTS; OTHER ARRANGEMENTS.—For any fiscal year for which the funds appropriated to carry out this chapter exceed the funds appropriated to carry out this chapter for fiscal year 2003, the Commissioner shall first reserve from such excess, to provide training and technical assistance to designated State agencies for such fiscal year, not less than 1.8 percent, and not more

than 2 percent, of the funds appropriated to carry out this chapter for the fiscal year involved.

"(b) ALLOCATION.—From the funds reserved under subsection (a), the Commissioner shall make grants to, and enter into contracts and other arrangements with, entities that demonstrate expertise in the provision of services to older individuals who are blind to provide training and technical assistance with respect to planning, developing, conducting, administering, and evaluating independent living programs for older individuals who are blind.

"(c) FUNDING PRIORITIES.—The Commissioner shall conduct a survey of designated State agencies that receive grants under section 753 regarding training and technical assistance needs in order to determine funding priorities for grants, contracts, and other arrangements under this section.

"(d) REVIEW.—To be eligible to receive a grant or enter into a contract or other arrangement under this section, an eligible entity shall submit an application to the Commissioner at such time, in such manner, containing a proposal to provide such training and technical assistance, and containing such additional information as the Commissioner may require.

"(e) PROHIBITION ON COMBINED FUNDS.—No funds reserved by the Commissioner under this section may be

combined with funds appropriated under any other Act or part of this Act if the purpose of combining funds is to make a single discretionary grant or a single discretionary payment, unless such funds appropriated under this chapter are separately identified in such grant or payment and are used for the purposes of this chapter.''.

SEC. 490. PROGRAM OF GRANTS.

Section 753 of the Rehabilitation Act of 1973, as redesignated by section 489, is amended—

(1) in subsection (g), by inserting '', or contracts with,'' after ''grants to'';

(2) by striking subsection (h);

(3) by redesignating subsections (i) and (j) as subsections (h) and (i), respectively;

(4) in subsection (b), by striking ''section 753'' and inserting ''section 754'';

(5) in subsection (c)—

(A) in paragraph (1), by striking ''section 753'' and inserting ''section 754''; and

(B) in paragraph (2)—

(i) by striking ''subsection (i)'' and inserting ''subsection (h)''; and

(ii) by striking ''subsection (j)'' and inserting ''subsection (i)'';

(6) in subsection (h), as redesignated by paragraph (3)—

(A) in paragraph (1), by striking "subsection (j)(4)" and inserting "subsection (i)(4)"; and

(B) in paragraph (2)—

(i) in subparagraph (A)(vi), by adding "and" after the semicolon;

(ii) in subparagraph (B)(ii)(III), by striking "; and" and inserting a period; and

(iii) by striking subparagraph (C); and

(7) in subsection (i), as redesignated by paragraph (3)—

(A) by striking paragraph (2) and inserting the following:

"(2) MINIMUM ALLOTMENT.—

"(A) STATES.—In the case of the several States, the District of Columbia, and the Commonwealth of Puerto Rico, the amount referred to in paragraph (1)(A) for a fiscal year is the greater of—

"(i) $350,000;

"(ii) an amount equal to the amount the State, the District of Columbia, or the Commonwealth of Puerto Rico received to carry out this chapter for fiscal year 2003; or

"(iii) an amount equal to ⅓ of 1 percent of the amount appropriated under section 754, and not reserved under section 752, for the fiscal year and available for allotments under subsection (a).

"(B) CERTAIN TERRITORIES.—In the case of Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, the amount referred to in paragraph (1)(A) for a fiscal year is $60,000.";

(B) in paragraph (3)(A), by striking "section 753" and inserting "section 754, and not reserved under section 752,"; and

(C) in paragraph (4)(B)(i), by striking "subsection (i)" and inserting "subsection (h)".

SEC. 491. INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND AUTHORIZATION OF APPROPRIATIONS.

Section 754 of the Rehabilitation Act of 1973, as redesignated by section 489, is amended by striking "fiscal years 1999 through 2003" and inserting "fiscal years 2004 through 2009".

Subtitle H—Miscellaneous

SEC. 495. 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 the Helen Keller National Center 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, at the discretion of the Secretary, take such actions as the Secretary determines to be appropriate to provide for the orderly implementation of titles I and III of this Act. The Secretary of Education

shall, at the discretion of the Secretary, take such actions as the Secretary determines to be appropriate to provide for the orderly implementation of titles II and IV of this Act.

SEC. 502. EFFECTIVE DATE.

Except as otherwise provided in this Act, this Act and the amendments made by this Act shall take effect on the date of enactment of this Act.

Calendar No. 366

108TH CONGRESS
1ST SESSION

S. 1627

[Report No. 108–187]

A BILL

To reauthorize the Workforce Investment Act of 1998, and for other purposes.

NOVEMBER 5, 2003

Reported with an amendment