

104TH CONGRESS
1ST SESSION

H. R. 1617

AN ACT

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

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

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the—

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

5 (2) “CAREERS Act”.

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

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1 **SEC. 3. PURPOSE.**

2 The purpose of this Act is to transform the vast array
3 of Federal workforce development and literacy programs
4 from a collection of fragmented and duplicative categorical
5 programs into a streamlined, comprehensive, coherent,
6 high-quality, cost-effective, market-based, and accountable
7 workforce development and literacy system that is de-
8 signed to meet the education, economic, employment, and
9 training needs of the workforce and the competitiveness
10 needs of employers of the United States, both today and
11 in the future.

12 **SEC. 4. AUTHORIZATION OF APPROPRIATIONS.**

13 (a) IN GENERAL.—There are authorized to be appro-
14 priated—

15 (1) for title II, \$2,324,600,000 for fiscal year
16 1997 and such sums as may be necessary for each
17 of the fiscal years 1998 through 2002 to carry out
18 the programs under such title;

19 (2) for title III, \$2,183,000,000 for fiscal year
20 1997 and such sums as may be necessary for each
21 of the fiscal years 1998 through 2002 to carry out
22 the programs under such title; and

23 (3) for subtitle A of title IV, \$280,000,000 for
24 fiscal year 1997 and such sums as may be necessary

1 for each of the fiscal years 1998 through 2002 to
2 carry out the programs under such subtitle.

3 (b) PROGRAM YEAR.—

4 (1) IN GENERAL.—Beginning in fiscal year
5 1997, and each year thereafter, appropriations for
6 any fiscal year for programs and activities under ti-
7 tles II, III, and IV of this Act shall be available for
8 obligation only on the basis of a program year. The
9 program year shall begin on July 1 in the fiscal year
10 for which the appropriation is made.

11 (2) OBLIGATION.—Funds obligated for any pro-
12 gram year under titles II, III, and IV, may be ex-
13 pended by each recipient during that program year
14 and the two succeeding program years, except that
15 the Secretary shall, in accordance with paragraph
16 (3), reallocate to eligible States the funds allotted to
17 States from funds appropriated for reallocations.

18 (3) AMOUNTS AVAILABLE FOR REALLOT-
19 MENT.—The amount available for reallocation is
20 equal to—

21 (A) the amount by which the unobligated
22 balance of the State allotment at the end of the
23 program year prior to the program year for
24 which the determination under this section is

1 made exceeds 20 percent of such allotment for
2 the prior program year; plus

3 (B) the unexpended balance of the State
4 allotment from any program year prior to the
5 program year in which there is such excess.

6 **SEC. 5. DEFINITIONS.**

7 For purposes of this Act, except as otherwise pro-
8 vided:

9 (1) ADULT.—The term “adult” means an indi-
10 vidual who is 16 years of age, or beyond the age of
11 compulsory school attendance under State law
12 (whichever age is higher), and who is not enrolled or
13 required to be enrolled in secondary school.

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

17 (A) who are not enrolled in secondary
18 school;

19 (B) who lack sufficient mastery of basic
20 educational skills to enable them to function ef-
21 fectively in society or who do not have a certifi-
22 cate of graduation from a school providing sec-
23 ondary education and who have not achieved an
24 equivalent level of education;

1 (C) who are not currently required to be
2 enrolled in school; and

3 (D) whose lack of mastery of basic skills
4 results in an inability to speak, read, or write
5 the English language which constitutes a sub-
6 stantial impairment of their ability to get or re-
7 tain employment commensurate with their real
8 ability, and thus are in need of programs to
9 help eliminate such inability and raise the level
10 of education of such individuals with a view to
11 making them less likely to become dependent on
12 others.

13 (3) AREA VOCATIONAL EDUCATION SCHOOL.—
14 The term “area vocational education school”
15 means—

16 (A) a specialized high school used exclu-
17 sively or principally for the provision of voca-
18 tional education to individuals who are available
19 for study in preparation for entering the labor
20 market;

21 (B) the department of a high school exclu-
22 sively or principally used for providing voca-
23 tional education in not less than 5 different oc-
24 cupational fields to individuals who are avail-

1 able for study in preparation for entering the
2 labor market;

3 (C) a technical institute or vocational
4 school used exclusively or principally for the
5 provision of vocational education to individuals
6 who have completed or left high school and who
7 are available for study in preparation for enter-
8 ing the labor market; or

9 (D) the department or division of a junior
10 college, community college or university operat-
11 ing under the policies of the State board and
12 which provides vocational education in not less
13 than 5 different occupational fields leading to
14 immediate employment but not necessarily lead-
15 ing to a baccalaureate degree, if, in the case of
16 a school, department, or division described in
17 subparagraph (C) or this subparagraph, it ad-
18 mits as regular students both individuals who
19 have completed high school and individuals who
20 have left high school.

21 (4) AT-RISK YOUTH.—The term “at-risk youth”
22 means—

23 (A) an out-of-school, at-risk youth who is
24 an individual age 24 or younger and who is not
25 enrolled in a secondary or postsecondary edu-

1 cation program, has not received a high school
2 diploma or its equivalent and must overcome
3 barriers to employment such as lack of suffi-
4 cient education or vocational skills, economic
5 disadvantages, disability, or limited English
6 proficiency; or

7 (B) an in-school, at-risk youth who is an
8 individual age 24 or younger who is enrolled in
9 an accredited secondary or postsecondary edu-
10 cation program but is at risk of dropping out
11 of school or must overcome barriers to complete
12 an education program, such as economic dis-
13 advantages, disability, or limited English pro-
14 ficiency.

15 (5) COMPREHENSIVE CAREER GUIDANCE AND
16 COUNSELING.—The term “comprehensive career
17 guidance and counseling” means a program—

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

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

4 (C) which is comprehensive in nature.

5 (6) CAREER GRANT.—The term “career grant”
6 means a voucher or a credit issued to a participant
7 under title III of this Act, or title I of the Rehabili-
8 tation Act of 1973, for the purchase of education or
9 training services from certified providers of such
10 services, in accordance with the provisions of this
11 Act, and with guidelines issued by the State.

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

15 (A) empower individuals to make informed
16 career choices;

17 (B) prepare and coordinate comprehensive
18 employment plans, based upon such individual
19 choices, such as service strategies for partici-
20 pants, to ensure access to necessary training
21 and supportive services, using, where feasible,
22 computer-based technologies; and

23 (C) provide job and career counseling dur-
24 ing program participation and after job place-
25 ment.

1 (8) CHIEF ELECTED OFFICIAL.—The term
2 “chief elected official” means the chief elected execu-
3 tive officer of a unit of general local government in
4 a workforce development area.

5 (9) COMMUNITY-BASED ORGANIZATION.—The
6 term “community-based organization” means a pri-
7 vate nonprofit organization that is representative of
8 a community or significant segments of a community
9 that provides or facilitates education, vocational re-
10 habilitation, job training, supportive services, or in-
11 ternship services and programs.

12 (10) DEMOGRAPHIC CHARACTERISTICS.—The
13 term “demographic characteristics” means informa-
14 tion on population, especially with reference to size,
15 density, distribution, and vital statistics including,
16 age, race, sex, ethnic origin, and income status.

17 (11) DISLOCATED WORKER.—The term “dis-
18 located worker” means an individual who—

19 (A) has been terminated or laid off or who
20 has received a notice of termination or layoff
21 from employment, is eligible for or has ex-
22 hausted entitlement to unemployment com-
23 pensation, and is unlikely to return to a pre-
24 vious industry or occupation;

1 (B) has been terminated, or has received a
2 notice of termination of employment, as a result
3 of any permanent closure of, or any substantial
4 layoff at, a plant, facility, or enterprise;

5 (C) has been unemployed long-term and
6 has limited opportunities for employment or re-
7 employment in the same or a similar occupation
8 in the area in which such individual resides, in-
9 cluding an older individual who may have sub-
10 stantial barriers to employment by reason of
11 age; or

12 (D) was self-employed (including farmers
13 and ranchers) but is unemployed as a result of
14 general economic conditions in the community
15 in which they reside or because of natural dis-
16 asters.

17 (12) DISPLACED HOMEMAKER.—The term “dis-
18 placed homemaker” means an individual who—

19 (A) is an adult; and

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

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

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

11 (13) EARNINGS.—The term “earnings” means
12 gross hourly wages before any deduction, plus the
13 estimated hourly value of bonuses, tips, gratuities,
14 commissions, and overtime pay either expected or re-
15 ceived. In the case of individuals in subsidized em-
16 ployment, total hourly earnings include any wage
17 subsidy paid to the individual.

18 (14) ECONOMIC DEVELOPMENT AGENCIES.—
19 The term “economic development agencies” means
20 State and local planning and zoning commissions or
21 boards, community development agencies, and other
22 State and local agencies and institutions responsible
23 for regulating, promoting, or assisting in State and
24 local economic development.

1 (15) ECONOMICALLY DISADVANTAGED.—The
2 term “economically disadvantaged” means an indi-
3 vidual who—

4 (A) receives, or is a member of a family
5 which receives, cash welfare payments under a
6 Federal, State, or local welfare program;

7 (B) has, or is a member of a family which
8 has, received a total family income for the 6-
9 month period prior to application for the pro-
10 gram involved (exclusive of unemployment com-
11 pensation, child support payments, and welfare
12 payments) which, in relation to family size, was
13 not in excess of the higher of—

14 (i) the official poverty line (as defined
15 by the Office of Management and Budget,
16 and revised annually in accordance with
17 section 673(2) of the Omnibus Budget
18 Reconciliation Act of 1981 (42 U.S.C.
19 9902(2)), or

20 (ii) 70 percent of the lower living
21 standard income level;

22 (C) is receiving (or has been determined
23 within the 6-month period prior to the applica-
24 tion for the program involved to be eligible to

1 receive) food stamps pursuant to the Food
2 Stamp Act of 1977;

3 (D) qualifies as a homeless individual
4 under subsections (a) and (c) of section 103 of
5 the Stewart B. McKinney Homeless Assistance
6 Act;

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

9 (F) in cases permitted by regulations of
10 the Secretary, is an individual with a disability
11 whose own income meets the requirements of
12 subparagraph (A) or (B), but who is a member
13 of a family whose income does not meet such
14 requirements; or

15 (G) is an individual meeting appropriate
16 criteria approved by a State.

17 (16) EDUCATIONAL SERVICE AGENCY.—The
18 term “educational service agency” means a regional
19 public multiservice agency authorized by State stat-
20 ute to develop, manage, and provide services or pro-
21 grams to local educational agencies, and is recog-
22 nized as an administrative agency for such State’s
23 vocational or technical education schools or for voca-
24 tional programs within its public elementary or sec-
25 ondary schools. Such term includes any other public

1 institution or agency having administrative control
2 and direction over a public elementary or secondary
3 school.

4 (17) EMPLOYED.—The term “employed” means
5 an individual who is currently—

6 (A) a paid employee;

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

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

16 (D) on active military duty.

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

22 (19) EXCESS NUMBER.—The term “excess
23 number” means, with respect to the excess number
24 of unemployed individuals within a State, the num-
25 ber that represents the number of unemployed indi-

1 viduals in excess of 4.5 percent of the civilian labor
2 force in the State, or the number that represents the
3 number of unemployed individuals in excess of 4.5
4 percent of the civilian labor force in areas of sub-
5 stantial unemployment in such State.

6 (20) FAMILY AND CONSUMER SCIENCES.—The
7 term “family and consumer sciences” means instruc-
8 tional programs, services, and activities which pre-
9 pare students for personal, family, community, and
10 career roles.

11 (21) GOVERNOR.—The term “Governor” means
12 the chief executive of a State.

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

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

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

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

1 (24) INSTITUTION OF HIGHER EDUCATION.—

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

5 (25) JOB SEARCH ASSISTANCE.—The term “job

6 search assistance” means a service that helps a job-
7 ready individual seek, locate, apply for, and obtain
8 employment. Such services may include, job-finding
9 skills, orientation to the labor market, resume prepa-
10 ration assistance, job finding clubs, job search work-
11 shops, vocational exploration, and other employ-
12 ability services.

13 (26) LABOR MARKET AREA.—The term “labor

14 market area” means an economically integrated geo-
15 graphic area within which individuals can reside and
16 find employment within a reasonable distance or can
17 readily change employment without changing their
18 place of residence. Such areas shall be identified in
19 accordance with criteria used by the Bureau of
20 Labor Statistics of the Department of Labor in de-
21 fining such areas or similar criteria established by a
22 Governor.

23 (27) LIBRARY.—The term “library” includes—

24 (A) a public library;

1 (B) a public elementary or secondary
2 school library;

3 (C) an academic library;

4 (D) a research library; and

5 (E) a private library, but only if the State
6 in which such private library is located deter-
7 mines that the library should be considered a li-
8 brary for purposes of this Act.

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

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

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

16 (C) to develop the individual’s knowledge
17 potential.

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

22 (30) MIGRANT FARMWORKER.—The term “mi-
23 grant farmworker” means a seasonal farmworker
24 whose farm work requires travel such that the work-

1 er is unable to return to a permanent place of resi-
2 dence within the same day.

3 (31) NATIVE AMERICAN.—The term “native
4 American” means Indians, Alaskan natives, and Ha-
5 waiian natives.

6 (32) NONTRADITIONAL EMPLOYMENT.—The
7 term “nontraditional employment” as applied to
8 women refers to occupations or fields of work where
9 women comprise less than 25 percent of the individ-
10 uals employed in such occupation or field of work.

11 (33) ON-THE-JOB TRAINING.—The term “on-
12 the-job training” means training in the public or pri-
13 vate sector that is provided to a paid employee while
14 engaged in productive work that—

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

17 (B) provides reimbursement to employers,
18 up to 50 percent of the participant’s wage rate,
19 for the extraordinary costs of providing training
20 and additional supervision; and

21 (C) is based on the Occupational Employ-
22 ment Statistics Program Dictionary.

23 (34) POSTSECONDARY EDUCATIONAL INSTITU-
24 TION.—The term “postsecondary educational institu-
25 tion” means an institution of higher education (as

1 such term is defined in section 481 of the Higher
2 Education Act of 1965) which continues to meet the
3 eligibility and certification requirements under title
4 IV of such Act (20 U.S.C. 1070 et seq.).

5 (35) PREEMPLOYMENT SKILLS TRAINING; JOB
6 READINESS SKILLS TRAINING.—The terms
7 “preemployment skills training” and “job readiness
8 skills training” mean training that builds on family
9 efforts to help prepare individuals for work by assur-
10 ing that they are familiar with general workplace ex-
11 pectations and exhibit work behavior and attitudes
12 necessary to compete successfully in the job market.

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

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

1 (A) provide information on, and facilitate
2 access to, available public programs and serv-
3 ices for workers losing jobs as a result of such
4 layoff or closure;

5 (B) provide emergency assistance adapted
6 to the particular closure or layoff;

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

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

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

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

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

1 proved by the Bureau of Apprenticeship and Train-
2 ing as the appropriate body for State registration or
3 approval of local apprenticeship programs and agree-
4 ments.

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

10 (40) SEASONAL FARMWORKER.—The term
11 “seasonal farmworker” means a person who during
12 the eligibility determination period (12 consecutive
13 months out of 24 months prior to application) has
14 been primarily employed in farm work that is char-
15 acterized by chronic unemployment or under employ-
16 ment.

17 (41) SKILL CERTIFICATE.—The term “skill cer-
18 tificate” means a portable, industry-recognized cre-
19 dential achieved through programs authorized under
20 this Act, that certifies that an individual has mas-
21 tered occupational skills at levels that are at least as
22 challenging as skill standards endorsed by the Na-
23 tional Skill Standards Board, except that until such
24 skill standards are developed, the term “skill certifi-
25 cate” means a credential issued under a process en-

1 dorsed by the State, based upon established industry
2 standards and benchmarks.

3 (42) STATE.—The term “State” means any of
4 the several States, the District of Columbia, the
5 Commonwealth of Puerto Rico, the Virgin Islands,
6 American Samoa, Guam, and the Commonwealth of
7 the Northern Mariana Islands.

8 (43) STATE EDUCATIONAL AGENCY.—The term
9 “State educational agency” has the meaning given
10 such term in section 14101 of the Elementary and
11 Secondary Education Act of 1965.

12 (44) STATE LIBRARY ADMINISTRATIVE AGEN-
13 CY.—The term “State library administrative agen-
14 cy” means the official agency of a State charged by
15 the law of the State with the extension and develop-
16 ment of public library services throughout the State.

17 (45) SUPPORTIVE SERVICES.—The term “sup-
18 portive services” means services which are necessary
19 to enable an individual eligible for training under
20 this Act, but who cannot afford to pay for such serv-
21 ices, to participate in a training or vocational reha-
22 bilitation program or job search activities funded
23 under this Act. Such supportive services may include
24 transportation, individual and family counseling,
25 child care and dependent care, meals, temporary

1 shelter, financial counseling, needs-based payments,
2 and other reasonable expenses required for partici-
3 pation in a training, job preparation, or job place-
4 ment program. Such services may be provided in-
5 kind or through cash assistance, except that such
6 services will be provided with funds provided under
7 this Act only after alternative funding sources spe-
8 cifically designated for such services have been ex-
9 hausted.

10 (46) UNEMPLOYED.—The term “unemployed”
11 refers to an individual who is not employed, who is
12 available for work, and who has made specific efforts
13 to find a job within the prior 4 weeks. Included as
14 unemployed are individuals who are not working, are
15 available for work, and are waiting to be called back
16 to a job from which they have been laid off.

17 (47) UNIT OF GENERAL LOCAL GOVERN-
18 MENT.—The term “unit of general local govern-
19 ment” means any general purpose political subdivi-
20 sion of a State which has the power to levy taxes
21 and spend funds, as well as general corporate and
22 police powers.

23 (48) VETERAN.—The term “veteran” has the
24 meaning given such term in section 101(2) of title
25 38, United States Code.

1 (49) WORK EXPERIENCE.—The term “work ex-
2 perience” means a time-limited work activity that
3 provides an individual with the opportunity to ac-
4 quire the general skills and knowledge necessary to
5 obtain employment.

6 (50) WORKPLACE MENTOR.—The term “work-
7 place mentor” means an employee or other individ-
8 ual, approved by the employer at a workplace, who
9 possesses the skills and knowledge to be mastered by
10 a student or program participant, and who instructs,
11 critiques the performance, and challenges the stu-
12 dent or program participant to perform well, and
13 works in consultation with classroom teachers, train-
14 ing providers, parents, and the employer of the stu-
15 dent or program participant.

16 (51) YOUTH.—The term “youth” means an in-
17 dividual under the age of 24.

18 **SEC. 6. TRANSITION.**

19 The Secretary of Education and the Secretary of
20 Labor shall take such steps as they determine to be appro-
21 priate to provide for the orderly transition from any au-
22 thority under provisions of statutes amended or repealed
23 by this Act or any related authority under provisions of
24 this Act.

1 **TITLE I—WORKFORCE DEVELOP-**
2 **MENT INFRASTRUCTURE**

3 **SEC. 101. PURPOSE OF TITLE.**

4 The purpose of this title is to provide for the estab-
5 lishment of an infrastructure within States on which to
6 build a comprehensive system of workforce development
7 and literacy.

8 **Subtitle A—State and Local**
9 **Responsibilities**

10 **SEC. 102. STATE REQUIREMENTS.**

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

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

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

19 (3) otherwise comply with the requirements of
20 this Act.

21 (b) WORKFORCE DEVELOPMENT AND LITERACY
22 PROGRAMS.—

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

1 (A) The program under title II, the Youth
2 Development and Career Preparation Consoli-
3 dation Grant.

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

6 (C) The program under subtitle A of title
7 IV, the Adult Education and Family Literacy
8 Consolidation Grant.

9 (D) The program amended by subtitle A of
10 title V (relating to title I of the Rehabilitation
11 Act of 1973).

12 (2) DEFINITION.—For purposes of this Act, the
13 term “Workforce Development and Literacy pro-
14 grams” means the programs specified in paragraph
15 (1).

16 **SEC. 103. COLLABORATIVE PROCESS REGARDING STATE**
17 **SYSTEM.**

18 (a) IN GENERAL.—The Governor of a State that de-
19 sires to receive a grant under one or more of the programs
20 specified in section 102(b) shall certify to the Secretary
21 of Education and the Secretary of Labor that a collabo-
22 rative process, as described in subsection (b) or (c), has
23 been used in complying with the applicable provisions of
24 this Act.

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

5 (1) representatives of (which representatives are
6 appointed by the Governor)—

7 (A) business and industry;

8 (B) local chief elected officials (represent-
9 ing both cities and counties);

10 (C) local educational agencies (including
11 vocational educators);

12 (D) postsecondary institutions (including
13 community and technical colleges);

14 (E) the State rehabilitation advisory coun-
15 cil;

16 (F) organizations representing individuals
17 served by programs established under this Act
18 (including community-based organizations);

19 (G) employees;

20 (H) parents; and

21 (I) providers of workforce development
22 services (including private-for-profit sector pro-
23 viders);

24 (2) the lead State agency and entity official or
25 officials for—

1 (A) the State educational agency or agen-
2 cies (including the lead official or officials for
3 vocational education, adult education and lit-
4 eracy, and libraries);

5 (B) the State agency responsible for eco-
6 nomic development;

7 (C) the State agency or agencies respon-
8 sible for employment security and for job train-
9 ing;

10 (D) the State agency responsible for post-
11 secondary education;

12 (E) the State agency responsible for voca-
13 tional rehabilitation, and where applicable, the
14 State agency providing vocational rehabilitation
15 services for the blind;

16 (F) the State agency responsible for ad-
17 ministering welfare benefits;

18 (G) the representative of the Veterans'
19 Service assigned to the State under section
20 4103 of title 38, United States Code; and

21 (H) the State entity responsible for setting
22 education policies, consistent with State law, on
23 the date preceding the date of the enactment of
24 this Act; and

25 (3) representatives of the State legislature.

1 (c) RULE OF CONSTRUCTION.—With respect to com-
2 pliance with subsection (b)—

3 (1) a State may use any existing State process
4 (including any council or similar entity) that sub-
5 stantially meets the purposes of such subsection; or

6 (2) if prior to the date of enactment of this Act,
7 a State has developed a one-stop career center sys-
8 tem or a school-to-work system through a collabo-
9 rative process substantially similar to the process de-
10 scribed in subsection (b), the State may use such
11 process.

12 (d) AUTHORITY OF GOVERNOR.—

13 (1) FINAL AUTHORITY.—If, after a reasonable
14 effort, a Governor is unable to obtain agreement
15 through the collaborative process described in sub-
16 section (b) or (c), the Governor shall have final au-
17 thority to make decisions and to submit the State
18 plan as described under section 104.

19 (2) EXCEPTION.—Nothing in this Act shall be
20 construed to negate or supersede the legal authority,
21 under State law of any State agency, State entity,
22 or State public official over programs that are under
23 the jurisdiction of the agency, entity, or official.
24 Nothing in this Act shall be construed to interfere

1 with the authority of such agency, entity, or official
2 to enter into a contract under any provision of law.

3 (3) DISAGREEMENT.—The Governor shall ac-
4 cept and include with the State plan submitted
5 under section 104, any disagreeing views submitted
6 by a participant of the collaborative process if such
7 views represent disagreement in the area in which
8 such participant was selected for representation.

9 **SEC. 104. CONSOLIDATED STATE WORKFORCE DEVELOP-**
10 **MENT AND LITERACY PLAN.**

11 (a) IN GENERAL.—The Governor of a State that de-
12 sires to receive a grant under one or more of the programs
13 specified in section 102(b) shall submit a strategic State
14 workforce development and literacy plan that provides pol-
15 icy guidance with respect to workforce development pro-
16 grams operated in the State, and that meets the require-
17 ments of this section to the Secretary of Education and
18 the Secretary of Labor.

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

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

23 (2) A statement of the goals of the State
24 workforce development and literacy system, that in-
25 cludes—

1 (A) a description of how the State will
2 progress toward achieving the goals and pur-
3 pose of this Act as established in sections
4 3(a)(5) and 3(b);

5 (B) an assessment of the needs of the
6 State with regard to current and projected de-
7 mands for workers by occupation, the skills and
8 education levels of the workforce, the vocational
9 rehabilitation needs of individuals with severe
10 disabilities residing in the State, the skill and
11 economic development needs of the State, and
12 an assessment of the type and availability of
13 youth development and career preparation,
14 workforce development, adult education, voca-
15 tional rehabilitation, and literacy programs and
16 services in the State; and

17 (C) the identification of progress indica-
18 tors, based on the core indicators of perform-
19 ance described in section 110(f), built upon a
20 model of continuous improvement, that the
21 State will use to measure progress made by the
22 State, local workforce development boards, and
23 other applicable local entities who are recipients
24 of financial assistance under this Act in meet-
25 ing such goals;

1 (3) A description of how the State has com-
2 plied, or will comply, with the provisions of sections
3 105 through 108.

4 (4) A description of how a State will participate
5 in the national labor market information system
6 under title II of the Wagner-Peyser Act, as added by
7 section 132 of this Act.

8 (5) Any information required to be included in
9 the plan under any of titles II through IV, and title
10 I of the Rehabilitation Act of 1973 (in the case of
11 a State that desires to receive a grant under any
12 such title).

13 (6) A description of the measures that will be
14 taken by the State to ensure coordination and con-
15 sistency and avoid duplication among programs re-
16 ceiving assistance under this Act, including a de-
17 scription of common data collection and reporting
18 processes.

19 (7) A description of the process used by the
20 State to provide an opportunity for public comment,
21 and input into the development of the plan, prior to
22 submission of the plan.

23 (8) A description of the process used by the
24 State to consult with representatives of business and
25 industry with respect to the requirements of sub-

1 paragraphs (A), (B), and (C) of paragraph (2) of
2 this subsection.

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

8 (10) A description of the sanctions which the
9 State may impose (including restrictions from future
10 participation or consideration for funding) in in-
11 stances where recipients of funds under this Act fail
12 to achieve agreed upon expected performance levels,
13 fail to adhere to State mandated fiscal control and
14 funds accounting procedures, or take or fail to take
15 other actions required under the State plan, con-
16 tracts, or other agreements.

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

1 **SEC. 105. ESTABLISHMENT OF WORKFORCE DEVELOPMENT**
2 **AREAS.**

3 The Governor of a State that desires to receive a
4 grant under one or more of the programs specified in sec-
5 tion 102(b) shall, through the collaborative process estab-
6 lished under section 103 and after consultation with local
7 chief elected officials, and after consideration of comments
8 received through the public participation process as de-
9 scribed in the State plan, designate local workforce devel-
10 opment areas within the State taking into consideration
11 the following:

12 (1) Existing labor market areas.

13 (2) Units of general local government.

14 (3) Geographic areas served by local edu-
15 cational agencies and intermediate educational agen-
16 cies.

17 (4) Geographic areas served by postsecondary
18 institutions and area vocational education schools.

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

23 (6) The distance that individuals will need to
24 travel to receive services from integrated career cen-
25 ters.

1 **SEC. 106. PROVISIONS REGARDING LOCAL WORKFORCE DE-**
2 **VELOPMENT BOARDS.**

3 (a) IN GENERAL.—The Governor of a State that de-
4 sires to receive a grant under one or more of the programs
5 specified in section 102(b) shall ensure the establishment
6 of a local workforce development board in each local
7 workforce development area within the State.

8 (b) STATE CRITERIA.—The Governor, through the
9 collaborative process described under section 103, is au-
10 thorized to establish criteria for use by local chief elected
11 officials in the workforce development area, in the selec-
12 tion of members of local workforce development boards,
13 in accordance with requirements prescribed under sub-
14 sections (c) and (d).

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

18 (1) a majority of members who are representa-
19 tives of business and industry, including individuals
20 who are owners of businesses, chief executives or
21 chief operating officers of private business, and
22 other business executives with optimum policy-
23 making authority in local businesses, selected from
24 among nominees submitted by local business organi-
25 zations and trade associations;

1 (2) an individual or individuals with disabilities,
2 who have special knowledge or expertise in the area
3 of vocational rehabilitation;

4 (3) representatives of education and training,
5 including academic and vocational administrators,
6 members of local school boards, principals, teachers,
7 postsecondary and other adult education administra-
8 tors and instructors, including community colleges,
9 local educational agencies, postsecondary education
10 institutions, and providers of job training and
11 workforce development services, selected from among
12 individuals nominated by regional or local edu-
13 cational agencies, vocational education institutions,
14 institutions of postsecondary education (including
15 community colleges), providers of job training and
16 workforce development services (including private-
17 for-profit providers), within the workforce develop-
18 ment area; and

19 (4) representatives of community-based organi-
20 zations, employees, and veterans as nominated or
21 recommended to the board through a process estab-
22 lished by the Governors through the collaborative
23 process.

24 (d) ESTABLISHMENT OF BOARD.—

25 (1) SELECTION OF BOARD MEMBERS.—

1 (A) SINGLE UNIT OF LOCAL GOVERNMENT
2 IN AREA.—In the case of a workforce develop-
3 ment area that is comprised of only one unit of
4 general local government, the chief elected offi-
5 cial of such unit is authorized to select the
6 members of the local workforce development
7 board for such area, in accordance with the
8 State criteria developed pursuant to subsection
9 (b).

10 (B) MULTIPLE UNITS IN AREA.—In the
11 case of a workforce development area that is
12 comprised of more than one unit of general
13 local government, the chief elected officials of
14 such units are authorized to select the members
15 of the local workforce development board from
16 the individuals so nominated or recommended
17 for such area in accordance with an agreement
18 entered into by such officials and with the State
19 criteria developed under subsection (b). In the
20 absence of such an agreement, the appoint-
21 ments are authorized to be made by the Gov-
22 ernor, through the collaborative process, from
23 the individuals so nominated or recommended.

1 (2) CERTIFICATION.—The Governor is author-
2 ized to biennially certify one local workforce develop-
3 ment board for each workforce development area.

4 (3) EXCEPTION.—In any case in which a local
5 workforce development area is a State, the individ-
6 uals comprising the Governor’s collaborative process
7 as described in section 103, may be reconstituted to
8 meet the requirements of this section.

9 (e) DUTIES OF LOCAL WORKFORCE DEVELOPMENT
10 BOARD.—

11 (1) LOCAL WORKFORCE DEVELOPMENT
12 PLAN.—Each local workforce development board
13 shall develop a biennial strategic plan and provide
14 policy guidance with respect to workforce develop-
15 ment programs operated within their respective
16 workforce development areas. Such strategic plan
17 shall be consistent with the State’s collaborative
18 workforce development and literacy plan, be ap-
19 proved by the appropriate chief elected official or of-
20 ficials, and be submitted to the Governor for ap-
21 proval. If after a reasonable effort, a local workforce
22 development board is unable to obtain the approval
23 of the chief elected official or officials, the Board has
24 the authority to forward the plan, with the com-
25 ments of the chief elected official or officials, to the

1 Governor for final approval or disapproval. Such
2 local plan shall include the following:

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

11 (B) A description of the performance
12 measures to be used by the local workforce de-
13 velopment board for measuring the performance
14 of local service providers under chapter 2 of
15 title II, title III, and title I of the Rehabilita-
16 tion Act of 1973, and the performance of inte-
17 grated career center system operators, with
18 whom the Board contracts.

19 (C) A description of the local integrated
20 career center system to be established in the
21 workforce development area, including—

22 (i) a description of the process the
23 local workforce development board will use
24 to designate or establish a career center
25 system which ensures that the most effec-

1 tive and efficient service providers are cho-
2 sen;

3 (ii) an identification of the roles of in-
4 dividual workforce development programs
5 and programs authorized by the Wagner-
6 Peyser Act; and

7 (iii) a description of the funding
8 sources to be used in the operation of the
9 career center system.

10 (D) A description of strategies the local
11 workforce development board will undertake to
12 fully involve local employers, local educational
13 agencies, postsecondary education institutions,
14 adult education and literacy providers, local
15 service providers, parents and other consumers,
16 including individuals with disabilities, and older
17 workers in the development of the workforce de-
18 velopment system.

19 (E) Such other information as requested
20 by the State.

21 (2) IDENTIFICATION OF OCCUPATIONS IN DE-
22 MAND AND TRAINING NEEDS.—The local workforce
23 development board shall use available labor market
24 information and other appropriate methods in order

1 to identify and assess the needs of the workforce de-
2 velopment area.

3 (3) BUDGET AND PROGRAM OVERSIGHT.—

4 (A) BUDGETING.—

5 (i) The local workforce development
6 board, working through the State adminis-
7 trative agent, shall develop a budget for
8 the purpose of carrying out local programs
9 established under chapter 2 of title II, title
10 III, and title I of the Rehabilitation Act of
11 1973, and for integrated career center sys-
12 tems established or designated under sec-
13 tion 107 with the exception of funds made
14 available under the Wagner-Peyser Act.

15 (ii) Such budget shall be subject to
16 the approval of the appropriate chief elect-
17 ed official or officials in the workforce de-
18 velopment area.

19 (B) PROGRAM OVERSIGHT.—The local
20 workforce development board, in partnership
21 with the chief elected official or officials in the
22 workforce development area, shall conduct over-
23 sight of the workforce development programs
24 listed in subparagraph (A), and of the inte-

1 grated career center system established under
2 this title.

3 (4) ADMINISTRATION.—

4 (A) FISCAL AGENT.—

5 (i) The local workforce development
6 board may receive and disburse funds
7 made available for carrying out programs
8 authorized under chapter 2 of title II, title
9 III, and title I of the Rehabilitation Act of
10 1973 of this Act, or the local workforce de-
11 velopment board may designate a fiscal
12 agent (which may include the State
13 through a mutual agreement between the
14 local board and the State), for the purpose
15 of disbursement of funds to career centers
16 and other service providers, as designated
17 by the local workforce development board.

18 (ii) The Board may employ its own
19 staff, independent of local programs and
20 service providers, and may solicit or accept
21 grants and contributions from sources
22 other than from this Act.

23 (B) LIMITATION.—The workforce develop-
24 ment board, or employees of such board, may
25 not operate programs established under this

1 Act. The Governor is authorized to prohibit the
2 employees of agencies providing staff support to
3 such local workforce development boards from
4 providing workforce development services to in-
5 dividuals served through the use of funds au-
6 thorized under this Act, and under title I of the
7 Rehabilitation Act of 1973.

8 (C) CONFLICT OF INTEREST.—A member
9 of a workforce development board may not—

10 (i) discuss or participate in board con-
11 sideration; or

12 (ii) cast a vote;

13 regarding the provision of services by such
14 member (or by an organization that such mem-
15 ber represents) or regarding any matter that
16 would provide direct financial benefit to such
17 member. The Governor may enforce more rigor-
18 ous conflict of interest standards, as determined
19 appropriate.

20 (D) INDEPENDENT AUTHORITY.—

21 (i) The Board shall elect its own
22 chairperson from among the members of
23 the board.

24 (ii) The board may adopt bylaws and
25 other operating procedures as consistent

1 with the purposes of this Act, and with the
2 policies established in the State workforce
3 development and literacy plan.

4 (5) OTHER.—The Governor may require local
5 workforce development boards to carry out such
6 other duties as determined to be appropriate by the
7 Governor and the individuals and entities described
8 in section 103, through the collaborative process de-
9 scribed in the State plan.

10 **SEC. 107. ESTABLISHMENT OF INTEGRATED CAREER CEN-**
11 **TER SYSTEMS.**

12 (a) IN GENERAL.—The Governor of a State that de-
13 sires to receive a grant under one or more of the programs
14 specified in section 102(b) shall ensure that each local
15 workforce development board establish or designate an in-
16 tegrated career center system in the workforce develop-
17 ment area of such board, consistent with criteria estab-
18 lished under subsection (b).

19 (b) STATE CRITERIA.—The Governor, through the
20 collaborative process described under section 103, is au-
21 thorized to establish statewide criteria for use by local
22 workforce development boards in the designation or estab-
23 lishment of integrated career center systems to ensure
24 that the most effective and efficient service providers are

1 chosen, consistent with the requirements prescribed under
2 subsection (c).

3 (c) INTEGRATED CAREER CENTER SYSTEM RE-
4 QUIREMENTS.—At a minimum, integrated career center
5 systems shall include—

6 (1) common intake;

7 (2) preliminary assessment;

8 (3) integrated job search assistance;

9 (4) to the extent practicable, as determined by
10 the Governor, unified and linked computer systems,
11 including the availability of labor market informa-
12 tion as described under title II of the Wagner-Peyser
13 Act, as added by section 132 of this Act, and link-
14 ages through uniform management information sys-
15 tems; and

16 (5) to the extent practicable, as determined by
17 the Governor, at least one physical, co-located site
18 which provides comprehensive and fully integrated
19 workforce development services to any individual
20 seeking such services.

21 Local workforce development areas are encouraged to es-
22 tablish a network of comprehensive and fully-integrated
23 co-located career centers to provide the services described
24 in subsection (f), supplemented with multiple affiliated
25 sites or satellites that provide one or more of such services

1 and are linked through electronic and technological access
2 points. Such affiliated sites may include entities des-
3 igned as having a specialization in addressing special
4 needs, such as the needs of individuals with disabilities.

5 (d) COMMON ACCESS.—Information pertaining to the
6 labor market which is compiled pursuant to title II of the
7 Wagner-Peyser Act, as added by section 132 of this Act,
8 shall be available, to the extent practicable, through inte-
9 grated electronic networks, at all integrated career centers
10 and affiliated sites.

11 (e) ELIGIBILITY FOR DESIGNATION.—Any entity or
12 consortium of entities located in the workforce develop-
13 ment area may be designated by the local workforce devel-
14 opment board to operate an integrated career center or
15 to participate in an integrated career center system. Such
16 entities may include the following:

17 (1) Institutions of higher education.

18 (2) Area vocational education schools.

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

21 (4) Private nonprofit organizations, (including
22 community-based organizations).

23 (5) Private for-profit entities.

24 (6) Agencies of local governments.

1 (7) Other interested organizations and entities
2 of demonstrated effectiveness, including local cham-
3 bers of commerce and other business organizations,
4 consistent with State criteria established pursuant to
5 subsection (b).

6 (f) DUTIES.—Each integrated career center system
7 shall, to the extent practicable as determined by the Gov-
8 ernor, carry out the following duties:

9 (1) PROVISION OF CORE SERVICES.—An inte-
10 grated career center system shall make available the
11 following information and core services to individuals
12 on a universal and nondiscriminatory basis, with
13 reasonable accommodations to address the needs of
14 individuals with disabilities, in the workforce devel-
15 opment area in which such center is located:

16 (A) Outreach and intake for services pro-
17 vided under chapter 2 of title II, title III, sub-
18 title A of title IV, and title I of the Rehabilita-
19 tion Act of 1973.

20 (B) A preliminary assessment of the skill
21 levels and the need for services of the individual
22 for programs under chapter 2 of title II, title
23 III, subtitle A of title IV, and title I of the Re-
24 habilitation Act of 1973 of individuals, which
25 may include such factors as basic skills, occupa-

1 tional skills, career development skills, prior
2 work experience, employability, interests, apti-
3 tudes, vocational rehabilitation needs, and sup-
4 portive service needs.

5 (C) Labor market information relating to
6 local and State, and if appropriate, to regional
7 or national, occupations in demand and skill re-
8 quirements for such occupations, including job
9 listings for the local labor market.

10 (D) Information relating to youth services,
11 including information on at-risk youth develop-
12 ment and career preparation programs author-
13 ized under title II, on vocational education and
14 school-to-work opportunities, and on youth ap-
15 prenticeship opportunities.

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

19 (F) Job search assistance.

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

23 (H) Information relating to federally fund-
24 ed education and job training programs (includ-
25 ing registered apprenticeships), and student aid

1 programs, including the eligibility requirements
2 of and services provided by such programs.

3 (I) Information on, and assistance in
4 accessing referral to additional services through
5 programs providing adult education and literacy
6 services, vocational rehabilitation, youth and
7 adult workforce preparation and development,
8 and supportive services, including those pro-
9 grams authorized in titles II through IV, title
10 I of the Rehabilitation Act of 1973, available in
11 the workforce development area.

12 (J) Information on the extent to which the
13 services provided under titles II and III, sub-
14 title A of title IV, and title I of the Rehabilita-
15 tion Act of 1973, meet or exceed the expected
16 levels of performance described in the State and
17 local plans, and the performance-based informa-
18 tion provided by the State to local workforce de-
19 velopment boards on certified providers of edu-
20 cation and training, as required under section
21 108(d)(3).

22 (K) Acceptance of applications for unem-
23 ployment compensation.

24 (L) Other appropriate activities to assist
25 individuals into employment.

1 (2) DISTRIBUTION OF CAREER GRANTS.—A
2 center or an affiliated site may serve as the point of
3 distribution of career grants for education, training,
4 and vocational rehabilitation services to eligible indi-
5 viduals in accordance with section 108.

6 (3) SPECIAL ARRANGEMENTS.—For the pur-
7 pose of providing core services to individuals with se-
8 vere disabilities in the most effective and efficient
9 manner possible, the integrated career center system
10 may arrange to have such core services provided to
11 an individual by a certified provider or the State ei-
12 ther on a contract basis or through the use of career
13 grants.

14 (g) ADDITIONAL SERVICES.—Integrated career cen-
15 ter systems, may provide customized workforce develop-
16 ment services to employers on a fee-for-service basis, as
17 determined by the local workforce development board.

18 (h) ALTERNATIVE STATE STRATEGY.—Through the
19 collaborative process described in section 103, the Gov-
20 ernor has the authority to develop alternative strategies
21 to the integrated career center system, which are designed
22 to accomplish the full integration of workforce develop-
23 ment programs. These alternative strategies shall be de-
24 scribed in a proposal to the Secretaries of Education and
25 Labor for joint review and approval or disapproval not

1 later than 60 days after the date of receipt of such pro-
2 posal.

3 **SEC. 108. IDENTIFICATION OF ELIGIBLE EDUCATION,**
4 **TRAINING, AND VOCATIONAL REHABILITA-**
5 **TION SERVICE PROVIDERS.**

6 (a) ELIGIBILITY REQUIREMENTS.—A program of-
7 fered by a provider of education and training services shall
8 be eligible to receive funds under title III, and title I of
9 the Rehabilitation Act of 1973 through the receipt of ca-
10 reer grants, or through contract, if such program and pro-
11 vider—

12 (1) is either—

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

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

17 (2) provides the performance-based information
18 required pursuant to subsection (c), except that pro-
19 viders eligible under subparagraph (A) only have to
20 provide information for programs other than pro-
21 grams leading to a degree.

22 (b) ALTERNATIVE ELIGIBILITY PROCEDURE.—

23 (1) IN GENERAL.—The Governor shall establish
24 an alternative eligibility procedure for providers of
25 education, training, and vocational rehabilitation

1 services (which may include private sector, for profit
2 and nonprofit providers of such services) in any
3 State desiring to receive funds under title III of this
4 Act and title I of the Rehabilitation Act of 1973, but
5 that are not eligible to participate in title IV of the
6 Higher Education Act of 1965. Such procedure shall
7 establish minimum acceptable levels of performance
8 for such providers, and be based on guidelines devel-
9 oped by the Secretaries of Labor and Education.
10 The Governor may utilize such criteria to certify
11 service providers as having the ability to meet occu-
12 pational skill standards promoted by the National
13 Skill Standards Board, or to meet, high, industry-
14 recognized standards that result in a portable skill
15 certificate in the subject, occupation, or industry for
16 which training is provided, except where such stand-
17 ards are not appropriate for the services rendered.
18 The Governor shall utilize the local workforce devel-
19 opment boards, for the identification of eligible
20 qualified providers of education, training, and voca-
21 tional rehabilitation services. During a transition pe-
22 riod, not to exceed 2 years, identification of eligible
23 programs and providers under this subsection may
24 be based on the performance of such programs and
25 providers under the Job Training Partnership Act,

1 the Rehabilitation Act of 1973, or other objective
2 measures of previous performance, such as employer
3 evaluations.

4 (2) Notwithstanding paragraph (1), if the par-
5 ticipation of an institution of higher education in
6 any of the programs under such title of such Act is
7 terminated, such institution shall not be eligible to
8 receive funds under this Act for a period of not less
9 than two years.

10 (c) PERFORMANCE-BASED INFORMATION.—The
11 State shall identify performance-based information that is
12 to be submitted by providers of services for programs to
13 be eligible under this section. Such information may in-
14 clude information, relating to—

15 (1) the percentage of students completing the
16 programs conducted by the provider;

17 (2) the rates of licensure of graduates of the
18 programs conducted by the provider;

19 (3) the percentage of graduates of the programs
20 meeting industry-recognized skill standards and cer-
21 tification requirements that are at least as challeng-
22 ing as skill standards endorsed by the National Skill
23 Standards Board, once such standards are available;

24 (4) measures of program effectiveness such as
25 the rates of placement and retention in employment,

1 and the earnings of graduates of programs con-
2 ducted by the provider, employer evaluations of pro-
3 vider services, and adherence to accepted industry
4 quality standards (where available) by such provid-
5 ers;

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

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

12 (7) other information for providers of services
13 under title I of the Rehabilitation Act of 1973 that
14 reflects the priority of serving individuals with severe
15 disabilities; and

16 (8) the percentage of students who, as a result
17 of participation in the program demonstrate signifi-
18 cant gains in literacy and basic skills.

19 (d) ADMINISTRATION.—

20 (1) STATE AGENCY.—The Governor is author-
21 ized to designate a State agency to collect, verify,
22 and disseminate the performance-based information
23 submitted pursuant to subsection (c).

24 (2) APPLICATION.—A provider of education and
25 training services that desires to be eligible to receive

1 funds under this title shall submit the information
2 required under subsection (c) to the State agency
3 designated under paragraph (1) of this subsection at
4 such time and in such form as such State agency
5 may require.

6 (3) LIST OF ELIGIBLE PROVIDERS.—The State
7 agency shall compile a list of eligible programs and
8 providers, accompanied by the performance-based in-
9 formation submitted, and disseminate such list and
10 information to the local workforce development
11 boards and integrated career center systems within
12 the State.

13 (4) ACCURACY OF INFORMATION.—

14 (A) IN GENERAL.—If the State agency de-
15 termines that information concerning a provider
16 is inaccurate, such provider shall be disqualified
17 from receiving funds under this title for a pe-
18 riod of not less than two years, unless such pro-
19 vider can demonstrate to the satisfaction of the
20 Governor or his or her designee, that the infor-
21 mation was provided in good faith.

22 (B) APPEAL.—The Governor shall estab-
23 lish a procedure for a service provider to appeal
24 a determination by a State agency that results
25 in a disqualification under subparagraph (A).

1 Such procedure shall provide an opportunity for
2 a hearing and prescribe appropriate time limits
3 to ensure prompt resolution of the appeal.

4 (5) ASSISTANCE IN DEVELOPING INFORMA-
5 TION.—The State agency established pursuant to
6 paragraph (1) may provide technical assistance to
7 education, training, and vocational rehabilitation
8 providers in developing the information required
9 under subsection (b). Such assistance may include
10 facilitating the utilization of State administrative
11 records, such as unemployment compensation wage
12 records, and other appropriate coordination activi-
13 ties.

14 (e) ON-THE-JOB TRAINING EXCEPTION.—

15 (1) IN GENERAL.—Providers of on-the-job
16 training are not subject to the requirements of sub-
17 sections (a), (b), (c), and (d).

18 (2) COLLECTION AND DISSEMINATION OF IN-
19 FORMATION.—The Workforce Development Board
20 shall collect such performance-based information
21 from on-the-job training providers as the Governor
22 may require, and disseminate such information to
23 the local integrated career center systems.

24 (f) RULE OF CONSTRUCTION REGARDING STATE AS
25 PROVIDER OF SERVICES.—This section does not prohibit

1 a State from being a provider of education and training
2 services under title III, or under title I of the Rehabilita-
3 tion Act of 1973, subject to the State meeting the require-
4 ments of this section for serving as such a provider.

5 **SEC. 109. MANAGEMENT INFORMATION SYSTEMS.**

6 (a) IN GENERAL.—Each State is authorized to use
7 a portion of the funds it receives under this Act to design
8 a unified management information system that is in ac-
9 cordance with guidelines established jointly by the Sec-
10 retaries in consultation with the Governors.

11 (b) REQUIREMENTS.—Each unified management in-
12 formation system shall, to the extent practicable as deter-
13 mined by the Governor—

14 (1) be utilized for federally required fiscal re-
15 porting and monitoring for each of the programs au-
16 thorized under this Act;

17 (2) be used by all agencies involved in
18 workforce development activities, including inte-
19 grated career center systems which shall have the
20 capability to track the overall public investments
21 within the State and workforce development areas,
22 and to inform policymakers as to the results being
23 achieved and the demographic characteristics of the
24 individuals served through that investment;

1 (3) contain a common structure of financial re-
2 porting requirements, fiscal systems and monitoring
3 for all workforce development expenditures included
4 in the workforce development system that shall uti-
5 lize common data elements and the definitions in-
6 cluded in section 5;

7 (4) support local efforts to establish workforce
8 development systems, including intake and eligibility
9 determination for all services; and

10 (5) contain data on the demographic character-
11 istics on the participants served by programs author-
12 ized under this Act, which shall be collected, pro-
13 duced, and published by the Secretaries.

14 (c) PRIVACY.—Nothing in this Act shall violate the
15 provisions of the Family Education Rights and Privacy
16 Act under section 444 of the General Education Provi-
17 sions Act and the privacy and confidentiality provisions
18 under section 22(b) of title II of the Wagner Peyser Act
19 as amended by this Act.

20 **SEC. 110. PERFORMANCE ACCOUNTABILITY SYSTEM.**

21 (a) IN GENERAL.—In order to promote high levels
22 of performance and to ensure an appropriate return on
23 the Nation’s investment in the workforce development and
24 literacy system, each State receiving funds under this Act
25 shall develop, or have developed, a statewide performance

1 accountability system in accordance with the provisions of
2 this section.

3 (b) INDICATORS OF PERFORMANCE.—

4 (1) IN GENERAL.—Each State receiving funds
5 under this Act shall identify indicators of perform-
6 ance for each of the programs established under ti-
7 tles II through IV of this Act and title I of the Re-
8 habilitation Act of 1973, consistent with State goals
9 as described in the State plan in accordance with
10 section 104. Such indicators shall, at a minimum,
11 include the core indicators described in subsection
12 (f), and be expressed in an objective, quantifiable,
13 and measurable form. Such indicators may also in-
14 clude post-program surveys measuring the satisfac-
15 tion of both employers and program participants.

16 (2) TECHNICAL DEFINITIONS OF CORE INDICA-
17 TORS.—In order to ensure nationwide comparability
18 of performance data, the Secretary of Labor and the
19 Secretary of Education, in collaboration with the
20 States and with representatives of business and in-
21 dustry, employees, educational agencies, service pro-
22 viders, participants, parents and other interested
23 parties, shall promulgate technical definitions of
24 each of the core indicators described in subsection

1 (f), to be used under this Act in measuring perform-
2 ance.

3 (c) EXPECTED LEVELS OF PERFORMANCE.—

4 (1) IN GENERAL.—(A) Each State shall identify
5 the level of performance, consistent with State goals
6 described under section 104, that is expected for
7 local workforce development areas and other applica-
8 ble local administrative entities under this Act. In
9 determining such levels, the State shall take into ac-
10 count the challenging levels identified under para-
11 graph (2), and initially develop baseline levels of per-
12 formance upon which the State must demonstrate
13 continuous improvement.

14 (B) The Governor, through the collaborative
15 process, may adjust the expected level of perform-
16 ance with respect to each local area taking into ac-
17 count specific economic, demographic, and geo-
18 graphic factors, and the characteristics of the popu-
19 lation to be served.

20 (2) CHALLENGING LEVELS OF PERFORM-
21 ANCE.—In order to encourage high levels of per-
22 formance and advance the Nation's competitiveness
23 in the global economy, the Secretary of Labor and
24 the Secretary of Education, in collaboration with the
25 States and with representatives of business and in-

1 industry, employees, educational agencies, service pro-
2 viders, participants, parents and other interested
3 parties, shall identify challenging levels of perform-
4 ance with respect to the core indicators described in
5 subsection (f). Where applicable, such challenging
6 levels of performance shall reflect industry-recog-
7 nized skill standards.

8 (d) REPORT ON PERFORMANCE.—

9 (1) IN GENERAL.—The State shall report to the
10 Secretary of Labor and the Secretary of Education,
11 the levels of performance achieved by local workforce
12 development areas and other applicable local admin-
13 istrative entities with respect to the indicators iden-
14 tified pursuant to subsection (b)(1) for each pro-
15 gram year. The Secretaries shall make such infor-
16 mation available to the general public through publi-
17 cation and other appropriate methods, and shall dis-
18 seminate State-by-State comparisons, and compari-
19 sons with other industrialized nations (where appro-
20 priate).

21 (2) REPORTING OPTIONS.—In the collection
22 and reporting of such data, States are encouraged to
23 utilize administrative reporting data on quarterly
24 earnings, establishment and industry affiliation, and

1 geographic location of employment, such as unem-
2 ployment insurance wage-data records.

3 (e) CONSEQUENCES FOR POOR PERFORMANCE.—

4 (1) CRITERIA.—The Governor, through the col-
5 laborative process, is authorized to establish criteria
6 for determining whether local workforce development
7 areas and other applicable local administrative enti-
8 ties have failed to meet expected levels of perform-
9 ance with respect to programs under this Act.

10 (2) CONSEQUENCES FOR POOR PERFORM-
11 ANCE.—

12 (A) STATE CONSEQUENCES.—If a State
13 fails to meet expected levels of performance for
14 a program for any program year as established
15 pursuant to subsection (a), the Secretary of
16 Education or the Secretary of Labor, as appro-
17 priate to the particular program, may provide
18 technical assistance, including assistance in the
19 development of a performance improvement
20 plan. If such failure continues for a second con-
21 secutive year, the appropriate Secretary may re-
22 duce by not more than 5 percent, the amount
23 of the grant that would (in the absence of this
24 paragraph) be payable to the State under such
25 program for the immediately succeeding pro-

1 gram year. Such penalty shall be based on the
2 degree of failure to meet expected levels of per-
3 formance.

4 (B) LOCAL CONSEQUENCES.—(i) If a local
5 workforce development area, or other applicable
6 local administrative entity, fails to meet ex-
7 pected levels of performance for a program for
8 any program year under the criteria established
9 in paragraph (1), the Governor, through the
10 collaborative process, may provide technical as-
11 sistance, including the development of a per-
12 formance improvement plan.

13 (ii) If such failure continues for a second
14 consecutive year, the Governor may take correc-
15 tive actions, such as the withholding of funds,
16 the redesignation of a local administrative en-
17 tity, or such other actions as the Governor,
18 through the collaborative process, determines
19 are appropriate, consistent with State law, sec-
20 tion 104(c)(3) of this Act, and the requirements
21 of this Act.

22 (f) CORE INDICATORS OF PERFORMANCE.—

23 (1) COMMON CORE INDICATORS FOR ADULTS.—
24 In addition to the core indicators of performance de-
25 scribed in paragraph (2), common core indicators of

1 performance for programs conducted under titles III
2 and IV of this Act, and under title I of the Voca-
3 tional Rehabilitation Act of 1973 shall be weighted
4 and applied to each of the individual programs, ac-
5 cording to the purposes of such titles, and include
6 measures of—

7 (A) placement in unsubsidized employ-
8 ment;

9 (B) retention in unsubsidized employment
10 for not less than 6 months and for not less than
11 12 months, respectively;

12 (C) increases in earnings, or in earnings in
13 combination with employer-assisted benefits;

14 (D) attainment of industry-recognized oc-
15 cupational skills, including basic workplace
16 competencies and industry-recognized skill
17 standards, which may include the acquisition of
18 a skill certificate in the occupation for which
19 the individual has been prepared;

20 (E) attainment of a high school diploma, a
21 general equivalency diploma, or a certificate of
22 completion of a program authorized under the
23 Rehabilitation Act of 1973; and

24 (F) such other measures of performance
25 that the State may wish to collect.

1 (2) ADDITIONAL CORE INDICATORS FOR
2 ADULTS.—

3 (A) ADULT EMPLOYMENT AND TRAINING
4 PROGRAMS.—In addition to the common core
5 indicators described in paragraph (1), the core
6 indicators of performance for programs con-
7 ducted under title III shall include measures of
8 the success of individuals with barriers to em-
9 ployment, including dislocated workers, eco-
10 nomically disadvantaged individuals, older
11 workers, individuals with disabilities, displaced
12 homemakers, veterans, and individuals who are
13 basic skills deficient, in achieving performance
14 goals established pursuant to this Act.

15 (B) ADULT EDUCATION AND FAMILY LIT-
16 ERACY PROGRAMS.—In addition to the common
17 core indicators described in paragraph (1), the
18 core indicators of performance for programs
19 conducted under title IV shall include measures
20 of—

21 (i) the number of individuals who, as
22 a result of participation in programs fund-
23 ed under this Act, demonstrate significant
24 gains in literacy skills; and

1 (ii) such other measures of perform-
2 ance that the State may wish to collect, in-
3 cluding measures of the success of family
4 literacy programs, increased English lan-
5 guage skills, and increased community in-
6 volvement.

7 (C) PROGRAMS ESTABLISHED UNDER
8 TITLE I OF THE REHABILITATION ACT OF
9 1973.—In addition to the common core indica-
10 tors described in paragraph (1), the core indica-
11 tors of performance for programs conducted
12 under title I of the Rehabilitation Act of 1973
13 shall include measures of the success of individ-
14 uals with severe disabilities, including those in-
15 dividuals determined to have a disability under
16 title II or title XVI of the Social Security Act,
17 in achieving performance goals established pur-
18 suant to this Act.

19 (3) CORE INDICATORS FOR YOUTH DEVELOP-
20 MENT AND CAREER PREPARATION PROGRAMS.—The
21 core indicators of performance for programs con-
22 ducted under title II shall include measures of—

23 (A) attainment of challenging State aca-
24 demic standards;

1 (B) attainment of a high school diploma or
2 a general equivalency diploma;

3 (C) attainment of industry-recognized oc-
4 cupational skills, including basic workplace
5 competencies and industry-recognized skill
6 standards, which may include the acquisition of
7 a skill certificate in the occupation for which
8 the individual has been prepared; if such skill
9 certificate is acquired in addition to or in com-
10 bination with a high school diploma or general
11 equivalency diploma;

12 (D) reduction in school dropout rates;

13 (E) positive results such as placement in
14 postsecondary education or advanced training,
15 military service, employment, or registered ap-
16 prenticeships;

17 (F) the success of individuals described
18 under section 201(12) in achieving performance
19 goals established pursuant to this Act, including
20 placement in nontraditional training and em-
21 ployment; and

22 (G) such other measures of performance
23 that the State may wish to collect.

1 **SEC. 111. LIMITATION ON FEDERAL REGULATIONS.**

2 The Secretary of the Department of Labor and the
3 Secretary of the Department of Education shall issue reg-
4 ulations under this Act only to the extent that such regula-
5 tions are necessary to ensure that there is compliance with
6 the specific requirements of this Act.

7 **SEC. 112. GENERAL PROVISION.**

8 Nothing in this Act shall mandate that any individ-
9 ual, particularly youth served under title II of this Act,
10 be required to choose a specific career path or major or
11 to meet federally funded or endorsed industry-recognized
12 skill standards or attain federally funded or endorsed skill
13 certificates.

14 **SEC. 113. LIABILITY.**

15 Expenditures that are disallowed by the Secretary of
16 Labor or the Secretary of Education, as the case may be
17 (except in the case of fraud, embezzlement, or other crimi-
18 nal activities), under chapter 2 of title II, title III, or
19 under title I of the Rehabilitation Act of 1973, may be
20 repaid from funds allocated under such chapter or title
21 for which such disallowance occurs, in subsequent pro-
22 gram years or fiscal years, as appropriate, after the year
23 in which such disallowance occurred. The amount of funds
24 repaid should be equal to the amount of funds disallowed.

1 **Subtitle B—Amendments to**
2 **Wagner-Peyser Act**

3 **SEC. 131. GENERAL PROGRAM REQUIREMENTS.**

4 (a) DEFINITIONS.—Section 2 of the Act of June 6,
5 1933 (commonly known as the “Wagner-Peyser Act”) (29
6 U.S.C. 49a) is amended—

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

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

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

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

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

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

1 (5) by adding at the end the following new
2 paragraphs:

3 “(6) the term ‘public employment office’ means
4 an office which provides employment services to the
5 general public as part of an integrated career center
6 system; and

7 “(7) the term ‘integrated career center system’
8 means an integrated career center system estab-
9 lished under title I of the Consolidated and Re-
10 formed Education, Employment, and Rehabilitation
11 Systems Act.”.

12 (b) DUTIES.—Section 3(a) of such Act (29 U.S.C.
13 49b(a)) is amended to read as follows:

14 “(a) The Secretary of Labor shall, pursuant to title
15 II of this Act—

16 “(1) assist in the coordination and development
17 of a nationwide system of labor exchange services for
18 the general public, which, to the extent practicable,
19 shall be done through the private sector;

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

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

3 (c) REQUIREMENTS FOR RECEIPT OF FUNDS.—Sec-
4 tion 4 of such Act (29 U.S.C. 49c) is amended by striking
5 “a State shall, through its legislature” and inserting “the
6 Governor of a State shall, through the collaborative proc-
7 ess described in title I of the Consolidated and Reformed
8 Education, Employment, and Rehabilitation Systems
9 Act”.

10 (d) AUTHORIZATION OF APPROPRIATIONS.—Section
11 5 of such Act (29 U.S.C. 49d) is amended by inserting
12 before the period at the end the following: “, of which not
13 less than 25 percent shall be for carrying out both section
14 14 and title II of this Act”.

15 (e) USE OF FUNDS UNDER THIS ACT.—Section
16 7(c)(2) of such Act (29 U.S.C. 49f(c)(2)) is amended by
17 striking “any of the following provisions of law” and all
18 that follows and inserting “the Consolidated and Re-
19 formed Education, Employment, and Rehabilitation Sys-
20 tems Act.”.

21 (f) STATE PLAN.—Section 8 of such Act (29 U.S.C.
22 49g) is amended—

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

24 “(a) Any State desiring to receive assistance under
25 this Act shall submit to the Secretary, as part of the State

1 workforce development and literacy plan authorized under
2 title I of the Consolidated and Reformed Education, Em-
3 ployment, and Rehabilitation Systems Act, detailed plans
4 for carrying out the provisions of this Act within such
5 State.”;

6 (2) by striking subsections (b), (c), and (e); and

7 (3) by redesignating subsection (d) as sub-
8 section (b).

9 (g) ELIMINATION OF FEDERAL ADVISORY COUN-
10 CIL.—Section 11 of such Act (29 U.S.C. 49j) is hereby
11 repealed.

12 (h) CONFORMING AMENDMENTS.—

13 (1) Such Act is amended by inserting after sec-
14 tion 2 the following new heading:

15 **“TITLE I—GENERAL PROGRAM**
16 **REQUIREMENTS”.**

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

20 (3) Section 7(b)(2) of such Act is amended by
21 striking “private industry council” and inserting
22 “local workforce development board”.

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

1 (A) by striking “United States Employ-
2 ment Service” and inserting “Secretary of
3 Labor”; and

4 (B) by striking “Job Training Partnership
5 Act” and inserting “Consolidated and Reformed
6 Education, Employment, and Rehabilitation
7 Systems Act”.

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

12 **SEC. 132. LABOR MARKET INFORMATION.**

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

17 **“TITLE II—LABOR MARKET**
18 **INFORMATION**

19 **“SEC. 21. PURPOSE.**

20 “The purpose of this title is to ensure a comprehen-
21 sive and coordinated system of labor market information
22 which will provide locally based, accurate, up-to-date, eas-
23 ily accessible, and user friendly labor market information
24 through a cooperative Federal, State, and local governance

1 structure which includes partnerships with the private sec-
2 tor at all levels.

3 **“SEC. 22. SYSTEM CONTENT.**

4 “(a) IN GENERAL.—The Secretary of Labor, in ac-
5 cordance with the provisions of this title, shall oversee the
6 development, maintenance, and continuous improvement
7 of a nationwide system of labor market information using
8 statistically valid data, which include—

9 “(1) statistical data from survey and projection
10 programs and data from administrative reporting
11 systems, which, taken together, enumerate, estimate,
12 and project the supply and demand for labor at Fed-
13 eral, State, and local levels in a timely manner, in-
14 cluding data, which may be aggregated by demo-
15 graphic characteristics, on—

16 “(A) the socioeconomic characteristics, and
17 current employment status of the population,
18 including self-employed, part-time, and seasonal
19 workers, and individuals with severe disabilities,
20 as such data are available from the Bureau of
21 Census and other sources;

22 “(B) job vacancies, education and training
23 requirements, skills, wages, benefits, working
24 conditions, and industrial distribution of occu-
25 pations, as well as current and projected em-

1 employment opportunities and trends by industry
2 and occupation;

3 “(C) the educational attainment, training,
4 skills, skill levels, and occupations of the popu-
5 lation aggregates, as such data are avail-
6 able from the Bureau of Census and other
7 sources;

8 “(D) information (such as unemployment
9 insurance wage data records) maintained in a
10 longitudinal manner on the quarterly earnings,
11 establishment and industry affiliation, and geo-
12 graphic location of employment; and

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

16 “(2) State and local employment and consumer
17 information on—

18 “(A) job openings, locations, hiring re-
19 quirements, and application procedures, as well
20 as profiles of employers in the local labor mar-
21 ket describing the nature of work performed,
22 employment requirements, wages, benefits, and
23 hiring patterns as such information is volun-
24 teered by employers;

1 “(B) aggregate data on job seekers, includ-
2 ing their education and training, skills, skill lev-
3 els, employment experience, and employment
4 goals; and

5 “(C) education courses, training programs,
6 job placement programs, and vocational reha-
7 bilitation programs (where appropriate), includ-
8 ing—

9 “(i) program performance information
10 as required by this Act, such as summary
11 data on program completion, acquisition of
12 industry-recognized skill standards, job
13 placement, earnings, and the level of satis-
14 faction of the participants and their em-
15 ployers; and

16 “(ii) descriptive information on pro-
17 grams, such as eligibility requirements,
18 costs, financial support, or other support-
19 ive services, and other appropriate infor-
20 mation which may be available with these
21 courses and programs;

22 “(3) technical standards for data and informa-
23 tion that will—

24 “(A) as a minimum guarantor of data use-
25 fulness and quality, ensure compatibility and

1 additivity of data and information to enable
2 comparisons among localities and States;

3 “(B) support standardization and aggrega-
4 tion of data and information from the adminis-
5 trative reporting systems of employment-related
6 programs; and

7 “(C) include—

8 “(i) classification and coding systems
9 for industries, occupations, skills, pro-
10 grams, and courses;

11 “(ii) nationally standardized defini-
12 tions of terms;

13 “(iii) a common system for designat-
14 ing geographic areas;

15 “(iv) quality control mechanisms for
16 data collection and analysis; and

17 “(v) common schedules for data col-
18 lection and dissemination;

19 “(4) analysis of data and information for uses
20 including—

21 “(A) Federal, State, and local economic
22 policymaking;

23 “(B) the implementation of Federal poli-
24 cies, including the allocation of Federal funds

1 to States and localities and the facilitation of
2 job search and hiring in local labor markets;

3 “(C) Federal, State, and local program
4 planning and evaluation; and

5 “(D) research on labor market dynamics;

6 “(5) dissemination mechanisms for data and
7 analysis, including mechanisms which may be stand-
8 ardized among the States and technical standards in
9 the design of automated databases, and the design
10 of user interfaces and communications protocols;

11 “(6) programs of technical assistance for States
12 and localities in the development, maintenance, and
13 utilization of data, analysis, and dissemination
14 mechanisms, including assistance in adopting and
15 utilizing automated systems and improving the ac-
16 cess, through electronic and other means, of youth,
17 adults, and employers to labor market information
18 for localities, States, and the Nation;

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

23 “(8) objective performance measures, which will
24 allow for the continuous monitoring of the progress

1 of the labor market information system at national,
2 State, and local levels.

3 “(b) INFORMATION TO BE CONFIDENTIAL.—

4 “(1) IN GENERAL.—No officer or employee of
5 the Federal Government or agent of the Federal
6 Government may—

7 “(A) use the information furnished under
8 the provisions of this title for any purpose other
9 than the statistical purposes for which it is sup-
10 plied;

11 “(B) make any publication whereby the
12 data contained in the information so furnished
13 under this title can be used to identify any indi-
14 vidual; or

15 “(C) permit anyone other than the sworn
16 officers and employees of any Federal depart-
17 ment or agency to examine the individual re-
18 ports.

19 “(2) IMMUNITY FROM LEGAL PROCESS.—Any
20 information which is collected and retained for pur-
21 poses under this title shall be immune from the legal
22 process and shall not, without the consent of the in-
23 dividual concerned, be admitted as evidence or used
24 for any purpose in any action, suit, or other judicial
25 or administrative proceeding.

1 **“SEC. 23. FEDERAL RESPONSIBILITIES.**

2 “(a) IN GENERAL.—The Nation’s labor market infor-
3 mation system shall be planned, administered, overseen,
4 and evaluated by a cooperative governance structure in-
5 volving the Federal Government, States, and local entities.

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

9 “(1) Ensure that all statistical and administra-
10 tive data collection activities within the Department
11 of Labor, including the Employment and Training
12 Administration, Veterans’ Employment and Training
13 Service, Employment Standards Administration, and
14 the Occupational Health and Safety Administration,
15 are consistent with those of the Bureau of Labor
16 Statistics.

17 “(2) Assign responsibilities, as appropriate, to
18 agencies such as the Employment and Training Ad-
19 ministration to work with the Bureau of Labor Sta-
20 tistics in the collection, analysis and, particularly, in
21 the dissemination of labor market information, and
22 in the provision of training and technical assistance
23 to users of information, including the States, em-
24 ployers, youth, and adults.

25 “(3) In cooperation with other Federal agen-
26 cies, including the Department of Commerce, De-

1 partment of Defense, Department of the Treasury,
2 Department of Education, Department of Health
3 and Human Services, Department of Agriculture,
4 Department of Veterans' Affairs, and the Office of
5 Management and Budget, establish and maintain
6 mechanisms for ensuring complementarity and non-
7 duplication in the development and operation of sta-
8 tistical and administrative data collection activities,
9 in order to ensure a comprehensive labor market in-
10 formation system.

11 “(4) Actively seek the participation of other
12 Federal agencies, particularly the National Center
13 for Education Statistics and the Division of Adult
14 and Vocational Education, and the Rehabilitation
15 Services Administration of the Department of Edu-
16 cation, the Veterans' Employment and Training
17 Service of the Department of Labor and the Depart-
18 ment of Veterans' Affairs with respect to vocational
19 rehabilitation programs in the design and provision
20 of standardized information to the States to support
21 section 22(2), and in the dissemination of labor mar-
22 ket information.

23 “(5) Establish confidentiality standards for the
24 labor market information system at Federal, State,
25 and local levels, including such provisions as may be

1 necessary, to be taken in coordination with the
2 States, to ensure that privacy and confidentiality
3 protections are guaranteed with respect to individ-
4 uals and firm data.

5 “(c) ADDITIONAL DUTIES.—The Secretary, in col-
6 laboration with the Bureau of Labor Statistics, with the
7 assistance of other agencies of the Department where ap-
8 propriate, shall—

9 “(1) establish and maintain, with the coopera-
10 tion of the States, elements of the system described
11 in sections 22(a)(1) and 22(a)(3);

12 “(2) develop and promulgate standards, defini-
13 tions, formats, collection methodologies, and other
14 necessary system elements for the use of the States
15 in their assembling and presentation of the employ-
16 ment information specified in section 22(a)(2);

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

20 “(4) recommend any needed improvements in
21 administrative reporting systems to support the de-
22 velopment of labor market information from their
23 data; and

24 “(5) ensure that—

1 “(A) data are sufficiently timely relevant
2 to employers and other users, and locally de-
3 tailed for uses including those specified in sec-
4 tion 22(a)(4);

5 “(B) administrative records are standard-
6 ized to facilitate the aggregation of data from
7 local to State and national levels and to support
8 the creation of new statistical series from pro-
9 gram records; and

10 “(C) paperwork and reporting require-
11 ments on employers and individuals are re-
12 duced.

13 **“SEC. 24. ANNUAL PLAN.**

14 “(a) IN GENERAL.—The Secretary of Labor, in col-
15 laboration with the Bureau of Labor Statistics, and with
16 assistance of other appropriate Federal agencies, shall
17 prepare an annual plan to be the operational mechanism
18 for achieving a cooperative Federal/State governance
19 structure for labor market information and provide the
20 written justification for the Department of Labor’s budget
21 request to Congress by describing the activities and prior-
22 ities of the Bureau of Labor Statistics, other offices within
23 the Department of Labor, and other Federal agencies with
24 regard to data collection, analysis, and dissemination of
25 labor market information for fiscal years succeeding the

1 fiscal year in which the plan is developed and shall in-
2 clude—

3 “(1) the results of a periodic review of users’
4 needs and priorities, including the identification of
5 new employment issues and the attendant emergence
6 of new needs, on the part of Congress, the States,
7 employers, youth, and adults, for data, analysis, and
8 dissemination;

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

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

20 “(4) the results of an annual review of the costs
21 to the States of meeting contract requirements for
22 data production under this title, including a descrip-
23 tion of how the Secretary’s requested budget will
24 cover these costs.

1 “(b) COOPERATION WITH THE STATES.—The Sec-
2 retary and the Bureau of Labor Statistics, in cooperation
3 with the States, shall develop the plan by—

4 “(1) establishing procedures and mechanisms
5 for holding formal and periodic consultations on
6 products and administration of the system, at least
7 once each quarter, with representatives of employers
8 as well as with representatives of the States from
9 each of the 10 Federal regions of the Department of
10 Labor, elected by and from among the State direc-
11 tors of labor market information, according to a
12 process set forth by the Secretary; and

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

17 “(c) REPRESENTATIVES OF STATES DEEMED TO BE
18 FEDERAL EMPLOYEES.—For purposes of the development
19 of the annual plan and to meet the provisions of Office
20 of Management and Budget Circular A-11, the represent-
21 atives of the States, in accordance with subsection (b)(1),
22 shall be considered to be employees of the Department of
23 Labor.

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

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

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

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

14 “(A) include all the elements specified in
15 section 22; and

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

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

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

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

13 “(5) participate in the development of the na-
14 tional annual plan.”.

15 **Subtitle C—General Provisions**

16 **SEC. 141. WORKER RIGHTS.**

17 The following requirements shall apply to programs
18 under titles II and III of this Act:

19 (1) PROHIBITION ON DISPLACEMENT.—A par-
20 ticipant in a program under titles II or III shall not
21 displace any currently employed worker (including a
22 partial displacement, such as a reduction in the
23 hours of non-overtime work, wages, or employment
24 benefits).

1 (2) PROHIBITION ON IMPAIRMENT OF CON-
2 TRACTS.—A program under title II or III shall not
3 impair existing contracts for services or collective
4 bargaining agreements, and no such program that
5 would be inconsistent with the terms of a collective
6 bargaining agreement shall be undertaken without
7 the written concurrence of the labor organization
8 and employer concerned.

9 (3) PROHIBITION ON REPLACEMENT.—A partic-
10 ipant in a program under title II or III shall not be
11 employed—

12 (A) when any other individual is on tem-
13 porary layoff, with the clear possibility of recall,
14 from the same or any substantially equivalent
15 job with the participating employer; or

16 (B) when the employer has terminated the
17 employment of any regular employee or other-
18 wise reduced the workforce of the employer with
19 the intention of filling the vacancy so created
20 with the student.

21 (4) WORKPLACES.—A participant in a program
22 under title II or III shall be provided with adequate
23 and safe equipment and safe and healthful work-
24 places in conformity with all health and safety re-
25 quirements of Federal, State, and local law.

1 (5) EFFECT ON OTHER LAWS.—Nothing in this
2 Act shall be construed to modify or affect any Fed-
3 eral or State law prohibiting discrimination on the
4 basis of race, religion, color, ethnicity, national ori-
5 gin, gender, age, or disability, or to modify or affect
6 any right to enforcement of this Act that may exist
7 under other Federal laws, except as expressly pro-
8 vided by this Act.

9 **SEC. 142. TRANSFERABILITY.**

10 The Governor, through the collaborative process, has
11 the authority to transfer not more than 10 percent of the
12 total allotment to a State under title II or title III of this
13 Act, between such titles. Funds transferred under this au-
14 thority must be distributed to local providers in accord-
15 ance with the provisions of title II and III of this Act.

16 **TITLE II—YOUTH DEVELOPMENT**
17 **AND CAREER PREPARATION**
18 **CONSOLIDATION GRANT**

19 **SEC. 201. PURPOSES.**

20 It is the purpose of this title to provide States and
21 local communities maximum flexibility in designing youth
22 development and career preparation programs that—

23 (1) help youth attain the academic foundation
24 and occupational skills needed to be successful in a

1 competitive economy and to complete a high school
2 diploma or general equivalency diploma;

3 (2) best suit the needs of in-school and at-risk
4 youth in their communities;

5 (3) promote strong connections between in-
6 school and at-risk programs, to ensure that youth
7 are prepared for further education opportunities and
8 good jobs, and promote youth development and ca-
9 reer preparation programs that provide opportunities
10 for youth to receive postsecondary education and oc-
11 cupational training;

12 (4) promote the formation of education and
13 business partnerships that are dedicated to linking
14 the worlds of school and work; and

15 (5) promote high academic and occupational
16 standards and quality vocational-technical education,
17 including improved secondary and postsecondary
18 programs, by focusing resources on program im-
19 provement initiatives that help prepare youth for
20 further education, training, and high-wage jobs in
21 high-performance workplaces.

22 **SEC. 202. DEFINITIONS.**

23 For purposes of this title:

24 (1) The term “administration” means activities
25 of a State necessary for the proper and efficient per-

1 performance of its duties under this title, including su-
2 pervision, but does not include curriculum develop-
3 ment activities, personnel development, or research
4 activities.

5 (2) The term “all aspects of the industry”
6 means strong experience in, and understanding of,
7 all aspects of the industry that youth are preparing
8 to enter, including planning, management, finances,
9 technical and production skills, underlying principles
10 of technology, labor issues, and health and safety.

11 (3) The term “articulation agreement” means a
12 commitment to a program designed to provide stu-
13 dents with a nonduplicative sequence of progressive
14 coursework in secondary and postsecondary edu-
15 cation.

16 (4) The term “cooperative education” means a
17 method of instruction of education for youth who,
18 through written cooperative arrangements between
19 the school and employers, receive instruction, includ-
20 ing required academic courses and related instruc-
21 tion by alternation of study in school with a job in
22 any occupational field. Such alternation shall be
23 planned and supervised by the school and employers
24 so that each contributes to the youth’s education
25 and employability. Work periods and school attend-

1 ance may be on alternate half days, full days, weeks,
2 or other periods of time in fulfilling the cooperative
3 program.

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

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

18 (7) Except as otherwise provided, the term “eli-
19 gible institution” means a local educational agency,
20 an area vocational education school, an intermediate
21 educational agency, an institution of higher edu-
22 cation (as such term is defined in section 1201(a) of
23 the Higher Education Act of 1965), a State correc-
24 tions educational agency, or consortia of such enti-
25 ties.

1 (8) The term “partnership” means a local en-
2 tity that is responsible for local youth development
3 and career preparation programs and may consist of
4 parents, employers, representatives of local edu-
5 cational agencies and local postsecondary edu-
6 cational institutions (including representatives of
7 area vocational education schools, where applicable),
8 local educators (such as teachers, counselors, or ad-
9 ministrators), representative employee organizations,
10 students, and may include other entities.

11 (9) The term “Secretary” means the Secretary
12 of Education.

13 (10) The term “sequential course of study”
14 means an integrated series of courses which are di-
15 rectly related to the educational and occupational
16 skill preparation of youth for jobs, or preparation for
17 postsecondary education.

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

20 (A) is unmarried or legally separated from
21 a spouse; and

22 (B)(i) has a minor child or children for
23 whom the parent has either custody or joint
24 custody; or

25 (ii) is pregnant.

1 (12) The term “special populations” includes
2 individuals with disabilities, economically disadvan-
3 tagged individuals, individuals of limited English pro-
4 ficiency, and individuals who are eligible for non-
5 traditional training and employment.

6 (13) The term “tech-prep education program”
7 means a program of study which—

8 (A) combines at least 2 years of secondary
9 and 2 years of postsecondary education in a
10 nonduplicative sequential course of study;

11 (B) integrates academic and vocational in-
12 struction;

13 (C) provides technical preparation in at
14 least 1 field of engineering technology, applied
15 science, mechanical, industrial, or practical arts
16 or trade, or agriculture, health occupations, or
17 business;

18 (D) builds student competence in mathe-
19 matics, science, communications, and workplace
20 skills, through applied academics and integrated
21 instruction in a coherent sequence of courses;

22 (E) leads to an associate degree or certifi-
23 cate in a specific career field;

24 (F) leads to placement in appropriate em-
25 ployment or further education; and

1 (G) enables a student to fulfill a career re-
2 lating to labor market needs.

3 (14) The term “vocational education” means
4 organized educational programs offering a sequence
5 of courses which are directly related to the prepara-
6 tion of youth in paid or unpaid employment in cur-
7 rent or emerging occupations, including
8 nonbaccalaureate certificate and degree programs
9 and baccalaureate vocational degree programs. Such
10 programs include competency-based applied learning
11 which contributes to a youth’s academic knowledge,
12 higher-order reasoning, and problem-solving skills,
13 work attitudes, general employability skills, and the
14 occupational-specific skills necessary for economic
15 independence as a productive and contributing mem-
16 ber of society. Such term also includes applied tech-
17 nology education.

18 (15) The term “vocational student organiza-
19 tions” means those organizations for individuals en-
20 rolled in vocational education programs which en-
21 gage in activities as an integral part of the instruc-
22 tional program. Such organizations may have State
23 and national units which aggregate the work and
24 purposes of instruction in vocational education at
25 the local level.

1 **Subtitle A—State Funding**

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

3 (a) NATIONAL PROGRAMS.—In each fiscal year, of
4 the amounts made available under section 4, the Secretary
5 is authorized to reserve 20 percent or \$25,000,000, which-
6 ever is less, to carry out the provisions of subtitle D.

7 (b) STATE ALLOTMENT.—

8 (1) IN GENERAL.—Of the funds remaining after
9 the reservation under subsection (a), the Secretary
10 shall allot to each State for each fiscal year an
11 amount based on that State's allotment percentage.

12 (2) ALLOTMENT PERCENTAGE.—(A) Except as
13 provided in subparagraph (B), the allotment per-
14 centage of a State for a fiscal year shall be the same
15 percentage of funds allotted to the State under this
16 section in the preceding fiscal year.

17 (B) The allotment percentage of a State for fis-
18 cal year 1996 shall be the percentage of funds allot-
19 ted to the State in fiscal year 1995 under—

20 (i) section 101, 101A, or 343(b), of the
21 Carl D. Perkins Vocational and Applied Tech-
22 nology Education Act as such Act was in effect
23 on the day before the date of the enactment of
24 this Act; and

1 (ii) the funding allotted in fiscal year 1995
2 under section 252 and 262 of the Job Training
3 Partnership Act as such Act was in effect on
4 the day before the date of the enactment of this
5 Act.

6 (3) STATE MINIMUM.—Notwithstanding any
7 other provision of law and subject to paragraph (1),
8 any fiscal year for which the amounts appropriated
9 for programs authorized by this title exceed the
10 amounts available under subparagraph (B) for fiscal
11 year 1995, a State shall receive not less than one-
12 quarter of one percent of the amount available for
13 each such program for that fiscal year under this
14 subsection. Amounts necessary for increasing such
15 payments to States to comply with the preceding
16 sentence shall be obtained by ratably reducing the
17 amounts to be paid to other States.

18 (4) FEDERAL FUNDS TO SUPPLEMENT, NOT
19 SUPPLANT, NON-FEDERAL FUNDS.—Funds received
20 under this title shall be used only to supplement the
21 amount of funds that would, in the absence of such
22 Federal funds, be made available from non-Federal
23 sources for the education of youth participating in
24 programs assisted under this title, and not to sup-
25 plant such funds.

1 (5) DEFINITION.—For the purposes of this sub-
2 section the term “State” means, in addition to the
3 several States, the District of Columbia, the Com-
4 monwealth of Puerto Rico, the Virgin Islands,
5 Guam, American Samoa, and the Northern Mariana
6 Islands.

7 (c) FUNDING FOR STATE PROGRAMS.—Of the funds
8 allotted to a State under subsection (b) for each fiscal
9 year, the Governor, through the collaborative process,
10 shall—

11 (1) make available not less than 90 percent to
12 local providers;

13 (2) make available not more than 8 percent for
14 State programs described in section 222; and

15 (3) make available not more than 2 percent for
16 administrative purposes at the State level.

17 (d) PROVISIO.—None of the funds made available
18 under this title shall be used to compel any youth to pur-
19 sue a specific career or to attain a federally funded or en-
20 dorsed skill certificate. Youth participating in programs
21 under this title shall be eligible to change their course of
22 study and training.

23 **SEC. 212. WITHIN STATE ALLOCATION.**

24 (a) IN GENERAL.—

1 (1) ALLOCATION OF FUNDS.—From the
2 amounts made available pursuant to section
3 211(c)(1), the Governor, through the collaborative
4 process, shall—

5 (A) allocate to eligible institutions an
6 amount equal to not less than 40 percent of
7 such amount for in-school youth programs de-
8 scribed in section 241; and

9 (B) allocate to local workforce development
10 boards an amount equal to not less than 40
11 percent of such amount for at-risk youth pro-
12 grams described in section 245.

13 (2) DISCRETIONARY FUNDS.—From the
14 amounts made available pursuant to section
15 211(c)(1), the Governor, through the collaborative
16 process, is authorized to provide 10 percent of such
17 amounts for discretionary purposes, as determined
18 by the Governor, to eligible institutions or local
19 workforce development boards for in-school and at-
20 risk youth.

21 (3) REMAINDER OF FUNDS.—From the remain-
22 der of amounts made available pursuant to section
23 211(c)(1) and distributed pursuant to paragraphs
24 (1) and (2) of this subsection, the Governor, through
25 the collaborative process, shall allocate the remain-

1 der of any such amounts to carry out the purposes
2 of subparagraphs (A) or (B) of paragraph (1).

3 (b) WITHIN STATE FORMULA.—

4 (1) ESTABLISHMENT.—The Governor, through
5 the collaborative process, and after consultation with
6 local chief elected officials in the local workforce de-
7 velopment area and, where appropriate, local edu-
8 cators in such area, shall develop a formula for the
9 allocation of funds in accordance with paragraph (1)
10 of subsection (a). Such formula shall take into ac-
11 count—

12 (A) poverty rates within each local commu-
13 nity, as determined by the State;

14 (B) the proportion of the State's youth
15 population residing within each local commu-
16 nity; and

17 (C) such other factors as considered appro-
18 priate.

19 (2) ADDITIONAL FACTORS.—In establishing
20 such formula, the Governor shall ensure that funds
21 are distributed equitably throughout the State, and
22 that the factors described in paragraph (1) do not
23 receive disproportionate weighting.

24 (c) MINIMUM GRANT AMOUNTS.—

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

6 (2) POSTSECONDARY INSTITUTIONS.—A post-
7 secondary institution or consortium of such institu-
8 tions that receives a subgrant from a State under
9 paragraph (1) of subsection (a) for any fiscal year
10 shall receive not less than \$50,000.

11 (3) LOCAL DEVELOPMENT BOARD.—A local de-
12 velopment board that receives a subgrant from a
13 State under paragraph (1) of subsection (a) for any
14 fiscal year shall receive not less than \$15,000.

15 (4) SECONDARY-POSTSECONDARY CONSOR-
16 TIA.—One or more local educational agencies and
17 one or more eligible institutions may enter into a
18 consortium agreement. A consortium formed pursu-
19 ant to this paragraph that receives a subgrant from
20 a State under this subtitle shall receive not less than
21 \$50,000 in any fiscal year.

22 (d) FUNDS TO CONSORTIUM.—Funds allocated to a
23 consortium formed to meet the requirements of subsection
24 (c) shall be used only for purposes and activities that are
25 mutually beneficial to all members of the consortium. Such

1 funds may not be reallocated to individual members of the
2 consortium for purposes or activities benefiting only one
3 member of the consortium.

4 (e) WAIVER.—The State may waive the application
5 of subsection (c) in any case in which a grant recipient—

6 (1) is located in a rural, sparsely-populated
7 area; and

8 (2) demonstrates an inability to enter into a
9 consortium for purposes of providing services under
10 this title.

11 **Subtitle B—State Organizational,**
12 **Planning, and Reporting Re-**
13 **sponsibilities**

14 **SEC. 221. STATE PLAN.**

15 In addition to the requirements described in title I,
16 a State that desires to receive funds for any fiscal year
17 under this title shall, as part of the State Workforce De-
18 velopment and Literacy Plan under title I, submit to the
19 Secretary of Education information that includes—

20 (1) a description of the State’s plan to develop
21 the academic and occupational skills of youth and
22 provide the attainment of challenging vocational-
23 technical education standards, including industry-ap-
24 proved skill standards and workplace competencies;

1 (2) a description of how the State will improve
2 comprehensive career guidance and counseling which
3 may include linkages to career exploration and guid-
4 ance counseling outside of the school system and
5 shall describe how the State will effectively dem-
6 onstrate the system of career preparation for youth,
7 which includes elements such as professional devel-
8 opment, and secondary-postsecondary collaborations;

9 (3) a description of the strategy of the State for
10 integrating academic, vocational, and work-based
11 learning, including a description of how the State
12 will promote collaboration between secondary and
13 postsecondary occupational and academic programs
14 and institutions and incorporating learning in all as-
15 pects of the industry;

16 (4) a description of how the State will promote
17 the active involvement of parents and business (in-
18 cluding small- and medium-sized businesses) in the
19 planning, development, and implementation of youth
20 development and career preparation programs au-
21 thorized under this title; and

22 (5) a description of how the State will serve sin-
23 gle parents, displaced homemakers, and single preg-
24 nant women and promote the elimination of sex bias.

1 Nothing in this Act shall be construed to mandate
2 an amount be set-aside for these purposes.

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

4 (a) GENERAL AUTHORITY.—From amounts made
5 available to a State under section 211(c)(2), each State
6 shall, consistent with State law, conduct State programs
7 and activities.

8 (b) USES OF FUNDS.—The programs and activities
9 described in subsection (a) may include—

10 (1) an assessment of programs conducted with
11 assistance under this title, including the development
12 of—

13 (A) performance indicators and measures
14 for such programs; and

15 (B) program improvement and accountabil-
16 ity with respect to such programs;

17 (2) the support for tech-prep education;

18 (3) support for workforce preparation programs
19 for single parents, displaced homemakers, and single
20 pregnant women;

21 (4) support for corrections vocational education;

22 (5) professional development activities for voca-
23 tional teachers, academic teachers, school adminis-
24 trators, counselors, workplace mentors, and local

1 providers regarding integration of vocational, aca-
2 demic, and work-based curricula, including—

3 (A) inservice and preservice training of
4 teachers and faculty in state-of-the-art pro-
5 grams and techniques and nontraditional train-
6 ing and employment; and

7 (B) support of public teacher-education
8 programs to ensure vocational teachers stay
9 current with the needs, expectations, and meth-
10 ods of industry to meet employer standards;

11 (6) development, dissemination, and field test-
12 ing of curricula, especially—

13 (A) curricula that integrate vocational,
14 academic, and work-based methodologies;

15 (B) curricula that provide a coherent se-
16 quence of courses through which academic and
17 occupational skills may be measured; and

18 (C) curricula for work-based learning;

19 (7) leadership and instructional programs in
20 technology education;

21 (8) support for cooperative education;

22 (9) support for family and consumer science
23 programs;

24 (10) creative use of technologies, including pro-
25 fessional development in the use of such technologies

1 for instructional purposes and to increase coun-
2 selor's and youth's knowledge of, and use of, addi-
3 tional information resources;

4 (11) support for vocational student organiza-
5 tions; and

6 (12) improving comprehensive career guidance
7 and counseling.

8 **SEC. 223. INCENTIVE AWARDS.**

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

13 (1) exceeded in the performance goals described
14 in section 110(f)(3);

15 (2) implemented exemplary youth development
16 and career preparation programs at the local level in
17 accordance with the purposes described in section
18 201; or

19 (3) provided exemplary education services and
20 activities for at-risk youth.

21 **Subtitle C—Subgrants for In-**
22 **School and At-Risk Youth**

23 **SEC. 231. PARTNERSHIP AGREEMENTS.**

24 (a) PARTNERSHIP.—A local workforce development
25 board and eligible institutions that desire to receive a

1 subgrant from a State under this subtitle in any fiscal
2 year shall form a partnership for the purposes of collabo-
3 rative planning, coordination of in-school and at-risk pro-
4 grams, and effective public participation.

5 (b) PLAN.—

6 (1) IN GENERAL.—The partnership referred to
7 in subsection (a) shall, in collaboration, develop and
8 submit for approval to the Governor through the
9 State collaborative process a comprehensive youth
10 development and career preparation plan for in-
11 school and at-risk youth. Such plan shall describe
12 how the youth development and career preparation
13 system meets the requirements of sections 241 and
14 245 and shall address comments received through
15 the collaborative process.

16 (2) COLLABORATIVE PROCESS.—The partner-
17 ship shall assure the involvement of parents, teach-
18 ers, and the community in the collaborative planning
19 process which involves design of the indicators,
20 strategies, articulation, and cooperative agreements,
21 assessments, and evaluation of program activities.

22 (3) DISPUTES.—(A) In the event a partnership
23 cannot come to agreement on the content of local
24 plans, the Governor, through the collaborative proc-

1 ess, is authorized to develop procedures for the reso-
2 lution of issues in dispute.

3 (B) If procedures are not in place for the reso-
4 lution of disputes an eligible institution of such part-
5 nership may apply directly to the State for a grant
6 to carry out in-school youth programs described in
7 section 241.

8 **SEC. 232. DISTRIBUTION OF FUNDS.**

9 (a) IN-SCHOOL PROGRAMS.—Based upon an applica-
10 tion submitted according to the requirements described in
11 section 231, a State shall distribute funds made available
12 in a fiscal year as provided in section 212(a)(1)(A) to eligi-
13 ble institutions to carry out in-school youth programs de-
14 scribed in section 241.

15 (b) AT-RISK YOUTH PROGRAMS.—A State shall dis-
16 tribute funds made available in any fiscal year as provided
17 in section 212(a)(1)(B) to local workforce development
18 boards to carry out at-risk youth programs described in
19 section 245.

20 **CHAPTER 1—IN-SCHOOL YOUTH**

21 **SEC. 241. USES OF FUNDS FOR IN-SCHOOL YOUTH.**

22 (a) GENERAL AUTHORITY.—Each eligible institution
23 that receives a subgrant under this chapter shall use funds
24 provided under such grant to improve youth development
25 and career preparation programs.

1 (b) REQUIREMENTS FOR USES OF FUNDS.—Funds
2 provided by a State pursuant to section 212(a)(1)(A) shall
3 be used to provide in-school youth development and career
4 preparation programs that—

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

7 (2) integrate academic, vocational, and work-
8 based learning, stressing applied and contextual
9 learning, through a coherent sequence of courses so
10 that youth achieve both academic and occupational
11 competencies and have strong experience in, and un-
12 derstanding of, all aspects of the industry;

13 (3) involve employers and parents in the design
14 and implementation of programs;

15 (4) establish effective linkages with at-risk
16 youth programs, secondary and postsecondary edu-
17 cation;

18 (5) provide work-based learning experiences
19 with adult mentoring where appropriate; and

20 (6) provide comprehensive career guidance and
21 counseling, including exploration in the practical
22 arts or trade.

23 (c) ADDITIONAL USES OF FUNDS.—In carrying out
24 the provisions of subsection (b), funds may be used by an
25 eligible institution for in-school youth activities such as—

- 1 (1) purchasing, leasing, or upgrading of equip-
2 ment, including instructional aids and material;
- 3 (2) inservice training of vocational instructors,
4 academic instructors, employers, and workplace
5 mentors, to integrate academic and vocational edu-
6 cation, and provide high-quality school-based and
7 work-based learning experiences;
- 8 (3) tech-prep education programs;
- 9 (4) supplementary services designed to meet the
10 needs of special populations;
- 11 (5) adaptation of equipment;
- 12 (6) apprenticeship programs;
- 13 (7) comprehensive mentoring programs in insti-
14 tutions of higher education offering comprehensive
15 programs in teacher preparation which seek to fully
16 use the skills and work experiences of individuals
17 currently or formerly employed in business and in-
18 dustry, who are interested in becoming classroom in-
19 structors, and to meet the need of vocational edu-
20 cators who wish to upgrade their teaching com-
21 petencies;
- 22 (8) local education and business partnerships
23 for developing and implementing school-based youth
24 development and career preparation systems;

1 (9) support for vocational student organiza-
2 tions;

3 (10) establishing effective activities and proce-
4 dures to enable program participants and their par-
5 ents to participate directly in decisions that influ-
6 ence the character of programs, including providing
7 information and assistance needed for informed and
8 effective participation; and

9 (11) support for programs which prepare youth
10 with skills for personal and family life management,
11 work, and leadership in the community and the Na-
12 tion.

13 **CHAPTER 2—AT-RISK YOUTH**

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

15 (a) GENERAL AUTHORITY.—Each local workforce de-
16 velopment board that receives a subgrant under this chap-
17 ter shall use funds provided under such grant to improve
18 youth development and career preparation programs.

19 (b) REQUIREMENTS FOR USES OF FUNDS.—Funds
20 provided by a State pursuant to section 212(1)(B) shall
21 be used to provide youth development and career prepara-
22 tion programs for at-risk youth that—

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

1 (2) integrate academic, vocational, and work-
2 based learning, stressing applied and contextual
3 learning, through a coherent sequence of courses so
4 that in-school and at-risk youth achieve both aca-
5 demic and occupational competencies;

6 (3) involve employers and parents in the design
7 and implementation of programs;

8 (4) establish effective linkages with in-school
9 youth programs, and secondary and postsecondary
10 education;

11 (5) provide work-based learning experiences, in-
12 cluding experiences in the practical arts or trade, if
13 applicable;

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

16 (7) provide an objective assessment of the aca-
17 demic level, skill level, and service needs of each par-
18 ticipant; and

19 (8) provide comprehensive career guidance and
20 counseling.

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

1 (1) tutoring, study skills training and instruc-
2 tion leading to completion of high school;

3 (2) alternative high school services;

4 (3) training or education that is combined with
5 community service, and service learning opportuni-
6 ties;

7 (4) paid and unpaid work experience, including
8 limited internships, entry-employment experience
9 programs, and summer employment opportunities,
10 that are integrated with year-round, school-based, or
11 alternative school-based programs;

12 (5) dropout prevention strategies, strategies to
13 encourage at-risk youth to reenter high school or al-
14 ternative high school programs, and programs that
15 encourage pregnant and parenting youth to stay in
16 school;

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

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

22 (8) training-related supportive services.

23 (d) LIMITATIONS ON USE OF FUNDS.—Not more
24 than 10 percent of the funds provided under this chapter

1 to a local workforce development board may be used for
2 administrative purposes.

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

4 (a) **ROLE OF LOCAL WORKFORCE DEVELOPMENT**
5 **BOARD.**—A local workforce development board that re-
6 ceives funds under this chapter shall not operate pro-
7 grams, but shall contract with eligible providers of dem-
8 onstrated effectiveness, or with eligible providers utilizing
9 service methodologies with demonstrated effectiveness in
10 serving the youth development and career preparation
11 needs of at-risk youth, for the purpose of providing serv-
12 ices under this chapter.

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

15 (1) an “eligible institution” as defined under
16 section 202(7);

17 (2) a unit of local government;

18 (3) a private, nonprofit organization (including
19 community-based organizations);

20 (4) a private, for profit entity; or

21 (5) other organizations or entities of dem-
22 onstrated effectiveness and approved by the local
23 workforce development board.

1 **Subtitle D—National Programs**

2 **SEC. 251. RESEARCH ACTIVITIES.**

3 (a) GENERAL AUTHORITY.—

4 (1) IN GENERAL.—In order to carry out the
5 purpose of this title, the Secretary may, directly or
6 through grants, contracts, or cooperative agree-
7 ments, carry out research, development, dissemina-
8 tion, replication of model programs, demonstration
9 programs, evaluation, capacity-building, and tech-
10 nical assistance activities with regard to the services
11 and activities carried out under this title.

12 (2) INFORMATION SYSTEMS.—Activities carried
13 out under this section may include support for occu-
14 pational and career information systems.

15 (b) DISSEMINATION.—The Secretary shall establish
16 a system for disseminating information resulting from re-
17 search and development activities carried out under this
18 title.

19 **SEC. 252. ASSESSMENT AND DATA COLLECTION OF YOUTH**

20 **DEVELOPMENT AND CAREER PREPARATION**

21 **PROGRAMS.**

22 (a) IN GENERAL.—The Secretary, through the Office
23 of Educational Research and Improvement, shall conduct
24 a biennial assessment of services and activities assisted

1 under this title, through studies and analyses conducted
2 independently through competitive awards.

3 (b) CONTENTS.—The assessment required under sub-
4 section (a) shall examine the extent to which services and
5 activities assisted under this title have achieved their in-
6 tended purposes and results, including the extent to
7 which—

8 (1) State and local services and activities have
9 developed, implemented, or improved youth develop-
10 ment and career preparation systems established
11 under this title;

12 (2) services and activities assisted under this
13 title succeed in preparing youth, including youth
14 who are members of special populations, for post-
15 secondary education, further learning, or entry into
16 high-skill, high-wage careers;

17 (3) youth who participate in services and activi-
18 ties supported under this title succeed in meeting
19 challenging State academic and industry-based skill
20 standards; and

21 (4) the system improvement, participation, local
22 and State assessment, and accountability provisions
23 of this title, including the performance goals and in-
24 dicators established under section 110(f)(3), are ef-
25 fective.

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

2 (a) GENERAL AUTHORITY.—

3 (1) NATIONAL CENTER.—The Secretary may,
4 through a grant or contract, establish one or more
5 national centers for conducting applied research, de-
6 velopment, dissemination, and technical assistance
7 activities which would focus on improving the devel-
8 opment and career preparation of youth. The Sec-
9 retary shall consult with States prior to establishing
10 one or more such centers.

11 (2) ELIGIBILITY.—Entities eligible to receive
12 funds under this section are institutions of higher
13 education, other public or private nonprofit organi-
14 zations or agencies, and consortia of such institu-
15 tions, organizations, or agencies.

16 (3) PREVIOUS CENTER.—The national center in
17 existence on the day before the date of the enact-
18 ment of the this Act shall continue to receive assist-
19 ance under this section in accordance with the terms
20 of its current award.

21 (b) ACTIVITIES.—

22 (1) IN GENERAL.—The applied research, devel-
23 opment, dissemination, and technical assistance ac-
24 tivities carried out by the national center or centers
25 shall include—

1 (A) activities that assist recipients of funds
2 under this title to meet the requirements of sec-
3 tion 110(f)(3);

4 (B) research and development of activities
5 that combine academic, vocational-technical
6 education, and work-based learning;

7 (C) developing new models for remediation
8 of basic academic skills which incorporate ap-
9 propriate instructional methods;

10 (D) identifying ways to establish effective
11 linkages among educational and job training ac-
12 tivities at the State and local levels;

13 (E) new models for comprehensive career
14 guidance and counseling;

15 (F) studies providing longitudinal informa-
16 tion or formative evaluation on programs fund-
17 ed under this title, including an analysis of the
18 effectiveness of youth development and career
19 preparation programs in serving at-risk youth;
20 and

21 (G) such other activities as the Secretary
22 determines to be appropriate to achieve the pur-
23 poses of this Act.

24 (2) DUTIES.—The center or centers shall—

1 (A) provide assistance to States and local
2 recipients in developing and using systems of
3 performance measures and indicators for im-
4 provement of youth development and career
5 preparation programs and services; and

6 (B) provide technical assistance and out-
7 reach.

8 (3) SUMMARY.—The center or centers conduct-
9 ing the activities described in paragraph (1) shall
10 annually prepare a summary of key research find-
11 ings of such center or centers and shall submit cop-
12 ies of the summary to the Secretaries of Education
13 and Labor. The Secretary shall submit that sum-
14 mary to the Committee on Labor and Human Re-
15 sources of the Senate, and the Committee on Eco-
16 nomic and Educational Opportunities of the House
17 of Representatives.

18 (c) CLEARINGHOUSE.—The center or centers shall
19 maintain a clearinghouse that will provide data and infor-
20 mation to Federal, State, and local organizations and
21 agencies about the condition of youth development and ca-
22 reer preparation systems and programs funded under this
23 title.

1 **SEC. 254. PURCHASE OF AMERICAN-MADE EQUIPMENT AND**
2 **PRODUCTS.**

3 (a) SENSE OF THE CONGRESS.—It is the sense of the
4 Congress that, to the greatest extent practicable, all equip-
5 ment and products purchased with funds made available
6 under this Act should be American-made.

7 (b) NOTICE REQUIREMENT.—In providing financial
8 assistance to, or entering into any contract with, any en-
9 tity using funds made available under this Act, the head
10 of each Federal agency, to the greatest extent practicable,
11 shall provide to such entity a notice describing the state-
12 ment made in subsection (a) by the Congress.

13 **TITLE III—ADULT EMPLOYMENT**
14 **AND TRAINING CONSOLIDA-**
15 **TION GRANT**

16 **SEC. 301. PURPOSE.**

17 The purpose of this title is to establish an efficient,
18 high-quality, and equitable system of employment, job
19 training, and related assistance designed to facilitate the
20 transition of adults into productive, high skills, private
21 sector employment.

22 **Subtitle A—Adult Employment and**
23 **Training Consolidation Grant**

24 **SEC. 311. AUTHORIZATION.**

25 (a) IN GENERAL.—In the case of each State that in
26 accordance with the requirements of section 102 submits

1 to the Secretary of Labor (hereinafter in this title referred
2 to as the “Secretary”) a State workforce development and
3 literacy plan under section 104, the Secretary shall pro-
4 vide a grant to the State for the purpose of providing em-
5 ployment, job training, and related assistance for adults
6 in the State.

7 (b) AMOUNT.—The grant shall consist of the allot-
8 ment determined for the State under section 312.

9 **SEC. 312. ALLOTMENT AMONG STATES.**

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

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

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

16 (b) ALLOTMENT AMONG STATES.—

17 (1) RESERVATION FOR THE TERRITORIES.—Of
18 the amount allotted under subsection (a)(1), the
19 Secretary shall allot not more than one quarter of
20 one percent among the Commonwealth of the North-
21 ern Mariana Islands, American Samoa, Guam, and
22 the Virgin Islands.

23 (2) STATES.—After determining the amount to
24 be allotted under paragraph (1), the Secretary shall
25 allot the remaining amount to the remaining States

1 so that each State receives an amount that bears the
2 same proportion to such remaining amount as—

3 (A) the amount allotted to each such State
4 from allotments under sections 202 and 302 of
5 the Job Training Partnership Act (29 U.S.C.
6 1602 and 1652) (as in effect before the date of
7 the enactment of this Act) for fiscal year 1995;
8 bears to

9 (B) the aggregate of the amounts allotted
10 to all such States from allotments under such
11 sections for such fiscal year.

12 (c) MINIMUM ALLOTMENT.—No State shall receive
13 less than one-quarter of one percent of the amount avail-
14 able under this title for a fiscal year. Amounts necessary
15 for increasing such payments to States to comply with the
16 preceding sentence shall be obtained by ratably reducing
17 the amounts to be paid to other States.

18 **SEC. 313. ALLOCATION WITHIN STATES.**

19 (a) RESERVATIONS FOR STATE ACTIVITIES.—

20 (1) IN GENERAL.—The Governor of the State
21 shall reserve not more than 20 percent of the
22 amount allotted to the State under section 312(b)
23 for a fiscal year for statewide activities for employ-
24 ment, job training, and related assistance for adults.

1 (2) MANDATORY ACTIVITIES.—Such activities
2 shall include—

3 (A) rapid response activities; and

4 (B) additional assistance to areas that ex-
5 perience disasters, mass layoffs or plant clos-
6 ings, or other events which precipitate substan-
7 tial increases in the number of unemployed
8 workers, to be expended in accordance with the
9 local plan of the relevant workforce development
10 area.

11 (3) DISCRETIONARY ACTIVITIES.—

12 (A) IN GENERAL.—Such activities may in-
13 clude—

14 (i) subject to subparagraph (B), ad-
15 ministration by the State of programs
16 under this subtitle;

17 (ii) capacity building and technical as-
18 sistance to local workforce development
19 areas, integrated career center systems,
20 and service providers, including the devel-
21 opment and training of staff and the devel-
22 opment of exemplary program activities;

23 (iii) incentives for program coordina-
24 tion, performance awards, and research
25 and demonstrations;

1 (iv) implementation of innovative in-
2 cumbent worker training programs, which
3 may include the establishment and imple-
4 mentation of an employer loan program to
5 assist in skills upgrading (in accordance
6 with the requirements of section 324);

7 (v) implementation of experimen-
8 tation, model activities, pilot projects, and
9 demonstration projects which further the
10 goals and purposes of this Act;

11 (vi) additional assistance for the de-
12 velopment and implementation of the inte-
13 grated career center system of the State
14 established in accordance with title I;

15 (vii) support for a common manage-
16 ment information system as described in
17 section 109; and

18 (viii) implementation of innovative
19 programs to increase the number of indi-
20 viduals trained and placed in nontradi-
21 tional employment.

22 (B) LIMITATION.—Not more than 25 per-
23 cent of the amount reserved by the Governor
24 under paragraph (1) may be used for adminis-

1 tration by the State of programs under this
2 subtitle.

3 (b) WITHIN STATE ALLOCATION.—

4 (1) IN GENERAL.—The Governor of the State
5 shall allocate the remainder of the amount allotted
6 to the State under section 312(b) to workforce devel-
7 opment areas designated under title I of this Act, in
8 accordance with paragraphs (1) and (2) of such sec-
9 tion, for the purpose of providing employment, job
10 training, and related services for adults in accord-
11 ance with section 315.

12 (2) WITHIN STATE FORMULA.—

13 (A) ESTABLISHMENT.—The Governor,
14 through the collaborative process under section
15 103 of this Act, and after consultation with
16 local chief elected officials in the local workforce
17 development area, shall develop a formula for
18 the allocation of 90 percent of the remainder of
19 funds described in paragraph (1), to workforce
20 development areas, taking into account—

21 (i) poverty rates within each local
22 workforce development area, as determined
23 by the State;

24 (ii) unemployment rates within each
25 local workforce development area;

1 (iii) the proportion of the State's
2 adult population residing within each local
3 workforce development area; and

4 (iv) such other factors as considered
5 appropriate.

6 (B) ADDITIONAL FACTORS.—In establish-
7 ing such formula, the Governor shall ensure
8 that funds are distributed equitably throughout
9 the State, and that the factors described in sub-
10 paragraph (A) do not receive disproportionate
11 weighting.

12 (3) WITHIN STATE DISCRETIONARY ALLOCA-
13 TION.—In addition, the Governor is authorized to al-
14 locate 10 percent of the remainder of funds de-
15 scribed in paragraph (1) to workforce development
16 areas designated under title I of this Act. Amounts
17 may be allocated to such areas as determined by the
18 Governor.

19 **SEC. 314. ADDITIONAL STATE PLAN REQUIREMENTS.**

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

23 (1) A description of how the State will serve the
24 employment and training needs of dislocated work-
25 ers, economically disadvantaged individuals, older

1 workers, individuals with disabilities, displaced
2 homemakers, veterans, and individuals with multiple
3 barriers to employment (as determined by the
4 State), including individuals who are basic skills de-
5 ficient and individuals seeking to enter nontradi-
6 tional employment.

7 (2) A description of how the State will provide
8 rapid response assistance to workers experiencing
9 dislocation as a result of mass layoffs and plant clos-
10 ings, either through the direct provision of services
11 or through the transfer of funds to local workforce
12 development areas for the provision of such services.

13 **SEC. 315. USE OF AMOUNTS.**

14 (a) CORE SERVICES.—Amounts allocated under sec-
15 tion 313(b) shall be used to provide core services to adults
16 through integrated career center systems in accordance
17 with title I of this Act.

18 (b) INTENSIVE SERVICES.—

19 (1) IN GENERAL.—Amounts allocated under
20 section 313(b) shall be used to provide intensive
21 services to adults—

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

1 (B) who have been determined to be in
2 need of more intensive services in order to gain
3 employment.

4 (2) DELIVERY OF SERVICES.—Such intensive
5 services shall be provided—

6 (A) directly through integrated career cen-
7 ter systems in accordance with title I of this
8 Act; or

9 (B) through contracts through such sys-
10 tems with service providers approved by the
11 local workforce development board, which may
12 include private, for-profit providers.

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

15 (A) Comprehensive and specialized assess-
16 ments of the skill levels and service needs of
17 adults, which may include—

18 (i) diagnostic testing and other assess-
19 ment tools; and

20 (ii) in-depth interviewing and evalua-
21 tion to identify employment barriers and
22 appropriate employment goals.

23 (B) Development of an individual employ-
24 ment plan, to identify the employment goals,
25 appropriate achievement objectives, and the ap-

1 appropriate combination of services for the adult
2 to achieve the employment goal.

3 (C) Group counseling.

4 (D) Individual counseling and career plan-
5 ning.

6 (E) Case management for adults receiving
7 education and training services under sub-
8 section (c) or supportive services under sub-
9 section (d).

10 (F) Follow-up counseling for adults placed
11 in training or employment, for up to 1 year.

12 (c) EDUCATION AND TRAINING SERVICES.—

13 (1) IN GENERAL.—Amounts allocated under
14 section 313(b) shall be used to provide education
15 and training services to adults—

16 (A) who are unable to obtain employment
17 through core services under subsection (a);

18 (B) who are in need of education and
19 training services in order to gain employment
20 as a result of determinations made through—

21 (i) preliminary assessments under sec-
22 tion 107(f)(1)(B) of this Act; or

23 (ii) comprehensive and specialized as-
24 sessments under subsection (b)(3)(A); and

1 (C) who are unable to obtain other grant
2 assistance for such services, such as through
3 Federal Pell Grants established under title IV
4 of the Higher Education Act of 1965.

5 (2) DELIVERY OF SERVICES.—Such education
6 and training services shall be provided through edu-
7 cation and training providers certified in accordance
8 with title I of this Act.

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

11 (A) Basic skills training, including reme-
12 dial education, literacy training, and English
13 literacy program instruction.

14 (B) Occupational skills training, including
15 training for nontraditional employment.

16 (C) On-the-job training.

17 (D) Programs that combine workplace
18 training with related instruction.

19 (E) Training programs operated by the
20 private sector.

21 (F) Skill upgrading and retraining.

22 (G) Entrepreneurial training.

23 (H) Employability training to enhance
24 basic workplace competencies.

1 (I) Customized training conducted with a
2 commitment by an employer or group of em-
3 ployers to employ an individual upon successful
4 completion of the training.

5 (4) ADDITIONAL REQUIREMENTS.—

6 (A) USE OF CAREER GRANTS.—

7 (i) IN GENERAL.—Except as provided
8 in clause (ii) and clause (iii), education
9 and training services under this section
10 shall be provided through the use of career
11 grants in accordance with this subsection,
12 and shall be distributed to eligible individ-
13 uals through integrated career centers or
14 affiliated sites as described in section 107,
15 and in accordance with section 108 regard-
16 ing the identification of eligible education
17 and training providers.

18 (ii) EXCEPTIONS.—Education and
19 training services authorized under this title
20 may be provided pursuant to a contract for
21 services in lieu of a career grant if—

22 (I) such services are on-the-job
23 training provided by an employer;

24 (II) the local workforce develop-
25 ment board determines there are an

1 insufficient number of certified pro-
2 viders of education and training serv-
3 ices in the workforce development
4 area to accomplish the purposes of a
5 career grant system;

6 (III) the local workforce develop-
7 ment board determines that the cer-
8 tified providers of education and
9 training in the workforce development
10 area are unable to provide effective
11 services to special participant popu-
12 lations; or

13 (IV) the local workforce develop-
14 ment board decides to enter into a di-
15 rect training contract with a commu-
16 nity based organization serving special
17 participant populations.

18 (iii) TRANSITION.—States shall within
19 three years from the date of enactment of
20 this Act fully implement the requirements
21 of clause (i), but nothing shall prohibit
22 States from beginning such implementa-
23 tion at an earlier date.

24 (B) LINKAGE TO OCCUPATIONS IN DE-
25 MAND.—Education and training services under

1 this subsection shall be directly linked to occu-
2 pations for which there is a demand in the local
3 workforce development area, or in another area
4 to which an adult receiving such services is will-
5 ing to relocate.

6 (d) ADDITIONAL SERVICES.—

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

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

11 (B) who are unable to receive such services
12 through other programs providing such services.

13 (2) NEEDS-RELATED PAYMENTS.—

14 (A) IN GENERAL.—Amounts allocated
15 under section 313(b) may be used to provide
16 needs-related payments to adults who are un-
17 employed and do not qualify for (or have ceased
18 to qualify for) unemployment compensation for
19 the purpose of enabling such adults to partici-
20 pate in education and training programs under
21 subsection (c).

22 (B) ADDITIONAL ELIGIBILITY REQUIRE-
23 MENTS.—In addition to the requirements con-
24 tained in subparagraph (A), a dislocated worker
25 who has exhausted unemployment insurance

1 benefits may be eligible to receive needs-related
2 payments under this paragraph only if such
3 worker was enrolled in education or training by
4 the end of the 8th week of the worker's initial
5 unemployment compensation benefit period, or,
6 if later, by the end of the 8th week after the
7 worker is informed that a short-term layoff will
8 in fact exceed 6 months.

9 (e) PRIORITY.—Local workforce development boards
10 shall establish a process through which priority is given
11 to dislocated workers and economically disadvantaged in-
12 dividuals, for receipt of services provided under sub-
13 sections (b) and (c), in the event that funds are limited
14 within the workforce development area.

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

19 (g) LIMITATIONS ON USE OF FUNDS.—Not more
20 than 10 percent of the funds provided under this title to
21 a local workforce development board may be used for ad-
22 ministrative purposes.

23 **Subtitle B—Federal Programs**

24 **SEC. 321. NATIONAL DISCRETIONARY GRANTS.**

25 (a) GRANTS FOR DISLOCATED WORKERS.—

1 (1) IN GENERAL.—From amounts reserved
2 under section 312(a)(2) for any fiscal year, the Sec-
3 retary is authorized to award national discretionary
4 grants to address major economic dislocations that
5 result from plant closures, base closures, or mass
6 layoffs.

7 (2) APPLICATION.—To receive a grant under
8 this section, an eligible entity shall submit an appli-
9 cation to the Secretary at such time, in such man-
10 ner, and accompanied by such information as the
11 Secretary determines is appropriate.

12 (3) ELIGIBLE ENTITIES.—Grants under this
13 section may be awarded to—

14 (A) the State;

15 (B) a local workforce development board
16 administering assistance under this Act;

17 (C) employers and employer associations;

18 (D) worker-management transition assist-
19 ance committees and other employer-employee
20 entities;

21 (E) representatives of employees;

22 (F) community development corporations
23 and community-based organizations; and

24 (G) industry consortia.

1 (b) INCENTIVE GRANTS.—From amounts reserved
2 under section 312(a)(2) for any fiscal year, the Secretary
3 may provide awards to States—

4 (1) to assist in the implementation of exemplary
5 statewide workforce development system designs;
6 and

7 (2) for the achievement of exceptional perform-
8 ance in the statewide workforce development system.

9 **SEC. 322. DISASTER RELIEF EMPLOYMENT ASSISTANCE.**

10 (a) IN GENERAL.—From amounts reserved under
11 section 312(a)(2) for any fiscal year, the Secretary may
12 provide assistance to the Governor of any State within
13 which is located an area that has suffered an emergency
14 or a major disaster as defined in paragraphs (1) and (2),
15 respectively, of section 102 of the Robert T. Stafford Dis-
16 aster Relief and Emergency Assistance Act (referred to
17 in this section as the “disaster area”).

18 (b) USE OF FUNDS.—

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

21 (A) shall be used exclusively to provide em-
22 ployment on projects to provide food, clothing,
23 shelter, and other humanitarian assistance for
24 disaster victims and on projects regarding dem-
25 olition, cleanup, repair, renovation, and recon-

1 struction of damaged and destroyed structures,
2 facilities, and lands located within the disaster
3 area; and

4 (B) may be expended through public and
5 private agencies and organizations engaged in
6 such projects.

7 (2) ELIGIBILITY REQUIREMENTS.—An individ-
8 ual shall be eligible to be offered disaster employ-
9 ment under this section if such individual is a dis-
10 located worker or is temporarily or permanently laid
11 off as a consequence of the disaster.

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

16 **SEC. 323. RESEARCH, DEMONSTRATION, EVALUATION, AND**
17 **CAPACITY BUILDING.**

18 (a) IN GENERAL.—From amounts reserved under
19 section 312(a)(2) for any fiscal year, the Secretary is au-
20 thorized to establish and carry out research, demonstra-
21 tion, and capacity building activities in accordance with
22 this section.

23 (b) ACTIVITIES.—The Secretary is authorized to
24 carry out the following activities under this section:

1 (1) RESEARCH.—The Secretary is authorized to
2 conduct continuing research, which may include
3 studies and other methods and techniques, that will
4 aid in the solution of the employment and training
5 problems of the United States. Such studies may in-
6 clude the extent to which individuals who participate
7 in programs established under this title achieve self-
8 sufficiency as a result of such participation, includ-
9 ing the identification by State and locality, to the ex-
10 tent practicable, of indicators measuring such self-
11 sufficiency.

12 (2) DEMONSTRATIONS.—The Secretary is au-
13 thorized to conduct pilot and demonstration projects
14 for the purpose of developing and improving meth-
15 ods and techniques for addressing employment and
16 training needs which may include—

17 (A) projects conducted jointly with the De-
18 partment of Defense to develop training pro-
19 grams utilizing computer-based and other inno-
20 vative learning technologies. The Secretary may
21 award grants and enter into contracts with ap-
22 propriate entities to carry out such projects;
23 and

24 (B) Projects which promote the use of dis-
25 tance learning, enabling students to take

1 courses through the use of media technology
2 such as videos, teleconferencing, computers, and
3 the Internet.

4 (3) EVALUATION.—

5 (A) ACTIVITIES.—

6 (i) JOB TRAINING ACTIVITIES.—The
7 Secretary shall provide for the continuing
8 evaluation of activities conducted under
9 this Act, including the use of controlled ex-
10 periments using experimental and control
11 groups chosen by scientific random assign-
12 ment, and at a minimum, determine
13 whether job training and job placement
14 programs effectively raise the hourly wage
15 rates of individuals receiving training
16 through such programs.

17 (ii) OTHER PROGRAMS.—The Sec-
18 retary may conduct evaluations of other
19 federally funded employment-related activi-
20 ties including programs administered
21 under—

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

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

1 (III) the Older Americans Act of
2 1965 (42 U.S.C. 3001 et seq.); and
3 (IV) the Federal unemployment
4 insurance program under titles III,
5 IX, and XII of the Social Security Act
6 (42 U.S.C. 501 et seq., 1101 et seq.,
7 and 1321 et seq.).

8 (B) EFFECTIVENESS.—The Secretary shall
9 evaluate the effectiveness of programs author-
10 ized under this Act with respect to—

11 (i) the statutory goals; and

12 (ii) the extent to which such programs
13 enhance the employment and earnings of
14 participants, reduce income support costs,
15 improve the employment competencies of
16 participants in comparison to comparable
17 persons who did not participate in such
18 programs, and to the extent feasible, in-
19 crease the level of total employment over
20 the level that would have existed in the ab-
21 sence of such programs.

22 (4) NATIONAL PARTNERSHIP AND SPECIAL
23 TRAINING.—The Secretary may award special grants
24 to eligible entities to carry out activities that are

1 most appropriately administered at the national
2 level. Such activities may include—

3 (A) partnerships with national organiza-
4 tions with special expertise in developing, orga-
5 nizing, and administering employment and
6 training services at the national, State, and
7 local levels, such as industry and labor associa-
8 tions, public interests groups, community-based
9 organizations representative of groups that en-
10 counter special difficulties in the labor market,
11 in education and training; and

12 (B) activities that—

13 (i) address industry-wide skill short-
14 ages;

15 (ii) meet training needs that are best
16 addressed on a multistate basis;

17 (iii) further the goals of increasing the
18 competitiveness of the United States labor
19 force;

20 (iv) require technical expertise avail-
21 able at the national level to serve the needs
22 of particular client groups that encounter
23 significant barriers to employment and who
24 the Secretary determines require special
25 assistance; and

1 (v) promote and experiment with
2 model activities, pilot projects, and dem-
3 onstration projects which further the goals
4 and purposes of this Act.

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

7 (A) IN GENERAL.—The Secretary shall
8 provide, through grants, contracts, or other ar-
9 rangements, staff training and technical assist-
10 ance to States, local workforce development
11 boards, career centers, communities, business
12 and labor organizations, service providers, in-
13 dustry consortia, and other entities, to enhance
14 their capacity to develop and deliver effective
15 employment and training services.

16 (B) ACTIVITIES.—The staff training and
17 technical assistance authorized under subpara-
18 graph (A) may include—

19 (i) development of management infor-
20 mation systems;

21 (ii) development and maintenance of a
22 national capacity building, information and
23 dissemination network; and

1 (iii) grants for the replication of suc-
2 cessful employment and training models
3 and activities.

4 **SEC. 324. WORKFORCE SKILLS AND DEVELOPMENT LOANS.**

5 (a) AUTHORIZATION.—

6 (1) IN GENERAL.—From amounts reserved
7 under section 312(a)(2) for any fiscal year, the Sec-
8 retary of Labor may use a portion of such amounts
9 to provide grants to States to provide loans to eligi-
10 ble entities described in paragraph (2) to assist such
11 entities in providing skills upgrading.

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

14 (A) an employer;

15 (B) a representative of employees;

16 (C) a business association;

17 (D) a trade organization; or

18 (E) a consortium consisting of—

19 (i) more than 1 of the entities de-
20 scribed in subparagraphs (A) through (D);
21 or

22 (ii) an institution of higher education
23 (as such term is defined in section 481 of
24 the Higher Education Act of 1965 (20
25 U.S.C. 1088) which continues to meet the

1 eligibility and certification requirements
2 under section 498 of such Act) and 1 or
3 more of the entities described in subpara-
4 graphs (A) through (D).

5 (b) APPLICATION.—The Secretary may provide a
6 grant to a State under subsection (a) only if such State
7 submits to the Secretary an application which contains
8 such information as the Secretary may reasonably require.

9 (c) USE OF AMOUNTS.—A State shall use amounts
10 received from a grant under subsection (a) to establish
11 a loan guarantee program to assist eligible entities de-
12 scribed in paragraph (2) of such subsection to provide
13 skills upgrading. In carrying out such program, the State
14 shall meet the following requirements:

15 (1) ESTABLISHMENT OF RESERVE FUND FOR
16 LOAN GUARANTEES.—The State shall establish a re-
17 serve fund from amounts received from such grant
18 for the purpose of making commitments to guaran-
19 tee the payment of principal and interest on loans
20 made by financial institutions to such eligible enti-
21 ties to provide skills upgrading.

22 (2) CRITERIA FOR LOAN GUARANTEES.—The
23 State, in conjunction with appropriate financial in-
24 stitutions, shall establish and publish criteria for
25 providing loan guarantees to eligible entities under

1 the program, including criteria that provides for the
2 following:

3 (A) A loan guarantee may be issued under
4 the program only if, at the time such guarantee
5 is issued the eligible entity agrees to pay as an
6 insurance premium an amount equal to 1 per-
7 cent of the principal received by such entity
8 under the loan to the State's reserve fund.

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

13 (I) training in total quality manage-
14 ment, statistical process control, produc-
15 tion techniques, office automation, mate-
16 rials resource planning; and

17 (II) training to improve basic skills,
18 including reading, writing, and arithmetic.

19 (ii) In providing such skills upgrading, the
20 eligible entity shall give priority to employees
21 who—

22 (I) directly produce or deliver goods
23 or services; or

24 (II) are in danger of being terminated
25 or laid off as a result of modernization in

1 the workplace, corporate downsizing, for-
2 eign or domestic competition, or Federal
3 policies adversely affecting 1 or more in-
4 dustries.

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

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

10 (A) IN GENERAL.—In accordance with cri-
11 teria developed by the Secretary, the State shall
12 make payments from the State’s reserve fund to
13 financial institutions that have provided loans
14 to eligible entities that have defaulted on such
15 loans for the purpose of reimbursing such insti-
16 tutions for the amount of principal and interest
17 remaining unpaid to the institutions by reason
18 of such default.

19 (B) NO FULL FAITH AND CREDIT OF THE
20 UNITED STATES.—Loans provided by financial
21 institutions to eligible entities under loan guar-
22 antee programs under this section shall not be
23 obligations of, or guaranteed in any respect by,
24 the United States.

1 (4) INTEREST FROM AMOUNTS IN RESERVE
2 FUND.—Any interest earned from amounts in the
3 State’s reserve fund shall be credited to such fund.

4 (d) FEDERAL AND STATE SHARE.—

5 (1) FEDERAL SHARE.—The Federal share
6 under this section may not exceed 50 percent of the
7 total cost of the program established under sub-
8 section (c) for any fiscal year.

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

12 **SEC. 325. EMPLOYMENT, TRAINING, AND EDUCATION AS-**
13 **SISTANCE FOR NATIVE AMERICANS.**

14 (a) AUTHORIZATION.—From amounts reserved under
15 section 4(a)(2) for any fiscal year, there shall be reserved
16 4 percent, or \$85,000,000, whichever is less, to provide
17 grants to, or enter into contracts or cooperative agree-
18 ments with, Indian tribes and tribal organizations, trib-
19 ally-controlled colleges, tribally-controlled postsecondary
20 vocational institutions, Indian-controlled organizations
21 serving off-reservation areas, Alaska Native village and re-
22 gional entities serving areas as described in the Alaska
23 Native Claims Settlement Act and Hawaiian Native-con-
24 trolled organizations to provide employment, training, vo-

1 cational rehabilitation, library services, and education as-
2 sistance for Native Americans.

3 (b) TRANSFER OF AUTHORITY FOR VOCATIONAL
4 EDUCATION ACTIVITIES.—In carrying out subsection (a),
5 the Secretary of Labor may enter into an agreement with
6 the Secretary of Education to carry out any portion of
7 assistance under such subsection devoted to vocational
8 educational activities, including support for the United
9 Tribes Technical College and Crownpoint Institute of
10 Technology.

11 (c) CONSOLIDATION OF FUNDS.—Entities receiving
12 assistance under subsection (a) may consolidate such as-
13 sistance with assistance received from related programs in
14 accordance with the provisions of the Indian Employment,
15 Training and Related Services Demonstration Act (Public
16 Law 102–477).

17 (d) REGULATIONS.—The Secretary shall consult with
18 Indian, Alaska Native and Hawaiian Native groups in es-
19 tablishing regulations to carry out this section, including
20 performance standards for entities receiving assistance
21 under subsection (a), taking into account the economic cir-
22 cumstances of such groups.

1 **SEC. 326. EMPLOYMENT, TRAINING, AND EDUCATION AS-**
2 **SISTANCE FOR MIGRANT AND SEASONAL**
3 **FARMWORKERS.**

4 (a) AUTHORIZATION.—

5 (1) IN GENERAL.—From amounts reserved
6 under section 4(a)(2) for any fiscal year, there shall
7 be reserved 4 percent, or \$85,000,000, whichever is
8 less, to provide grants to, or enter into contracts or
9 cooperative agreements with, entities described in
10 paragraph (2) to provide employment, training, and
11 education assistance for migrant and seasonal farm-
12 workers.

13 (2) ENTITIES DESCRIBED.—An entity described
14 in this paragraph is an entity the Secretary deter-
15 mines to have the capacity to administer effectively
16 a diversified workforce development program for mi-
17 grant and seasonal farmworkers.

18 (b) USE OF AMOUNTS.—An entity shall use amounts
19 received under subsection (a) to provide employment,
20 training, educational development, high school equiva-
21 lency, postsecondary education assistance, vocational reha-
22 bilitation, literacy, English as a second language, work-
23 based education and development, worker safety training,
24 employability enhancements, emergency or other disaster
25 relief, housing, technical assistance, outreach, intake, as-
26 sessment, follow-up, stipend support, supportive services,

1 other needs-based assistance, self-employment and related
2 business enterprise development education, and the man-
3 agement of a database on participating migrant and sea-
4 sonal farmworkers.

5 (c) REGULATIONS.—The Secretary shall consult with
6 seasonal and migrant farmworker groups in establishing
7 regulations to carry out this section, including perform-
8 ance standards for entities receiving assistance under sub-
9 section (a)(2), taking into account the economic cir-
10 cumstances of such groups.

11 **TITLE IV—ADULT EDUCATION**
12 **AND FAMILY LITERACY CON-**
13 **SOLIDATION GRANT AND LI-**
14 **BRARY SERVICES AND TECH-**
15 **NOLOGY CONSOLIDATION**
16 **GRANT**

17 **SEC. 401. FINDINGS.**

18 The Congress finds as follows:

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

23 (2) The National Adult Literacy Survey, con-
24 ducted under the Adult Education Act, found that
25 20 percent of all adults in the United States, or

1 about 40 million people, have minimal levels of lit-
2 eracy skills and that the lack of such skills is related
3 to unemployment, low wages, and fewer weeks
4 worked.

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

14 (4) Generations of immigrants have contributed
15 to our communities and our economy, but for them
16 to continue to do so given recent technologies and
17 the competitive global economy, they must master
18 English as rapidly as possible.

19 (5) Studies have found that incarcerated adults
20 are twice as likely as nonincarcerated adults to lack
21 a good education and that such lack is a significant
22 statistical indicator of recidivism.

23 (6) Certain short-term and long-term goals of
24 the Nation may not be met unless the United States

1 improves its current system of adult education and
2 life-long learning through Federal leadership.

3 **SEC. 402. DEFINITIONS.**

4 As used in this title:

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

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

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

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

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

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

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

16 (C) Parent literacy training.

17 (D) An age-appropriate education program
18 for children.

19 (4) SECRETARY.—The term “Secretary” means
20 the Secretary of Education.

1 **Subtitle A—Adult Education and**
2 **Family Literacy Consolidation**
3 **Grant**

4 **SEC. 411. PURPOSES.**

5 The purposes of this subtitle are to assist States to
6 provide—

7 (1) to adults, the basic educational skills nec-
8 essary for employment and self-sufficiency;

9 (2) to adults who are parents, the educational
10 skills necessary to be full partners in the educational
11 development of their children;

12 (3) to adults, the basic English language skills
13 necessary to participate in the civic, social, and eco-
14 nomic life of the United States; and

15 (4) to adults, the opportunity to attain a high
16 school degree or its equivalent in order to permit
17 them to pursue further education and training or
18 improve their family and work situations.

19 **CHAPTER 1—FUNDING**

20 **SEC. 421. RESERVATIONS FROM AMOUNTS APPROPRIATED.**

21 (a) NATIONAL INSTITUTE FOR LITERACY.—For any
22 fiscal year, the Secretary shall reserve \$4,500,000 of the
23 amount appropriated under section 4(a)(3) to carry out
24 the activities of the National Institute for Literacy de-
25 scribed in section 441.

1 (b) NATIONAL LEADERSHIP ACTIVITIES.—For any
2 fiscal year, the Secretary shall reserve \$4,500,000 of the
3 amount appropriated under section 4(a)(3) to establish
4 and carry out the program of national leadership and eval-
5 uation activities described in section 442.

6 **SEC. 422. ALLOTMENT.**

7 (a) INITIAL ALLOTMENT.—From the sums available
8 for the purpose of making grants under chapter 2 for any
9 fiscal year, the Secretary shall allot—

10 (1) \$100,000 each to Guam, American Samoa,
11 the Commonwealth of the Northern Mariana Is-
12 lands, and the Virgin Islands; and

13 (2) \$250,000 to each of the other States.

14 (b) ADDITIONAL ALLOTMENT.—

15 (1) IN GENERAL.—From the remainder of the
16 sums described in subsection (a) after the applica-
17 tion of the subsection, the Secretary shall allot to
18 each State an amount which bears the same ratio to
19 such remainder as the number of qualifying adults
20 in the State bears to the number of such adults in
21 all States.

22 (2) QUALIFYING ADULT.—For purposes of this
23 subsection, the term “qualifying adult” means an
24 adult who—

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

3 (B) is beyond the age of compulsory school
4 attendance under State law;

5 (C) does not have a certificate of gradua-
6 tion from a school providing secondary edu-
7 cation (or its equivalent); and

8 (D) is not currently enrolled in elementary
9 or secondary school.

10 **CHAPTER 2—GRANTS TO STATES**

11 **SEC. 431. REQUIREMENT TO MAKE GRANTS.**

12 For fiscal year 1997 and subsequent fiscal years, the
13 Secretary shall make a grant to a State in an amount
14 equal to the initial and additional allotments of the State
15 for the year if the State—

16 (1) has satisfied the requirements of title I and
17 section 433(a)(1);

18 (2) agrees not to expend the grant for any pur-
19 pose other than in accordance with section 432;

20 (3) agrees to satisfy the grant requirements in
21 section 433(a)(2) and 433(b); and

22 (4) agrees not to expend the grant for the pur-
23 pose of supporting or providing programs, services,
24 or activities for individuals who are not adults, ex-

1 cept if such programs, services, or activities are re-
2 lated to family literacy services.

3 **SEC. 432. USES OF FUNDS.**

4 (a) STATE USES OF FUNDS.—

5 (1) GRANTS TO SERVE TARGET POPU-
6 LATIONS.—

7 (A) IN GENERAL.—Of the funds paid to a
8 State under this title for fiscal year 1998 and
9 subsequent fiscal years, 3 percent shall be dis-
10 tributed as performance grants made by the
11 State on a competitive basis, and consistent
12 with subsection (b) and section 433(b)(2), to
13 local service providers that have provided, dur-
14 ing the immediately preceding fiscal year, adult
15 education or family literacy services to the tar-
16 get populations described in subparagraph (C).

17 (B) LOCAL SERVICE PROVIDERS.—The
18 local service providers referred to in subpara-
19 graph (A) may include the following:

- 20 (i) Local educational agencies.
21 (ii) Correctional educational agencies.
22 (iii) Community-based organizations.
23 (iv) Public or private nonprofit agen-
24 cies.
25 (v) Institutions of higher education.

1 (vi) Libraries.

2 (vii) Other institutions that the State
3 determines to have the ability to provide
4 literacy services to adults and families.

5 (C) TARGET POPULATIONS.—The target
6 populations referred to in subparagraph (A) are
7 the following:

8 (i) Adults with more than one barrier
9 to self-sufficiency, such as being unem-
10 ployed or an educationally disadvantaged
11 adult.

12 (ii) Families on public assistance (as
13 determined by the State).

14 (iii) Parents who are educationally
15 disadvantaged adults and who have a child
16 who is less than 8 years of age.

17 (iv) Adults who are individuals with
18 disabilities or who have similar special
19 needs.

20 (2) GRANTS TO LOCAL SERVICE PROVIDERS.—

21 Of the funds paid to a State under this subtitle for
22 any fiscal year that remain after the application of
23 paragraph (1), at least 85 percent shall be distrib-
24 uted as grants made by the State on a competitive
25 basis, and consistent with subsection (b) and section

1 433(b)(2), to local service providers to establish,
2 conduct, or expand programs, services, or activities
3 to achieve a purpose of this subtitle. Such local serv-
4 ice providers may include the local service providers
5 described in paragraph (1)(B).

6 (3) OTHER STATE ACTIVITIES.—A State may
7 use not more than 12 percent of the funds paid to
8 the State under this subtitle for any fiscal year that
9 remain after the application of paragraph (1) for
10 one or more of the following purposes:

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

16 (B) The provision of technical assistance
17 to local service providers.

18 (C) The provision of technology assistance
19 to local service providers to enable them to im-
20 prove the quality of their programs, services,
21 and activities that achieve a purpose of this
22 subtitle, including—

23 (i) providing hardware and software;

1 (ii) paying for service connection fees
2 associated with gaining access to comput-
3 erized databases; and

4 (iii) upgrading the technological capa-
5 bilities of local service providers to improve
6 the quality of their services and to assist
7 them in providing services on a flexible
8 schedule that meets the needs of diverse
9 populations.

10 (D) The support of State or regional net-
11 works of literacy resource centers that—

12 (i) enhance the coordination of lit-
13 eracy services across public and private
14 programs and State agencies;

15 (ii) enhance the capacity of the State
16 and local service providers to provide lit-
17 eracy services through the diffusion and
18 adoption of state-of-the-art teaching meth-
19 ods and technologies;

20 (iii) provide linkages between the Na-
21 tional Institute for Literacy established
22 under section 441 and local service provid-
23 ers for the sharing of literacy information,
24 research, and resources;

1 (iv) encourage government and indus-
2 try partnerships; and

3 (v) provide training and technical as-
4 sistance to literacy instructors in reading
5 instruction, the use of state-of-the-art
6 methodologies, instructional materials, and
7 technologies, and professional development.

8 (E) Monitoring and evaluating the quality
9 of, and the improvement in, services and activi-
10 ties conducted with Federal financial assistance
11 under this subtitle, including carrying out sec-
12 tion 433(a)(2).

13 (F) The support of a common management
14 information system as described in section 109.

15 (G) Carrying out other activities of state-
16 wide significance that promote the purposes of
17 this Act.

18 (4) ADMINISTRATIVE EXPENSES.—For any fis-
19 cal year, a State may use not more than 3 percent
20 of the funds paid to the State under this subtitle
21 that remain after the application of paragraph (1) or
22 \$50,000, whichever is greater, for—

23 (A) planning, administration, and inter-
24 agency coordination associated with a grant
25 under this subtitle; and

1 (B) support for integrated career center
2 systems described in section 107.

3 (b) LOCAL USES OF FUNDS.—A State shall require
4 that a local service provider that receives a grant from
5 the State under paragraph (1) or (2) of subsection (a)
6 use the grant to establish or operate one or more programs
7 that provide instruction or services within one or more of
8 the following categories:

9 (1) Adult basic education that is designed for
10 an adult who—

11 (A) has minimal competence in reading,
12 writing, or computation;

13 (B) is not sufficiently competent in read-
14 ing, writing, or computation to meet the re-
15 quirements of adult life in the United States; or

16 (C) is not sufficiently competent in speak-
17 ing, reading, or writing the English language to
18 obtain employment commensurate with the
19 adult's intellectual abilities.

20 (2) Adult secondary education that is designed
21 for an adult who is literate and can function in ev-
22 eryday life, but who—

23 (A) has not acquired basic educational
24 skills, including reading, writing, and computa-
25 tion; or

1 (B) does not have a certificate of gradua-
2 tion from a school providing education to stu-
3 dents in grade 12, or its equivalent.

4 (3) English literacy instruction that is designed
5 for an adult—

6 (A) who—

7 (i) has limited ability in speaking,
8 reading, writing, or understanding the
9 English language and whose native lan-
10 guage is a language other than English; or

11 (ii) lives in a family or community en-
12 vironment where a language other than
13 English is the dominant language; and

14 (B) who, by reason of a condition de-
15 scribed in subparagraph (A), has sufficient dif-
16 ficulty reading, writing, or understanding the
17 English language that the adult is unable—

18 (i) to learn successfully in a classroom
19 where the language of instruction is Eng-
20 lish; or

21 (ii) to participate fully in the society
22 of the United States.

23 (4) Family literacy services.

24 (c) AUTHORIZATION TO RECEIVE PAYMENTS FROM
25 OTHER PROGRAMS.—A local service provider that receives

1 a grant from a State under paragraph (1) or (2) of sub-
2 section (a), and that provides adult education and literacy
3 services to an adult who was referred to the provider by
4 a program supported under title II or III, may receive pay-
5 ment for the services from the program, either in the form
6 of a career grant or by some other means.

7 **SEC. 433. ADDITIONAL GRANT REQUIREMENTS.**

8 (a) GOALS, PROGRESS INDICATORS, PERFORMANCE
9 MEASURES.—

10 (1) PLANNING REQUIREMENTS.—A State that
11 desires to receive a grant under this subtitle shall
12 accomplish the following:

13 (A) Establish, through the collaborative
14 process described in section 103, measurable
15 goals for improving literacy levels, retention in
16 literacy programs, and long-term learning gains
17 of individuals in the State.

18 (B) Based on such goals and the perform-
19 ance measures described in section 110(f), es-
20 tablish, through such collaborative process,
21 progress indicators to be used to evaluate the
22 performance of local service providers receiving
23 a grant under paragraph (1) or (2) of section
24 432(a).

1 (C) Describe such goals and progress indi-
2 cators in the State workforce development and
3 literacy plan submitted to the Secretary under
4 section 104.

5 (2) IMPLEMENTATION REQUIREMENTS.—A
6 State that receives a grant under this subtitle shall
7 accomplish the following:

8 (A) With respect to each local service pro-
9 vider receiving a grant under paragraph (1) or
10 (2) of section 432(a), based on the goals and
11 progress indicators established under paragraph
12 (1), measure the performance measures de-
13 scribed in section 110(f) and use the data pro-
14 duced by such measurement to improve the
15 quality of services provided to program partici-
16 pants or service recipients.

17 (B) Beginning on the date that is 2 years
18 after the first date that a local service provider
19 receives a grant under paragraph (1) or (2) of
20 section 432(a), annually assess the degree to
21 which the provider is meeting or exceeding the
22 progress indicators applicable to the provider.

23 (C) Annually report to the Secretary on
24 the performance measures described in section
25 434 for each category described in such section.

1 (b) OTHER REQUIREMENTS.—A State that receives
2 a grant under this subtitle shall ensure the following:

3 (1) EXPENDITURES OF NON-FEDERAL
4 FUNDS.—For any fiscal year for which a grant is
5 made to the State under this subtitle, the State shall
6 expend, on programs and activities relating to adult
7 education and family literacy services, an amount,
8 derived from sources other than the Federal Govern-
9 ment, equal to 25 percent of the State’s initial and
10 additional allotments for the year.

11 (2) PRIORITY FOR PLANNING WITH BOARDS
12 AND SYSTEMS.—In awarding grants to local service
13 providers under paragraph (1) or (2) of section
14 432(a), the State shall give priority to providers that
15 demonstrate joint planning with local workforce de-
16 velopment boards and integrated career center sys-
17 tems.

18 (3) EQUITABLE ACCESS.—Local educational
19 agencies, public or private nonprofit agencies, com-
20 munity-based organizations, correctional education
21 agencies, institutions of higher education, libraries,
22 and institutions which serve educationally disadvan-
23 taged adults shall be provided direct and equitable
24 access to Federal funds provided under this subtitle
25 in accordance with this subtitle.

1 (4) PAYMENTS BY LOCAL WORKFORCE DEVEL-
2 OPMENT BOARDS TO LOCAL SERVICE PROVIDERS.—
3 A local service provider that receives a grant from
4 a State under paragraph (1) or (2) of section 432(a)
5 may negotiate with a local workforce development
6 board with respect to receipt of payments for adult
7 education and literacy services provided by the pro-
8 vider to adults referred to the provider by a program
9 supported under title II or III.

10 **CHAPTER 3—NATIONAL PROGRAMS**

11 **SEC. 441. NATIONAL INSTITUTE FOR LITERACY.**

12 (a) ESTABLISHMENT.—

13 (1) IN GENERAL.—There shall be established a
14 National Institute for Literacy (in this section re-
15 ferred to as the “Institute”). The Institute shall be
16 administered under the terms of an interagency
17 agreement entered into by the Secretary of Edu-
18 cation with the Secretary of Labor and the Secretary
19 of Health and Human Services (in this section re-
20 ferred to as the “Interagency Group”). The Sec-
21 retary may include in the Institute any research and
22 development center, institute, or clearinghouse estab-
23 lished within the Department of Education whose
24 purpose is determined by the Secretary to be related
25 to the purpose of the Institute.

1 (2) BOARD RECOMMENDATIONS.—The Inter-
2 agency Group shall consider the recommendations of
3 the National Institute for Literacy Advisory Board
4 (in this section referred to as the “Board”) estab-
5 lished under subsection (d) in planning the goals of
6 the Institute and in the implementation of any pro-
7 grams to achieve such goals.

8 (3) DAILY OPERATIONS.—The daily operations
9 of the Institute shall be carried out by the Director
10 of the Institute appointed under subsection (g).

11 (b) DUTIES.—

12 (1) IN GENERAL.—The Institute shall—

13 (A) provide national leadership for the im-
14 provement and expansion of the system for de-
15 livery of literacy services;

16 (B) coordinate the delivery of such serv-
17 ices;

18 (C) support the creation of new methods of
19 offering improved services;

20 (D) serve as a national resource for adult
21 education and family literacy services by provid-
22 ing to the public the best and most current in-
23 formation available on the subjects; and

24 (E) assist States in developing levels of
25 performance.

1 (2) AUTHORIZED ACTIVITIES.—In order to
2 carry out the duties described in paragraph (1), the
3 Institute may—

4 (A) establish a national electronic database
5 of information that includes—

6 (i) information on—

7 (I) effective practices in the pro-
8 vision of literacy and basic skills in-
9 struction;

10 (II) public and private literacy
11 and basic skills programs and Fed-
12 eral, State, and local policies affecting
13 the provision of literacy services at the
14 national, State, and local levels; and

15 (III) technical assistance, meet-
16 ings, conferences, and other opportu-
17 nities that lead to the improvement of
18 literacy and basic skills services; and

19 (ii) a communication network for lit-
20 eracy programs, providers, and students;

21 (B) coordinate support for the provision of
22 literacy and basic skills services across Federal
23 agencies and at the State and local level;

24 (C) coordinate the support of research and
25 development on literacy and basic skills in fami-

1 lies and adults across Federal agencies and
2 carry out basic and applied research and devel-
3 opment on topics that are not being inves-
4 tigated by other organizations or agencies;

5 (D) collect and disseminate information on
6 methods of advancing literacy that show prom-
7 ise of success; and

8 (E) assist in the development of policy
9 with respect to literacy and basic skills.

10 (3) GRANTS, CONTRACTS, AND AGREEMENTS.—

11 The Institute may enter into contracts or coopera-
12 tive agreements with, or make grants to, individuals,
13 public or private institutions, agencies, organiza-
14 tions, or consortia of such institutions, agencies, or
15 organizations to carry out the activities of the Insti-
16 tute. Such grants, contracts, or agreements shall be
17 subject to the laws and regulations that generally
18 apply to grants, contracts, or agreements entered
19 into by Federal agencies.

20 (c) LITERACY LEADERSHIP.—

21 (1) FELLOWSHIPS.—The Institute, in consulta-
22 tion with the Board, may award fellowships, with
23 such stipends and allowances as the Director consid-
24 ers necessary, to outstanding individuals pursuing

1 careers in adult education or literacy in the areas of
2 instruction, management, research, or innovation.

3 (2) USE OF FELLOWSHIPS.—Fellowships
4 awarded under this subsection shall be used, under
5 the auspices of the Institute, to engage in research,
6 education, training, technical assistance, or other ac-
7 tivities to advance the field of adult education or lit-
8 eracy, including the training of volunteer literacy
9 providers at the national, State, or local level.

10 (3) INTERNS AND VOLUNTEERS.—The Insti-
11 tute, in consultation with the Board, may award
12 paid and unpaid internships to individuals seeking to
13 assist the Institute in carrying out its mission. Not-
14 withstanding section 1342 of title 31, United States
15 Code, the Institute may accept and use voluntary
16 and uncompensated services as the Institute deter-
17 mines necessary.

18 (d) NATIONAL INSTITUTE FOR LITERACY ADVISORY
19 BOARD.—

20 (1) ESTABLISHMENT.—

21 (A) IN GENERAL.—There shall be a Na-
22 tional Institute for Literacy Advisory Board.
23 The Board shall consist of 10 individuals ap-
24 pointed by the President with the advice and
25 consent of the Senate from individuals who—

1 (i) are not otherwise officers or em-
2 ployees of the Federal Government; and

3 (ii) are representative of entities or
4 groups described in subparagraph (B).

5 (B) ENTITIES OR GROUPS DESCRIBED.—

6 The entities or groups referred to in subpara-
7 graph (A) are—

8 (i) literacy organizations and provid-
9 ers of literacy services, including—

10 (I) nonprofit providers of literacy
11 services;

12 (II) providers of programs and
13 services involving English language in-
14 struction; and

15 (III) providers of services receiv-
16 ing assistance under this subtitle;

17 (ii) businesses that have demonstrated
18 interest in literacy programs;

19 (iii) literacy students;

20 (iv) experts in the area of literacy re-
21 search;

22 (v) State and local governments; and

23 (vi) representatives of employees.

24 (2) DUTIES.—The Board shall—

1 (A) make recommendations concerning the
2 appointment of the Director and staff of the In-
3 stitute;

4 (B) provide independent advice on the op-
5 eration of the Institute; and

6 (C) receive reports from the Interagency
7 Group and the Director.

8 (3) TERMS.—

9 (A) IN GENERAL.—Each member of the
10 Board shall be appointed for a term of 3 years,
11 except that the initial terms for members may
12 be 1, 2, or 3 years in order to establish a rota-
13 tion in which $\frac{1}{3}$ of the members are selected
14 each year.

15 (B) VACANCY APPOINTMENTS.—Any mem-
16 ber appointed to fill a vacancy occurring before
17 the expiration of the term for which the mem-
18 ber's predecessor was appointed shall be ap-
19 pointed only for the remainder of that term. A
20 member may serve after the expiration of that
21 members' term until a successor has taken of-
22 fice. A vacancy in the Board shall be filled in
23 the manner in which the original appointment
24 was made. A vacancy in the Board shall not af-
25 fect the powers of the Board.

1 (4) QUORUM.—A majority of the members of
2 the Board shall constitute a quorum but a lesser
3 number may hold hearings. Any recommendation
4 may be passed only by a majority of its members
5 present.

6 (5) CHAIRPERSON AND VICE CHAIRPERSON.—
7 The chairperson and vice chairperson of the Board
8 shall be elected by the members. The term of office
9 of the chairperson and vice chairperson shall be 1
10 year.

11 (6) MEETINGS.—The Board shall meet at the
12 call of the chairperson or a majority of its members.

13 (e) GIFTS, BEQUESTS, AND DEVISES.—The Institute
14 may accept, administer, and use gifts or donations of serv-
15 ices, money, or property, both real and personal.

16 (f) MAILS.—The Board and the Institute may use the
17 United States mails in the same manner and under the
18 same conditions as other departments and agencies of the
19 United States.

20 (g) STAFF.—The Interagency Group, after consider-
21 ing recommendations made by the Board, shall appoint
22 and fix the pay of a Director.

23 (h) APPLICABILITY OF CERTAIN CIVIL SERVICE
24 LAWS.—The Director and staff of the Institute may be
25 appointed without regard to the provisions of title 5,

1 United States Code, governing appointments in the com-
2 petitive service, and may be paid without regard to the
3 provisions of chapter 51 and subchapter III of chapter 53
4 of that title relating to classification and General Schedule
5 pay rates, except that an individual so appointed may not
6 receive pay in excess of the maximum rate payable under
7 section 5376 of title 5, United States Code.

8 (i) EXPERTS AND CONSULTANTS.—The Board and
9 the Institute may procure temporary and intermittent
10 services under section 3109(b) of title 5, United States
11 Code.

12 (j) REPORT.—The Institute shall submit a biennial
13 report to the Interagency Group and the Congress.

14 **SEC. 442. NATIONAL LEADERSHIP ACTIVITIES.**

15 (a) IN GENERAL.—The Secretary shall establish and
16 carry out a program of national leadership and evaluation
17 activities to enhance the quality of adult education and
18 family literacy programs nationwide.

19 (b) REQUIRED ACTIVITY.—

20 (1) IN GENERAL.—The program of national
21 leadership and evaluation activities under subsection
22 (a) shall include a national evaluation, conducted by
23 the Secretary, of the programs and activities carried
24 out by States and local service providers with Fed-

1 eral funds received under this subtitle. Such evalua-
2 tion shall include information on the following:

3 (A) The manner in which States and local
4 service providers use Federal funds, including
5 the manner in which States allocate such funds
6 among such providers.

7 (B) The manner in which States establish
8 goals and performance standards and use such
9 goals and standards to manage and improve
10 programs.

11 (C) The effectiveness of the funds used
12 under subparagraphs (B) and (C) of section
13 432(a)(3).

14 (D) The manner in which economically dis-
15 advantaged individuals and educationally dis-
16 advantaged adults are being served by States
17 and local service providers.

18 (E) The coordination between programs
19 and activities carried out with Federal funds re-
20 ceived under titles II and III and programs and
21 activities carried out with Federal funds re-
22 ceived under this subtitle.

23 (F) The percentage of individuals receiving
24 a service from an integrated career center sys-
25 tem who are referred by such system to a local

1 service provider providing adult education or lit-
2 eracy services.

3 (2) REPORT.—Not later than September 30,
4 2001, the Secretary shall provide to the Congress
5 and publicly publish the results of the evaluation
6 conducted under paragraph (1).

7 (c) AUTHORIZED ACTIVITIES.—

8 (1) IN GENERAL.—The program of national
9 leadership and evaluation activities under subsection
10 (a) may include the following:

11 (A) Assisting States in developing levels of
12 performance.

13 (B) Research and development.

14 (C) Demonstration of model and innovative
15 programs.

16 (D) Evaluations, including independent
17 evaluations of adult education and family lit-
18 eracy programs carried out with financial as-
19 sistance received pursuant to this subtitle.

20 (E) Data collection.

21 (F) Professional development.

22 (G) Technical assistance to States and
23 local service providers receiving Federal finan-
24 cial assistance pursuant to this subtitle.

1 (H) Making grants to State or regional
2 networks of literacy resource centers described
3 in section 432(a)(3)(D).

4 (I) Other activities to enhance the quality
5 of adult education and family literacy programs
6 nationwide.

7 (2) GRANTS, CONTRACTS, AND COOPERATIVE
8 AGREEMENTS.—The Secretary may carry out the ac-
9 tivities described in paragraph (1) directly or
10 through grants, contracts, and cooperative agree-
11 ments.

12 **Subtitle B—Library Services and** 13 **Technology Consolidation Grant**

14 **SEC. 451. PURPOSES.**

15 The purposes of this subtitle are—

16 (1) to consolidate Federal library service pro-
17 grams;

18 (2) to improve public access to information
19 through electronic networks; and

20 (3) to provide linkages among and between li-
21 braries and integrated career center systems.

22 **SEC. 452. AUTHORIZATION OF APPROPRIATIONS.**

23 (a) IN GENERAL.—There are authorized to be appro-
24 priated to carry out this subtitle \$110,000,000 for each
25 of the fiscal years 1997 through 2002.

1 (b) ADVANCE NOTICE OF FUNDING.—For the pur-
2 pose of affording adequate notice of funding available
3 under this subtitle, an appropriation to carry out this sub-
4 title is authorized to be included in an appropriation Act
5 for the fiscal year preceding the fiscal year for which such
6 appropriation is first available for obligation.

7 **SEC. 453. ALLOTMENTS.**

8 (a) INITIAL ALLOTMENTS.—

9 (1) IN GENERAL.—From the sums appropriated
10 under section 452 for any fiscal year, the Secretary
11 shall allot—

12 (A) \$40,000 each to Guam, American
13 Samoa, the Commonwealth of the Northern
14 Mariana Islands, and the Virgin Islands; and

15 (B) \$200,000 to each of the other States.

16 (2) RATABLE REDUCTION.—If the sums appro-
17 priated under section 452 for any fiscal year are in-
18 sufficient to pay all of the allotments under para-
19 graph (1), each such allotment shall be ratably re-
20 duced.

21 (b) ADDITIONAL ALLOTMENTS.—

22 (1) IN GENERAL.—From the remainder of the
23 sums appropriated under section 452 for any fiscal
24 year after the application of subsection (a), the Sec-
25 retary shall allot to each State an amount which

1 bears the same ratio to such remainder as the popu-
2 lation of the State bears to the population of all
3 States.

4 (2) DETERMINATION OF POPULATION OF
5 STATES.—For the purpose of this subsection, the
6 population of each State, and the total population of
7 all States, shall be determined by the Secretary on
8 the basis of the most recent census data available to
9 the Secretary, and the Secretary shall use for such
10 purpose, if available, the annual interim current cen-
11 sus data produced by the Secretary of Commerce
12 pursuant to section 181 of title 13, United States
13 Code.

14 **SEC. 454. GRANTS TO STATES.**

15 (a) IN GENERAL.—The Secretary shall make a grant
16 for a fiscal year to a State if the State—

17 (1) has submitted to the Secretary for the year
18 an annual application that has been approved by the
19 Secretary under section 456; and

20 (2) has entered into a written agreement with
21 the Secretary that—

22 (A) the State will provide 100 percent of
23 the funds paid to the State under this subtitle
24 for the year to the State library administrative
25 agency for the State;

1 (B) such agency will be required to use
2 such funds to carry out activities that—

3 (i) are described in such annual appli-
4 cation;

5 (ii) achieve the purposes of this sub-
6 title; and

7 (iii) satisfy the requirements of sec-
8 tion 455;

9 (C) there will be available from State and
10 local sources for expenditure by such agency to
11 carry out such activities an amount that equals
12 or exceeds 25 percent of the total cost (as de-
13 termined by the Secretary) of carrying out such
14 activities for the year; and

15 (D) such agency has the fiscal and legal
16 authority and capability to administer all as-
17 pects of such activities.

18 (b) AMOUNT OF GRANTS.—The amount of a grant
19 to a State under subsection (a) for a fiscal year shall equal
20 the lesser of the following:

21 (1) The sum of the initial and additional allot-
22 ments of the State for the year.

23 (2) 75 percent of the total cost (as determined
24 by the Secretary) of carrying out the activities de-
25 scribed in subsection (a)(2)(B) for the year.

1 **SEC. 455. USES OF FUNDS.**

2 (a) IN GENERAL.—Of the funds provided to a State
3 library administrative agency under section 454(a)(2)(A),
4 the agency shall expend (either directly or through
5 subgrants or cooperative agreements) at least 97 percent
6 for one or more of the following purposes:

7 (1) Electronically connecting libraries with inte-
8 grated career center systems designated or estab-
9 lished under section 107 and local service providers
10 receiving grants under paragraph (1) or (2) of sec-
11 tion 432(a).

12 (2) Establishing or enhancing linkages among
13 libraries.

14 (3) Assisting libraries in accessing information
15 through electronic networks.

16 (4) Encouraging libraries in different Federal,
17 State, and local jurisdictions, and different types of
18 libraries, to establish consortia and share resources.

19 (5) Paying costs for libraries to acquire or
20 share computer systems and telecommunications
21 technologies.

22 (6) Improving library and information services
23 for individuals who have difficulty using a library or
24 who need special library materials or services, in-
25 cluding individuals under the age of 18.

1 (b) ADMINISTRATIVE EXPENSES.—In any fiscal year,
2 a State library administrative agency may use not more
3 than 3 percent of the funds provided to the agency under
4 section 454(a)(2)(A) for planning, administration, evalua-
5 tions, and interagency coordination associated with a
6 grant under this subtitle.

7 **SEC. 456. ANNUAL APPLICATIONS.**

8 (a) SUBMISSION.—A State that desires to receive a
9 grant under this subtitle for a fiscal year shall submit to
10 the Secretary, in such form and manner and before such
11 deadline as the Secretary shall specify in regulations, an
12 application for such year. Such application shall—

13 (1) establish goals, and specify priorities, for
14 the State consistent with the purposes of this sub-
15 title;

16 (2) describe activities that are consistent with
17 such goals and priorities, the purposes of this sub-
18 title, and the requirements of section 455 that the
19 State library administrative agency will carry out
20 during such year using such grant;

21 (3) describe the procedures that such agency
22 will use to carry out such activities;

23 (4) describe the methodology that such agency
24 will use to evaluate the success of such activities in
25 achieving such goals and meeting such priorities;

1 (5) describe procedures that such agency will
2 use to involve libraries and library users throughout
3 the State in policy decisions regarding implementa-
4 tion of this subtitle; and

5 (6) provide assurances satisfactory to the Sec-
6 retary that such agency will make such reports, in
7 such form and containing such information, as the
8 Secretary may reasonably require to carry out this
9 subtitle and to determine the extent to which funds
10 provided under this subtitle have been effective in
11 carrying out its purposes.

12 (b) APPROVAL.—

13 (1) IN GENERAL.—The Secretary shall approve
14 each application submitted under subsection (a) that
15 satisfies the requirements of the subsection.

16 (2) RIGHTS OF STATES UPON DISAPPROVAL.—
17 If the Secretary determines that an application sub-
18 mitted by a State under subsection (a) does not sat-
19 isfy the requirements of such subsection, the Sec-
20 retary shall—

21 (A) immediately notify the State of such
22 determination and the reasons for such deter-
23 mination; and

24 (B) offer the State an opportunity to re-
25 vise its application to correct any deficiencies.

1 **TITLE V—MISCELLANEOUS**
2 **PROVISIONS**

3 **SEC. 501. EFFECT ON REHABILITATION ACT OF 1973.**

4 Notwithstanding any other provision of this Act, this
5 Act does not have any legal effect on any program under
6 the Rehabilitation Act of 1973.

7 **TITLE VI—HIGHER EDUCATION**
8 **PRIVATIZATION**

9 **SEC. 601. REORGANIZATION OF THE STUDENT LOAN MAR-**
10 **KETING ASSOCIATION THROUGH THE FOR-**
11 **MATION OF A HOLDING COMPANY.**

12 (a) AMENDMENT.—Part B of title IV of the Higher
13 Education Act of 1965 (20 U.S.C. 1071 et seq.) is amend-
14 ed by inserting after section 439 (20 U.S.C. 1087–2) the
15 following new section:

16 **“SEC. 440. REORGANIZATION OF THE STUDENT LOAN MAR-**
17 **KETING ASSOCIATION THROUGH THE FOR-**
18 **MATION OF A HOLDING COMPANY.**

19 “(a) ACTIONS BY THE ASSOCIATION’S BOARD OF DI-
20 RECTORS.—The Board of Directors of the Association
21 shall take or cause to be taken all such action as it deems
22 necessary or appropriate to effect, upon the shareholder
23 approval described in subsection (b), a restructuring of the
24 common stock ownership of the Association, as set forth
25 in a plan of reorganization adopted by the Board of Direc-

1 tors (the terms of which shall be consistent with this Act)
2 so that all of the outstanding common shares shall be di-
3 rectly owned by an ordinary business corporation char-
4 tered under State or District of Columbia law (the ‘Hold-
5 ing Company’), as the Board of Directors may determine.
6 Such actions may include, in the Board’s discretion, a
7 merger of a wholly owned subsidiary of the Holding Com-
8 pany with and into the Association, which would have the
9 effect provided in the plan of reorganization and the law
10 of the jurisdiction in which such subsidiary is incor-
11 porated. As part of the restructuring, the Board of Direc-
12 tors may cause (1) the common shares of the Association
13 to be converted, at the reorganization effective date, to
14 common shares of the Holding Company on a one for one
15 basis, consistent with applicable State or District of Co-
16 lumbia law, and (2) Holding Company common shares to
17 be registered with the Securities and Exchange Commis-
18 sion.

19 “(b) SHAREHOLDER APPROVAL.—The plan of reor-
20 ganization adopted by the Board of Directors pursuant to
21 subsection (a) shall be submitted to common stockholders
22 of the Association for their approval. The reorganization
23 shall occur at the reorganization effective date, provided
24 that the plan of reorganization has been approved by the
25 affirmative votes, cast in person or by proxy, of the holders

1 of a majority of the issued and outstanding shares of the
2 Association common stock.

3 “(c) TRANSITION.—

4 “(1) IN GENERAL.—Except as specifically pro-
5 vided in this section, until the dissolution date the
6 Association shall continue to have all of the rights,
7 privileges and obligations set forth in, and shall be
8 subject to all of the limitations and restrictions of,
9 section 439 of this Act as in effect on the effective
10 date of this section, and the Association shall con-
11 tinue to carry out the purposes of such section. The
12 Holding Company and its affiliates other than the
13 Association shall not be entitled to any of the rights,
14 privileges and obligations, and shall not be subject to
15 the limitations and restrictions, applicable to the As-
16 sociation under section 439 of this Act as in effect
17 on the effective date of this section, except as spe-
18 cifically provided in this section. The Holding Com-
19 pany and its subsidiaries (other than the Associa-
20 tion) shall not purchase loans insured under this Act
21 until such time as the Association ceases acquiring
22 such loans, except that the Association shall con-
23 tinue to acquire loans as a lender of last resort pur-
24 suant to section 439(q) of this Act or under an

1 agreement with the Secretary described in section
2 440(c)(6).

3 “(2) TRANSFER OF CERTAIN PROPERTY.—Ex-
4 cept as specifically provided in this section, at the
5 reorganization effective date or as soon as prac-
6 ticable thereafter, the Association shall use its best
7 efforts to transfer to the Holding Company or its
8 subsidiaries (or both), in each case, as directed by
9 the Holding Company, all real and personal property
10 of the Association (both tangible and intangible)
11 other than the remaining property. Without limiting
12 the preceding sentence, such transferred property
13 shall include all right, title and interest in (A) direct
14 or indirect subsidiaries of the Association (excluding
15 any interest in any government sponsored enter-
16 prise), (B) contracts, leases, and other agreements,
17 (C) licenses and other intellectual property, and (D)
18 any other property of the Association. Notwithstand-
19 ing the preceding provisions of this paragraph, noth-
20 ing in this paragraph shall be construed to prohibit
21 the Association from transferring remaining prop-
22 erty from time to time to the Holding Company or
23 its subsidiaries, subject to the provisions of para-
24 graph (4).

1 “(3) TRANSFER OF PERSONNEL.—At the reor-
2 ganization effective date, employees of the Associa-
3 tion shall become employees of the Holding Com-
4 pany (or of the subsidiaries), and the Holding Com-
5 pany (or the subsidiaries or both) shall provide all
6 necessary and appropriate management and oper-
7 ational support (including loan servicing) to the As-
8 sociation, as requested by the Association. The Asso-
9 ciation may, however, obtain such management and
10 operational support from other persons or entities.

11 “(4) DIVIDENDS.—The Association may pay
12 dividends in the form of cash or noncash distribu-
13 tions so long as at the time of the declaration of
14 such dividends, after giving effect to the payment of
15 such dividends as of the date of such declaration by
16 the Board of Directors of the Association, the Asso-
17 ciation’s capital would be in compliance with the
18 capital standards set forth in section 439(r) of this
19 Act. If, at any time after the reorganization effective
20 date, the Association fails to comply with such cap-
21 ital standards, the Holding Company shall be obli-
22 gated to transfer to the Association additional cap-
23 ital in such amounts as are necessary to ensure that
24 the Association again complies with the capital
25 standards.

1 “(5) VALUATION OF NONCASH DISTRIBUTIONS.—After the reorganization effective date, any
2 distribution of noncash assets by the Association to
3 the Holding Company shall be valued at book value
4 on the date the Association’s Board of Directors ap-
5 proved such distribution for purposes of calculating
6 compliance with section 439(r) of this Act.
7

8 “(6) RESTRICTIONS ON NEW BUSINESS ACTIV-
9 ITY OR ACQUISITION OF ASSETS BY ASSOCIATION.—
10 After the reorganization effective date, the Associa-
11 tion shall not engage in any new business activities
12 or acquire any additional program assets described
13 in section 439(d) of the Act other than—

14 “(A) in connection with (i) student loan
15 purchases through September 30, 2005, and (ii)
16 contractual commitments for future
17 warehousing advances or pursuant to letters of
18 credit or standby bond purchase agreements
19 which are outstanding as of the reorganization
20 effective date;

21 “(B) in connection with its serving as a
22 lender-of-last-resort pursuant to section 439 of
23 this Act; and

24 “(C) in connection with its purchase of
25 loans insured under this part, if the Secretary,

1 with the approval of the Secretary of the Treas-
2 ury, enters into an agreement with the Associa-
3 tion for the continuation or resumption of its
4 secondary market purchase program because
5 the Secretary determines there is inadequate li-
6 quidity for loans made under this part.

7 The Secretary is authorized to enter into an agree-
8 ment described in subparagraph (C) with the Asso-
9 ciation covering such secondary market activities.

10 Any agreement entered into under subparagraph (C)
11 shall cover a period of 12 months, but may be re-
12 newed if the Secretary determines that liquidity re-
13 mains inadequate. The fee provided under section
14 439(h)(7) shall not apply to loans acquired under
15 any such agreement with the Secretary.

16 “(7) ISSUANCE OF DEBT OBLIGATIONS DURING
17 THE TRANSITION PERIOD; ATTRIBUTES OF DEBT OB-
18 LIGATIONS.—After the reorganization effective date,
19 the Association shall not issue debt obligations which
20 mature later than September 30, 2009, except in
21 connection with serving as a lender-of-last-resort
22 pursuant to section 439 of this Act or with purchas-
23 ing loans under an agreement with the Secretary as
24 described in paragraph (6) of this subsection. Noth-
25 ing in this subsection shall modify the attributes ac-

1 corded the debt obligations of the Association by sec-
2 tion 439, regardless of whether such debt obligations
3 are incurred prior to, or at any time following, the
4 reorganization effective date or are transferred to a
5 trust in accordance with subsection (d).

6 “(8) MONITORING OF SAFETY AND SOUND-
7 NESS.—

8 “(A) OBLIGATION TO OBTAIN, MAINTAIN,
9 AND REPORT INFORMATION.—The Association
10 shall obtain such information and make and
11 keep such records as the Secretary of the
12 Treasury may from time to time prescribe con-
13 cerning (i) the financial risk to the Association
14 resulting from the activities of any of its associ-
15 ated persons, to the extent such activities are
16 reasonably likely to have a material impact on
17 the financial condition of the Association, in-
18 cluding its capital ratio, its liquidity, or its abil-
19 ity to conduct and finance its operations, and
20 (ii) the Association’s policies, procedures, and
21 systems for monitoring and controlling any
22 such financial risk. The Association’s obliga-
23 tions under this subsection with respect to any
24 associated person which is a third party servicer
25 (as defined in 34 C.F.R. 682.200(b)) shall be

1 limited to providing to the Secretary of the
2 Treasury copies of any reports or other infor-
3 mation provided to the Secretary of Education
4 pursuant to 34 C.F.R. 682.200 et seq. The Sec-
5 retary of the Treasury may require summary
6 reports of such information to be filed no more
7 frequently than quarterly. For purposes of this
8 paragraph, the term ‘associated person’ shall
9 mean any person, other than a natural person,
10 directly or indirectly controlling, controlled by,
11 or under common control with the Association.

12 “(B) SEPARATE OPERATION OF CORPORA-
13 TIONS.—

14 “(i) The funds and assets of the Asso-
15 ciation shall at all times be maintained
16 separately from the funds and assets of the
17 Holding Company or any of its other sub-
18 sidiaries and may be used solely by the As-
19 sociation to carry out its purposes and to
20 fulfill its obligations.

21 “(ii) The Association shall maintain
22 books and records that clearly reflect the
23 assets and liabilities of the Association,
24 separate from the assets and liabilities of

1 the Holding Company or any of its other
2 subsidiaries.

3 “(iii) The Association shall maintain a
4 corporate office that is physically separate
5 from any office of the Holding Company or
6 any of its subsidiaries.

7 “(iv) No director of the Association
8 that is appointed by the President pursu-
9 ant to section 439(c)(1)(A) may serve as a
10 director of the Holding Company.

11 “(v) At least one officer of the Asso-
12 ciation shall remain an officer solely of the
13 Association.

14 “(vi) Transactions between the Asso-
15 ciation and the Holding Company or its
16 other subsidiaries, including any loan serv-
17 icing arrangements, shall be on terms no
18 less favorable to the Association than the
19 Association could obtain from an unrelated
20 third party offering comparable services.

21 “(vii) The Association shall not extend
22 credit to the Holding Company or any of
23 its affiliates, nor guarantee or provide any
24 credit enhancement to any debt obligations

1 of the Holding Company or any of its af-
2 filiates.

3 “(viii) Any amounts collected on be-
4 half of the Association by the Holding
5 Company or any of its other subsidiaries
6 with respect to the assets of the Associa-
7 tion, pursuant to a servicing contract or
8 other arrangement between the Association
9 and the Holding Company or any of its
10 other direct or indirect subsidiaries, shall
11 be collected solely for the benefit of the As-
12 sociation and shall be immediately depos-
13 ited by the Holding Company or such
14 other subsidiary to an account under the
15 sole control of the Association.

16 “(C) ENCUMBRANCE OF ASSETS.—Not-
17 withstanding any otherwise applicable Federal
18 or State law, rule, or regulation, or legal or eq-
19 uitable principle, doctrine, or theory to the con-
20 trary, under no circumstances shall the assets
21 of the Association be available or used to pay
22 claims or debts of or incurred by the Holding
23 Company. Nothing in this subparagraph shall
24 limit the right of the Association to pay divi-
25 dends not otherwise prohibited hereunder or

1 limit any liability of the Holding Company ex-
2 plicitly provided for in this part.

3 “(D) HOLDING COMPANY ACTIVITIES.—
4 After the reorganization effective date and prior
5 to the dissolution of the Association in accord-
6 ance with section 440(d), Holding Company ac-
7 tivities shall be limited to ownership of the As-
8 sociation and any other subsidiaries. All busi-
9 ness activities shall be conducted through sub-
10 sidiaries.

11 “(9) ASSOCIATION BOARD OF DIRECTORS.—
12 Notwithstanding any other provision of part B of
13 this title, after the reorganization effective date, the
14 14 directors of the Association elected by the Asso-
15 ciation’s stockholders (which immediately after the
16 reorganization effective date shall be the Holding
17 Company) shall no longer be required to meet the
18 eligibility requirements set forth in section 439(c).

19 “(10) ISSUANCE OF STOCK WARRANTS.—At the
20 reorganization effective date, the Holding Company
21 shall issue to the Secretary of the Treasury 200,000
22 stock warrants, each entitling the holder of the stock
23 warrant to purchase from the Holding Company one
24 share of the registered common stock of the Holding
25 Company at any time on or before September 30,

1 2009. The exercise price for such warrants shall be
2 an amount equal to the average closing price of the
3 common stock of the Association for the 20 business
4 days prior to and including the date of enactment of
5 this section on the exchange or market which is then
6 the primary exchange or market for the common
7 stock of the Association, subject to any adjustments
8 necessary to reflect the conversion of Association
9 common stock into Holding Company common stock
10 as part of the plan of reorganization approved by
11 the Association's shareholders.

12 “(11) RESTRICTIONS ON TRANSFER OF ASSO-
13 CIATION SHARES AND BANKRUPTCY OF ASSOCIA-
14 TION.—After the reorganization effective date, the
15 Holding Company shall not sell, pledge, or otherwise
16 transfer the outstanding shares of the Association,
17 or agree to or cause the liquidation of the Associa-
18 tion or cause the Association to file a petition for
19 bankruptcy under title 11, United States Code, with-
20 out prior approval of the Secretary of the Treasury
21 and the Secretary of Education.

22 “(d) TERMINATION OF THE ASSOCIATION.—The As-
23 sociation shall dissolve, and its separate existence shall
24 terminate on September 30, 2009, after discharge of all
25 outstanding debt obligations and liquidation pursuant to

1 this subsection. The Association may dissolve pursuant to
2 this subsection prior to such date by notifying the Sec-
3 retary of Education and the Secretary of the Treasury of
4 its intention to dissolve, unless within 60 days of receipt
5 of such notice the Secretary of Education notifies the As-
6 sociation that it continues to be needed to serve as a lend-
7 er of last resort pursuant to section 439(q) of this Act
8 or continues to be needed to purchase loans under an
9 agreement with the Secretary described in subsection
10 (c)(6) of this section. On the dissolution date, the Associa-
11 tion shall take the following actions:

12 “(1) ESTABLISHMENT OF A TRUST.—The Asso-
13 ciation shall, under the terms of an irrevocable trust
14 agreement in form and substance satisfactory to the
15 Secretary of the Treasury, the Association and the
16 appointed trustee, irrevocably transfer all remaining
17 obligations of the Association to the trust and irrev-
18 ocably deposit or cause to be deposited into such
19 trust, to be held as trust funds solely for the benefit
20 of holders of the remaining obligations, money or di-
21 rect noncallable obligations of the United States of
22 America or any agency thereof for which payment
23 the full faith and credit of the United States is
24 pledged, maturing as to principal and interest in
25 such amounts and at such times as are determined

1 by the Secretary of the Treasury to be sufficient,
2 without consideration of any significant reinvestment
3 of such interest, to pay the principal of, and interest
4 on, the remaining obligations in accordance with
5 their terms. To the extent the Association cannot
6 provide money or qualifying obligations in the
7 amount required, the Holding Company shall be re-
8 quired to transfer money or qualifying obligations to
9 the trust in the amount necessary to prevent any de-
10 ficiency.

11 “(2) USE OF TRUST ASSETS.—All money, obli-
12 gations, or financial assets deposited into the trust
13 pursuant to this subsection shall be applied by the
14 trustee to the payment of the remaining obligations
15 assumed by the trust. Upon the fulfillment of the
16 trustee’s duties under the trust, any remaining as-
17 sets of the trust shall be transferred to the Holding
18 Company or its subsidiaries, or both, as directed by
19 the Holding Company.

20 “(3) OBLIGATIONS NOT TRANSFERRED TO THE
21 TRUST.—The Association shall make proper provi-
22 sion for all other obligations of the Association, in-
23 cluding the repurchase or redemption, or the making
24 of proper provision for the repurchase or redemp-
25 tion, of any preferred stock of the Association then

1 outstanding. Any obligations of the Association
2 which cannot be fully satisfied shall become liabil-
3 ities of the Holding Company as of the date of dis-
4 solution.

5 “(4) TRANSFER OF REMAINING ASSETS.—After
6 compliance with paragraphs (1), and (3), the Asso-
7 ciation shall transfer to the Holding Company any
8 remaining assets of the Association.

9 “(e) OPERATION OF THE HOLDING COMPANY.—

10 “(1) HOLDING COMPANY BOARD OF DIREC-
11 TORS.—The number and composition of the Board
12 of Directors of the Holding Company shall be deter-
13 mined as set forth in the Holding Company’s charter
14 or like instrument (as amended from time to time)
15 or bylaws (as amended from time to time) and as
16 permissible under the laws of the jurisdiction of its
17 incorporation.

18 “(2) HOLDING COMPANY NAME.—The names of
19 the Holding Company and any subsidiary of the
20 Holding Company other than the Association—

21 “(A) may not contain the name ‘Student
22 Loan Marketing Association’; and

23 “(B) may contain, to the extent permitted
24 by applicable State or District of Columbia law,
25 ‘Sallie Mae’, or variations thereof or such other

1 names as the Board of Directors of the Associa-
2 tion of the Holding Company shall deem appro-
3 priate.

4 “(3) USE OF SALLIE MAE NAME.—Without lim-
5 iting paragraph (2), the Association may assign to
6 the Holding Company, or any other subsidiary of the
7 Holding Company, the ‘Sallie Mae’ name as a trade-
8 mark and service mark, except that neither the
9 Holding Company nor any subsidiary of the Holding
10 Company other than the Association or a subsidiary
11 of the Association may use the ‘Sallie Mae’ name on,
12 or to identify the issuer of, any debt obligation or
13 other security offered or sold by the Holding Com-
14 pany or any such subsidiary. The Association shall
15 remit to the Secretary of Treasury \$5,000,000 dur-
16 ing fiscal year 1996 as compensation for the right
17 to assign such trademark or service mark.

18 “(4) DISCLOSURE REQUIRED.—Until 3 years
19 after the dissolution date, the Holding Company,
20 and any subsidiary of the Holding Company other
21 than the Association, shall prominently display—

22 “(A) in any document offering its securi-
23 ties, that the obligations of the Holding Com-
24 pany and any such subsidiary are not guaran-

1 teed by the full faith and credit of the United
2 States; and

3 “(B) in any advertisement or promotional
4 materials which use the ‘Sallie Mae’ name or
5 mark, a statement that neither the Holding
6 Company nor any such subsidiary is a Govern-
7 ment-sponsored enterprise or instrumentality of
8 the United States.

9 “(f) STRICT CONSTRUCTION.—Except as specifically
10 set forth in this section, nothing contained in this section
11 shall be construed to limit the authority of the Association
12 as a federally chartered corporation, or of the Holding
13 Company as a State or District of Columbia chartered cor-
14 poration.

15 “(g) RIGHT TO ENFORCE.—The Secretary of Edu-
16 cation or the Secretary of the Treasury, as appropriate,
17 may request the Attorney General of the United States
18 to bring an action in the United States District Court for
19 the District of Columbia for the enforcement of any provi-
20 sions of this section, or may, under the direction or control
21 of the Attorney General, bring such an action. Such court
22 shall have jurisdiction and power to order and require
23 compliance with this section.

24 “(h) DEADLINE FOR REORGANIZATION EFFECTIVE
25 DATE.—This section shall be of no further force and effect

1 in the event that the reorganization effective date does not
2 occur on or before 18 months after the date of enactment
3 of this section.

4 “(i) DEFINITIONS.—For purposes of this section:

5 “(1) The term ‘Association’ means the Student
6 Loan Marketing Association.

7 “(2) The term ‘dissolution date’ shall mean
8 September 30, 2009, or such earlier date as the Sec-
9 retary of Education permits the transfer of remain-
10 ing obligations in accordance with subsection (d) of
11 this section.

12 “(3) The term ‘reorganization effective date’
13 means the effective date of the reorganization as de-
14 termined by the Board of Directors of the Associa-
15 tion, which shall not be earlier than the date that
16 stockholder approval is obtained pursuant to sub-
17 section (b) of this section and shall not be later than
18 the date that is 18 months after the date of enact-
19 ment of this section.

20 “(4) The term ‘Holding Company’ means the
21 new business corporation formed pursuant to this
22 section by the Association under the laws of any
23 State of the United States or the District of Colum-
24 bia.

1 “(5) The term ‘remaining obligations’ shall
2 mean the debt obligations of the Association out-
3 standing as of the dissolution date.

4 “(6) The term ‘remaining property’ shall mean
5 the following assets and liabilities of the Association
6 which are outstanding as of the reorganization effec-
7 tive date: (A) debt obligations issued by the Associa-
8 tion, (B) contracts relating to interest rate, cur-
9 rency, or commodity positions or protections, (C) in-
10 vestment securities owned by the Association, (D)
11 any instruments, assets, or agreements described in
12 section 439(d) of this Act (including without limita-
13 tion all student loans, forward purchase and lending
14 commitments, warehousing advances, academic fa-
15 cilities obligations, letters of credit, standby bond
16 purchase agreements, liquidity agreements, and stu-
17 dent loan revenue bonds or other loans), and (E) ex-
18 cept as specifically prohibited by this Act, any other
19 nonmaterial assets or liabilities of the Association
20 which the Association’s Board of Directors deter-
21 mines to be necessary or appropriate to its oper-
22 ations.

23 “(7) The term ‘reorganization’ means the re-
24 structuring event or events (including any merger

1 event) giving effect to the holding company structure
2 described in subsection (a) of this section.

3 “(8) The term ‘subsidiary’ or ‘subsidiaries’ shall
4 mean one or more direct or indirect subsidiaries of
5 the Holding Company.”.

6 (b) TECHNICAL AMENDMENTS.—

7 (1) AMENDMENTS TO THE HIGHER EDUCATION
8 ACT.—Effective on the reorganization effective date
9 (as defined in section 440(h)(3) of the Higher Edu-
10 cation Act of 1965, as added by subsection (a))—

11 (A) section 435(d)(1)(F) of such Act (20
12 U.S.C. 1085(d)(1)(F)) is amended by inserting
13 after “Student Loan Marketing Association”
14 the following: “or the Holding Company of the
15 Student Loan Marketing Association, including
16 all subsidiaries of such Holding Company, cre-
17 ated pursuant to section 440 of this Act,”; and

18 (B) sections 435(d)(1)(G) and
19 428C(a)(1)(A) of such Act (20 U.S.C.
20 1085(d)(1)(G); 1078–3(a)(1)(A)) are each
21 amended by inserting after “Student Loan
22 Marketing Association” the following: “or the
23 Holding Company of the Student Loan Market-
24 ing Association, including all subsidiaries of

1 such Holding Company, created pursuant to
2 section 440 of this Act”.

3 (2) ENFORCEMENT OF SAFETY AND SOUND-
4 NESS REQUIREMENTS.—Section 439(r) of the High-
5 er Education Act of 1965 (20 U.S.C. 1087–2(r)) is
6 amended—

7 (A) by redesignating paragraph (13) as
8 paragraph (15); and

9 (B) by inserting after paragraph (12) the
10 following new paragraph:

11 “(13) ENFORCEMENT OF SAFETY AND SOUND-
12 NESS REQUIREMENTS.—The Secretary of Education
13 or the Secretary of the Treasury, as appropriate,
14 may request the Attorney General of the United
15 States to bring an action in the United States Dis-
16 trict Court for the District of Columbia for the en-
17 forcement of any provisions of this subsection, or
18 may, under the direction or control of the Attorney
19 General, bring such an action. Such court shall have
20 jurisdiction and power to order and require compli-
21 ance with this subsection.”.

22 (3) CAPITAL RATIO AMENDMENTS.—Section
23 439(r) of the Higher Education Act of 1965 is fur-
24 ther amended—

25 (A) in paragraph (1)—

1 (i) by striking “and” at the end of
2 subparagraph (A);

3 (ii) by striking the period at the end
4 of subparagraph (B) and inserting “;
5 and”; and

6 (iii) by adding at the end the follow-
7 ing new subparagraph:

8 “(C) within 45 days of the end of each fis-
9 cal quarter, (i) financial statements of the Asso-
10 ciation, and (ii) a report setting forth the cal-
11 culation of the capital ratio of the Associa-
12 tion.”;

13 (B) in paragraph (11), by striking “para-
14 graphs (4) and (6)(A)” and inserting “para-
15 graphs (4), (6)(A), and (14)”;

16 (C) by inserting after paragraph (13) (as
17 added by paragraph (2) of this subsection) the
18 following new paragraph:

19 “(14) ACTIONS BY SECRETARY.—If the share-
20 holders of the Association shall have approved a re-
21 organization plan in accordance with section 440(b)
22 and, for any fiscal quarter ended after January 1,
23 2000, the Association shall have a capital ratio of
24 less than 2.25 percent, the Secretary of the Treas-
25 ury may, until such capital ratio is met, take any

1 one or more of the actions described in paragraph
2 (7), except that—

3 “(A) the capital ratio to be restored pursu-
4 ant to paragraph (7)(D) shall be 2.25 percent;
5 and

6 “(B) if the relevant capital ratio is in ex-
7 cess of or equal to 2 percent for such quarter,
8 the Secretary of the Treasury shall defer taking
9 any of the actions set forth in paragraph (7)
10 until the next succeeding quarter and may then
11 proceed with any such action only if the capital
12 ratio of the Association remains below 2.25 per-
13 cent.

14 Upon approval by the shareholders of the Associa-
15 tion of a reorganization plan in accordance with sec-
16 tion 440(b) for any period after January 1, 2000,
17 the provisions of paragraphs (4), (5), (6), (8), (9),
18 and (10) shall be of no further application to the As-
19 sociation.”.

20 (4) REPEAL OF THE ASSOCIATION’S CHAR-
21 TER.—Effective on the dissolution date (as defined
22 in section 440(h)(2) of the Higher Education Act of
23 1965, as added by subsection (a)), section 439 of
24 such Act (20 U.S.C. 1087-2) is repealed.

1 **SEC. 602. PRIVATIZATION OF COLLEGE CONSTRUCTION**
2 **LOAN INSURANCE ASSOCIATION.**

3 (a) REPEAL OF STATUTORY RESTRICTIONS.—Part D
4 of title VII of the Higher Education Act of 1965 (20
5 U.S.C. 1132f et seq.) is repealed.

6 (b) STATUS OF THE CORPORATION.—

7 (1) STATUS OF THE CORPORATION.—The Cor-
8 poration shall not be an agency, instrumentality, or
9 establishment of the United States Government and
10 shall not be a “Government corporation” nor a
11 “Government controlled corporation” as defined in
12 section 103 of title 5, United States Code. No action
13 under section 1491 of title 28, United States Code
14 (commonly known as the Tucker Act) shall be allow-
15 able against the United States based on the actions
16 of the Corporation.

17 (2) CORPORATE POWERS.—The Corporation
18 shall have the power to engage in any business or
19 other activities for which corporations may be orga-
20 nized under the laws of any State of the United
21 States or the District of Columbia. The Corporation
22 shall have the power to enter into contracts, to exe-
23 cute instruments, to incur liabilities, to provide prod-
24 ucts and services, and to do all things as are nec-
25 essary or incidental to the proper management of its

1 affairs and the efficient operation of a private, for-
2 profit business.

3 (3) LIMITATION ON OWNERSHIP OF STOCK.—
4 Except as provided in subsection (d)(2) of this sec-
5 tion, no stock of the Corporation may be sold or is-
6 sued to an agency, instrumentality, or establishment
7 of the United States Government, to a Government
8 corporation or a Government controlled corporation
9 (as such terms are defined in section 103 of title 5,
10 United States Code), or to a Government sponsored
11 enterprise (as such term is defined in section 622 of
12 title 2, United States Code). The Student Loan
13 Marketing Association shall not own any stock of
14 the Corporation, except that it may retain the stock
15 it owns on the date of enactment. The Student Loan
16 Marketing Association shall not control the oper-
17 ation of the Corporation, except that the Student
18 Loan Marketing Association may participate in the
19 election of directors as a shareholder, and may con-
20 tinue to exercise its right to appoint directors under
21 section 754 of the Higher Education Act of 1965 as
22 long as that section is in effect. The Student Loan
23 Marketing Association shall not provide financial
24 support or guarantees to the Corporation. Notwith-
25 standing the prohibitions in this subsection, the

1 United States may pursue any remedy against a
2 holder of the Corporation's stock to which it would
3 otherwise be entitled.

4 (c) RELATED PRIVATIZATION REQUIREMENTS.—

5 (1) NOTICE REQUIREMENTS.—During the 5-
6 year period following the date of the enactment of
7 this Act, the Corporation shall include in any docu-
8 ment offering the Corporation's securities, in any
9 contracts for insurance, guarantee, or reinsurance of
10 obligations, and in any advertisement or promotional
11 material, a statement that—

12 (A) the Corporation is not a Government-
13 sponsored enterprise or instrumentality of the
14 United States; and

15 (B) the Corporation's obligations are not
16 guaranteed by the full faith and credit of the
17 United States.

18 (2) CORPORATE CHARTER.—The Corporation's
19 charter shall be amended as necessary and without
20 delay to conform the requirements of this Act.

21 (3) CORPORATE NAME.—The name of the Cor-
22 poration, or of any direct or indirect subsidiary
23 thereof, may not contain the term "College Con-
24 struction Loan Insurance Association".

1 (4) ARTICLES OF INCORPORATION.—The Cor-
2 poration shall amend its articles of incorporation
3 without delay to reflect that one of the purposes of
4 the Corporation shall be to guarantee, insure and re-
5 insure bonds, leases, and other evidences of debt of
6 educational institutions, including Historically Black
7 Colleges and Universities and other academic insti-
8 tutions which are ranked in the lower investment
9 grade category using a nationally recognized credit
10 rating system.

11 (5) TRANSITION REQUIREMENTS.—

12 (A) REQUIREMENTS UNTIL STOCK SALE.—
13 Notwithstanding subsection (a), the require-
14 ments of section 754 of the Higher Education
15 Act of 1965 (20 U.S.C. 1132f-3), as in exist-
16 ence as of the day before enactment of this Act,
17 shall continue to be effective until the day im-
18 mediately following the date of closing of the
19 purchase of the Secretary's stock (or the date
20 of closing of the final purchase, in the case of
21 multiple transactions) pursuant to subsection
22 (d) of this section.

23 (B) REPORTS AFTER STOCK SALE.—The
24 Corporation shall, not later than March 30 of
25 the first full calendar year immediately follow-

1 ing the sale pursuant to subsection (d), and
2 each of the 2 succeeding years, submit to the
3 Secretary of Education a report describing the
4 Corporation's efforts to assist in the financing
5 of education facilities projects, including
6 projects for elementary, secondary, and post-
7 secondary educational institution infrastructure,
8 and detailing, on a project-by-project basis, the
9 Corporation's business dealings with edu-
10 cational institutions that are rated by a nation-
11 ally recognized statistical rating organization at
12 or below the organization's third highest rat-
13 ings.

14 (d) SALE OF FEDERALLY OWNED STOCK.—

15 (1) SALE OF STOCK REQUIRED.—The Secretary
16 of the Treasury shall make every effort to sell, pur-
17 suant to section 324 of title 31, United States Code,
18 the stock of the Corporation owned by the Secretary
19 of Education not later than 6 months after the date
20 of the enactment of this Act.

21 (2) PURCHASE BY THE CORPORATION.—In the
22 event that the Secretary of the Treasury is unable
23 to sell the stock, or any portion thereof, at a price
24 acceptable to the Secretary of Education and the
25 Secretary of the Treasury, the Corporation shall

1 purchase, within the period specified in paragraph
2 (1), such stock at a price determined by the Sec-
3 retary of the Treasury and acceptable to the Cor-
4 poration based on independent appraisal by one or
5 more nationally recognized financial firms, however,
6 such price shall not exceed the value of the Sec-
7 retary's stock as determined by the Congressional
8 Budget Office in House Report 104-153 dated June
9 22, 1995. Such firms shall be selected by the Sec-
10 retary of the Treasury in consultation with the Sec-
11 retary of Education and the Corporation.

12 (e) ASSISTANCE BY THE CORPORATION.—The Cor-
13 poration shall provide such assistance as the Secretary of
14 the Treasury and the Secretary of Education may require
15 to facilitate the sale of the stock under this section.

16 (f) DEFINITION.—As used in this section, the term
17 “Corporation” means the Corporation established pursu-
18 ant to the provision of law repealed by subsection (a).

19 **TITLE VII—REPEALERS AND** 20 **OTHER AMENDMENTS**

21 **SEC. 701. HIGHER EDUCATION PROVISIONS.**

22 (a) HIGHER EDUCATION ACT OF 1965 PROVI-
23 SIONS.—The following provisions of the Higher Education
24 Act of 1965 are repealed:

1 (1) Part B of title I (20 U.S.C. 1011 et seq.),
2 relating to articulation agreements.

3 (2) Part C of title I (20 U.S.C. 1015 et seq.),
4 relating to access and equity to education for all
5 Americans through telecommunications.

6 (3) Title II (20 U.S.C. 1021 et seq.), relating
7 to academic libraries and information services.

8 (4) Chapter 2 of subpart 2 of part A of title IV
9 (20 U.S.C. 1070a–21 et seq.), relating to national
10 early intervention scholarships.

11 (5) Chapter 3 of subpart 2 of part A of title IV
12 (20 U.S.C. 1070a–31 et seq.), relating to presi-
13 dential access scholarships.

14 (6) Chapter 4 of subpart 2 of part A of title IV
15 (20 U.S.C. 1070a–41 et seq.), relating to model pro-
16 gram community partnerships and counseling
17 grants.

18 (7) Chapter 5 of subpart 2 of part A of title IV
19 (20 U.S.C. 1070a–52 et seq.), relating to an early
20 awareness information program.

21 (8) Chapter 8 of subpart 2 of part A of title IV
22 (20 U.S.C. 1070a–81), relating to technical assist-
23 ance for teachers and counselors.

1 (9) Subpart 8 of part A of title IV (20 U.S.C.
2 1070f), relating to special child care services for dis-
3 advantaged college students.

4 (10) Section 428J (20 U.S.C. 1078–10), relat-
5 ing to loan forgiveness for teachers, individuals per-
6 forming national community service and nurses.

7 (11) Section 486 (20 U.S.C. 1093), relating to
8 training in financial aid services.

9 (12) Subpart 1 of part H of title IV (20 U.S.C.
10 1099a et seq.) relating to State postsecondary re-
11 view entity programs.

12 (13) Part A of title V (20 U.S.C. 1102 et seq.),
13 relating to State and local programs for teacher ex-
14 cellence.

15 (14) Part B of title V (20 U.S.C. 1103 et seq.),
16 relating to national teacher academies.

17 (15) Subpart 1 of part C of title V (20 U.S.C.
18 1104 et seq.), relating to Douglas teacher scholar-
19 ships.

20 (16) Subpart 3 of part C of title V (20 U.S.C.
21 1106 et seq.), relating to the teacher corps.

22 (17) Subpart 3 of part D of title V (20 U.S.C.
23 1109 et seq.), relating to class size demonstration
24 grants.

1 (18) Subpart 4 of part D of title V (20 U.S.C.
2 1110 et seq.), relating to middle school teaching
3 demonstration programs.

4 (19) Subpart 1 of part E of title V (20 U.S.C.
5 1111 et seq.), relating to new teaching careers.

6 (20) Subpart 1 of part F of title V (20 U.S.C.
7 1113 et seq.), relating to the national mini corps
8 programs.

9 (21) Section 586 (20 U.S.C. 1114), relating to
10 demonstration grants for critical language and area
11 studies.

12 (22) Section 587 (20 U.S.C. 1114a), relating to
13 development of foreign languages and cultures in-
14 structional materials.

15 (23) Subpart 3 of part F of title V (20 U.S.C.
16 1115), relating to small State teaching initiatives.

17 (24) Subpart 4 of part F of title V (20 U.S.C.
18 1116), relating to faculty development grants.

19 (25) Section 597 and section 599(b) (20 U.S.C.
20 1117a, 1117c(b)), relating to early childhood staff
21 training and professional enhancement.

22 (26) Section 605 (20 U.S.C. 1124a), relating to
23 intensive summer language institutes.

24 (27) Section 607 (20 U.S.C. 1125a), relating to
25 foreign language periodicals.

1 (28) Part A of title VII (20 U.S.C. 11326 et
2 seq.), relating to academic and library facilities.

3 (29) Title VIII (20 U.S.C. 1133 et seq.), relat-
4 ing to cooperative education programs.

5 (30) Part A of title IX (20 U.S.C. 1134a et
6 seq.), relating to women and minority participation
7 in graduate education.

8 (31) Part B of title IX (20 U.S.C. 1134d et
9 seq.), relating to Harris fellowships.

10 (32) Part C of title IX (20 U.S.C. 1134h et
11 seq.), relating to Javits fellowships.

12 (33) Part E of title IX (20 U.S.C. 1134r et
13 seq.), relating to the faculty development fellowship
14 program.

15 (34) Part F of title IX (20 U.S.C. 1134s et
16 seq.), relating to legal training for the disadvan-
17 taged.

18 (35) Part G of title IX (20 U.S.C. 1134u et
19 seq.), relating to law school clinical programs.

20 (36) Section 1011 (20 U.S.C. 1135a–11), relat-
21 ing to special projects in areas of national need.

22 (37) Subpart 2 of part B of title X (20 U.S.C.
23 1135c et seq.), relating to science and engineering
24 access programs.

1 (38) Part C of title X (20 U.S.C. 1135e et
2 seq.), relating to women and minorities science and
3 engineering outreach demonstration programs.

4 (39) Part D of title X (20 U.S.C. 1135f), relat-
5 ing to Eisenhower leadership programs.

6 (40) Title XI (20 U.S.C. 1136 et seq.), relating
7 to community service programs.

8 (b) EDUCATION AMENDMENTS OF 1986 PROVI-
9 SIONS.—The following provisions of the Higher Education
10 Amendments of 1986 are repealed:

11 (1) Part E of title XIII (20 U.S.C. 1221–1
12 note), relating to a National Academy of Science
13 study.

14 (2) Part B of title XV (20 U.S.C. 4441 et
15 seq.), relating to Native Hawaiian culture and art
16 development.

17 (c) EDUCATION AMENDMENTS OF 1992 PROVI-
18 SIONS.—The following provisions of the Higher Education
19 Amendments of 1992 are repealed:

20 (1) Part F of title XIII (25 U.S.C. 3351 et
21 seq.), relating to American Indian postsecondary
22 economic development scholarships.

23 (2) Part G of title XIII (25 U.S.C. 3371), re-
24 lating to American Indian teacher training.

1 (3) Section 1406 (20 U.S.C. 1221e–1 note), re-
2 relating to a national survey of factors associated with
3 participation.

4 (4) Section 1409 (20 U.S.C. 1132a note), relat-
5 ing to a study of environmental hazards in institu-
6 tions of higher education.

7 (5) Section 1412 (20 U.S.C. 1101 note), relat-
8 ing to a national job bank for teacher recruitment.

9 (6) Part B of title XV (20 U.S.C. 1452 note),
10 relating to a national clearinghouse for postsecond-
11 ary education materials.

12 (7) Part C of title XV (20 U.S.C. 1101 note),
13 relating to school-based decisionmakers.

14 (8) Part D of title XV (20 U.S.C. 1145h note),
15 relating to grants for sexual offenses education.

16 (9) Part E of title XV (20 U.S.C. 1070 note),
17 relating to Olympic scholarships.

18 (10) Part G of title XV (20 U.S.C. 1070a–11
19 note), relating to advanced placement fee payment
20 programs.

21 (d) CONFORMING AMENDMENTS.—the Higher Edu-
22 cation Act of 1965 is amended—

23 (1) in section 453(c)(2)—

24 (A) by striking subparagraph (E); and

1 (B) by redesignating subparagraphs (F)
2 through (H) as subparagraphs (E) through (G),
3 respectively;

4 (2) in section 487(a)(3), by striking subpara-
5 graph (B) and redesignating subparagraphs (C) and
6 (D) as subparagraphs (B) and (C), respectively;

7 (3) in section 487(a)(15), by striking “the Sec-
8 retary of Veterans Affairs, and State review entities
9 under subpart 1 of part H” and inserting “and the
10 Secretary of Veterans Affairs”;

11 (4) in section 487(a)(21), by striking “, State
12 postsecondary review entities,”;

13 (5) in section 487(c)(1)(A)(i), by striking
14 “State agencies, and the State review entities re-
15 ferred to in subpart 1 of part H” and inserting “and
16 State agencies”;

17 (6) in section 487(c)(4), by striking “, after
18 consultation with each State review entity designated
19 under subpart 1 of part H,”;

20 (7) in section 487(c)(5), by striking “State re-
21 view entities designated under subpart 1 of part
22 H,”;

23 (8) in section 496(a)(7), by striking “and the
24 appropriate State postsecondary review entity”;

1 (9) in section 496(a)(8), by striking “and the
2 State postsecondary review entity of the State in
3 which the institution of higher education is located”;

4 (10) in section 498(g)(2), by striking everything
5 after the first sentence;

6 (11) in section 498A(a)(2)(D), by striking “by
7 the appropriate State postsecondary review entity
8 designated under subpart 1 of this part or”;

9 (12) in section 498A(a)(2)—

10 (A) by inserting “and” after the semicolon
11 at the end of subparagraph (E);

12 (B) by striking subparagraph (F); and

13 (C) by redesignating subparagraph (G) as
14 subparagraph (F); and

15 (13) in section 498A(a)(3)—

16 (A) by inserting “and” after the semicolon
17 at the end of subparagraph (C);

18 (B) by striking “; and” at the end of sub-
19 paragraph (D) and inserting a period; and

20 (C) by striking subparagraph (E).

21 **SEC. 702. ELIGIBLE INSTITUTION.**

22 (a) AMENDMENTS.—Section 481(b) of the Higher
23 Education Act of 1965 (20 U.S.C. 1088(b)) is amended—

24 (1) by inserting before the period at the end of
25 the first sentence the following: “on the basis of a

1 review by the institution's independent auditor using
2 generally accepted accounting principles"; and

3 (2) by inserting after the end of such first sen-
4 tence the following new sentences: "For the purposes
5 of clause (6), revenues from sources that are not de-
6 rived from funds provided under this title include
7 revenues from programs of education or training
8 that do not meet the definition of an eligible pro-
9 gram in subsection (e), but are provided on a con-
10 tractual basis under Federal, State, or local training
11 programs, or to business and industry. For the pur-
12 poses of determining whether an institution meets
13 the requirements of clause (6), the Secretary shall
14 not consider the financial information of any institu-
15 tion for a fiscal year began on or before April 30,
16 1994."

17 (b) EFFECTIVE DATE.—Notwithstanding section 713
18 of this Act, the amendments made by subsection (a) shall
19 apply to any determination made on or after July 1, 1994,
20 by the Secretary of Education pursuant to section
21 481(b)(6) of the Higher Education Act of 1965.

22 **SEC. 703. CARL D. PERKINS VOCATIONAL AND APPLIED**
23 **TECHNOLOGY EDUCATION ACT.**

24 The Carl D. Perkins Vocational and Applied Tech-
25 nology Education Act (20 U.S.C. 2301 et seq.) is repealed.

1 **SEC. 704. SMITH-HUGHES ACT.**

2 (a) REPEAL.—The Smith-Hughes Act (39 Stat. 929
3 as amended (20 U.S.C. 11–15, 16–28)) is repealed.

4 (b) EFFECTIVE DATE.—Notwithstanding section 713
5 of this Act, the repeal in subsection (a) of this section shall
6 take effect on October 1, 1995.

7 **SEC. 705. SCHOOL-TO-WORK OPPORTUNITIES ACT OF 1994.**

8 The School-to-Work Opportunities Act of 1994 (20
9 U.S.C. 6101 et seq.) is repealed.

10 **SEC. 706. SCHOOL DROPOUT ASSISTANCE ACT.**

11 The School Dropout Assistance Act, (part C of title
12 V of the Elementary and Secondary Education Act (20
13 U.S.C. 7261)) is repealed.

14 **SEC. 707. ADULT EDUCATION ACT.**

15 (a) IN GENERAL.—The Adult Education Act (20
16 U.S.C. 1201 et seq.) is repealed.

17 (b) CONFORMING AMENDMENTS.—

18 (1) ESEA.—The Elementary and Secondary
19 Education Act of 1965 (20 U.S.C. 6301 et seq.) is
20 amended—

21 (A) in section 1202(c)(1), by striking “the
22 Adult Education Act,” and inserting “title IV
23 of the CAREERS Act,”;

24 (B) in section 1205(8)(B), by striking “the
25 Adult Education Act,” and inserting “title IV
26 of the CAREERS Act,”;

1 (C) in section 1206(a)(1)(A), by striking
2 “the Adult Education Act;” and inserting “title
3 IV of the CAREERS Act;”; and

4 (D) in section 9161(2), by striking “sec-
5 tion 312(2) of the Adult Education Act.” and
6 inserting “section 5 of the CAREERS Act.”.

7 (2) TECHNOLOGY FOR EDUCATION ACT.—The
8 Technology for Education Act of 1994 (20 U.S.C.
9 6801 et seq.) is amended in section 3113(1) by
10 striking “section 312 of the Adult Education Act;”
11 and inserting “section 5 of the CAREERS Act;”;

12 **SEC. 708. NATIONAL LITERACY ACT.**

13 The National Literacy Act of 1991, except section
14 101 of such Act, is repealed.

15 **SEC. 709. LIBRARY SERVICES AND CONSTRUCTION ACT.**

16 (a) IN GENERAL.—The Library Services and Con-
17 struction Act (20 U.S.C. 351 et seq.) is repealed.

18 (b) CONFORMING AMENDMENT.—The Technology for
19 Education Act of 1994 (20 U.S.C. 6801 et seq.) is amend-
20 ed in section 3113(10) by striking “section 3 of the Li-
21 brary Services and Construction Act;” and inserting “sec-
22 tion 5 of the CAREERS Act;”.

1 **SEC. 710. TECHNOLOGY FOR EDUCATION ACT OF 1994.**

2 Part F of the Technology for Education Act of 1994
3 (contained in title III of the Elementary and Secondary
4 Education Act (20 U.S.C. 7001 et seq.)) is repealed.

5 **SEC. 711. JOB TRAINING PARTNERSHIP ACT.**

6 (a) IN GENERAL.—The Job Training Partnership
7 Act (29 U.S.C. 1501 et seq.), except section 1, sections
8 421 through 439 (relating to the Job Corps), and section
9 441 of such Act (relating to veterans' employment pro-
10 grams), is hereby repealed.

11 (b) CONFORMING AMENDMENTS.—

12 (1) SHORT TITLE.—Section 1 of the Job Train-
13 ing Partnership Act (29 U.S.C. 1501, note) is
14 amended—

15 (A) in the heading, by striking “; TABLE
16 OF CONTENTS”; and

17 (B) by striking all that follows after “Job
18 Training Partnership Act”.

19 (2) JOB CORPS.—Such Act (29 U.S.C. 1501 et
20 seq.), as amended by this section, is further amend-
21 ed—

22 (A) by redesignating sections 421 through
23 439 as sections 2 through 21, respectively;

24 (B) in section 2 (as redesignated), by
25 striking “part” each place it appears and in-
26 serting “Act”;

1 (C) in section 4(4) (as redesignated), by
2 striking “sections 424 and 425” and inserting
3 “sections 5 and 6”;

4 (D) in section 5 (as redesignated)—

5 (i) in subsection (a), by striking “enti-
6 ties administering programs under title II
7 of this Act,”; and

8 (ii) in subsection (b), by striking
9 “part” and inserting “Act”;

10 (E) in section 7 (as redesignated)—

11 (i) in subsection (a), by striking “sec-
12 tion 428” and inserting “section 9”; and

13 (ii) by striking subsection (d);

14 (F) in section 8 (as redesignated)—

15 (i) by striking subsection (b); and

16 (ii) by redesignating subsection (c) as
17 subsection (b);

18 (G) in section 14 (as redesignated)—

19 (i) in subsection (a)(4), by striking
20 “part” and inserting “Act”;

21 (ii) in subsection (c)(1), by striking
22 “and activities authorized under sections
23 452 and 453”; and

24 (iii) in subsection (e), by striking
25 “section 431” and inserting “section 12”;

1 (H) in section 15 (as redesignated)—

2 (i) in subsection (a)—

3 (I) in the matter preceding para-
4 graph (1), by striking “section 427”
5 and inserting “section 8”; and

6 (II) in paragraph (4)(A), by
7 striking “section 428” and inserting
8 “section 9”;

9 (ii) in subsection (c)(3), by striking
10 “section 423” and inserting “section 4”;

11 (iii) in subsection (d), by striking
12 “sections 424 and 425” and inserting
13 “sections 5 and 6”; and

14 (iv) in subsection (e), by striking “,
15 pursuant to section 452(d),”;

16 (I) in section 17 (as redesignated), by
17 striking “purpose of this part” each place it ap-
18 pears and inserting “purpose of this Act”;

19 (J) in section 20 (as redesignated), by
20 striking “part” each place it appears and in-
21 serting “Act”; and

22 (K) in section 21 (as redesignated), by
23 striking “part” and inserting “Act”.

1 (3) VETERANS' EMPLOYMENT PROGRAMS.—
2 Such Act (29 U.S.C. 1501 et seq.), as amended by
3 this section, is further amended—

4 (A) by redesignating section 441 as section
5 22;

6 (B) by striking the heading of such section
7 22 (as redesignated), and inserting the follow-
8 ing:

9 “VETERANS' EMPLOYMENT PROGRAMS”; and

10 (C) in such section 22, by striking “part”
11 each place it appears and inserting “section”.

12 (4) AUTHORIZATION OF APPROPRIATIONS.—
13 Such Act (29 U.S.C. 1501 et seq.), as amended by
14 this section, is further amended by adding at the
15 end the following new section:

16 “AUTHORIZATION OF APPROPRIATIONS

17 “SEC. 23. There are authorized to be appropriated
18 such sums as are necessary to carry out this Act.”.

19 **SEC. 712. STEWART B. MCKINNEY HOMELESS ASSISTANCE**
20 **ACT.**

21 (a) ADULT EDUCATION.—

22 (1) IN GENERAL.—Subtitle A of title VII of the
23 Stewart B. McKinney Homeless Assistance Act (42
24 U.S.C. 11421 et seq.) is repealed.

1 (2) TABLE OF CONTENTS.—The table of con-
2 tents of such Act is amended by striking the items
3 relating to subtitle A of title VII of such Act.

4 (b) SUBTITLE C.—

5 (1) IN GENERAL.—Subtitle C of title VII of the
6 Stewart B. McKinney Homeless Assistance Act (42
7 U.S.C. 11441 et seq.), except section 738, is hereby
8 repealed.

9 (2) TABLE OF CONTENTS.—The table of con-
10 tents of such Act is amended—

11 (A) by striking the item relating to subtitle
12 C of title VII of such Act; and

13 (B) by striking the items relating to sec-
14 tions 731 through 737 and sections 739
15 through 741.

16 **SEC. 713. EFFECTIVE DATE.**

17 The repeals and amendments made by this Act shall
18 take effect on July 1, 1997, except for amendments to
19 the Rehabilitation Act of 1973.

 Passed the House of Representatives September 19,
1995.

 Attest:

Clerk.