

WORKFORCE AND CAREER DEVELOPMENT ACT OF 1996

JULY 25, 1996.—Ordered to be printed

Mr. GOODLING, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 1617]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1617), to consolidate and reform workforce development and literacy programs, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Workforce and Career Development Act of 1996”.

SEC. 2. TABLE OF CONTENTS.

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SEC. 3. PURPOSE AND POLICY.

(a) **PURPOSE.**—*The purpose of this Act is to transform the vast array of Federal education, employment, and job training programs from a collection of fragmented and duplicative categorical programs into streamlined, coherent, and accountable statewide systems designed—*

(1) to develop more fully the academic, occupational, and literacy skills of all segments of the population of the United States; and

(2) to meet the needs of employers in the United States to be competitive.

(b) **POLICY.**—*It is the sense of the Congress that adult education and literacy activities are a key component of any successful statewide workforce and career development system.*

SEC. 4. DEFINITIONS.

Except as otherwise specified in this Act, as used in this Act:

(1) **ADULT EDUCATION.**—*The term “adult education” means services or instruction below the postsecondary level for individuals—*

(A) who have attained 16 years of age;

(B) who are not enrolled or required to be enrolled in secondary school;

(C)(i) who lack sufficient mastery of basic educational skills to enable the individuals to function effectively in society; or

(ii) who do not have a certificate of graduation from a school providing secondary education and who have not achieved an equivalent level of education; and

(D) who lack a mastery of basic skills and are therefore unable to speak, read, or write the English language.

(2) **ADULT EDUCATION AND LITERACY ACTIVITIES.**—*The term “adult education and literacy activities” means the activities authorized in section 124.*

(3) **ALL ASPECTS OF THE INDUSTRY.**—*The term “all aspects of the industry” means strong experience in, and comprehensive understanding of, the industry that individuals are preparing to enter.*

(4) **AREA VOCATIONAL EDUCATION SCHOOL.**—*The term “area vocational education school” means—*

(A) a specialized secondary school used exclusively or principally for the provision of vocational education to individuals who are available for study in preparation for entering the labor market;

(B) the department of a secondary school exclusively or principally used for providing vocational education in not fewer than 5 different occupational fields to individuals who are available for study in preparation for entering the labor market;

(C) a technical institute or vocational school used exclusively or principally for the provision of vocational education to individuals who have completed or left secondary school and who are available for study in preparation for entering the labor market, if the institute or school admits as regular students both individuals who have completed secondary school and individuals who have left secondary school; or

(D) the department or division of a junior college, or community college, that operates under the policies of the eligible agency and that provides vocational education in not fewer than 5 different occupational fields leading to immediate employment but not necessarily leading to a baccalaureate degree, if the department or division admits as regular students both individuals who have completed secondary school and individuals who have left secondary school.

(5) **AT-RISK YOUTH.**—*The term “at-risk youth” means an individual who—*

(A) is not less than age 15 and not more than age 21;

(B) is low-income, defined as an individual who meets the requirements of subparagraph (A), (B), or (C) of paragraph (31); and

(C) is 1 or more of the following:

(i) A school dropout.

(ii) Homeless, a runaway, or a foster child.

(iii) Pregnant or a parent.

(iv) An offender.

(v) An individual who requires additional education, training, counseling, or related assistance in order to participate successfully in regular schoolwork, to complete an educational program, or to secure and hold employment.

(6) *AT-RISK YOUTH ACTIVITIES*.—The term “at-risk youth activities” means the activities authorized in section 122, carried out for at-risk youth.

(7) *CAREER GRANT*.—The term “career grant” means a voucher or credit issued to a participant under subsection (e)(3) or (g) of section 121 for the purchase of training services from eligible providers of such services.

(8) *CAREER GUIDANCE AND COUNSELING*.—The term “career guidance and counseling” means a program that—

(A) pertains to a body of subject matter and related techniques and methods organized for the development of career awareness, career planning, career decisionmaking, placement skills, and knowledge and understanding of local, State, and national occupational, educational, and labor market needs, trends, and opportunities, in individuals;

(B) assists such individuals in making and implementing informed educational and occupational choices;

(C) is comprehensive in nature; and

(D) with respect to minors, includes the involvement of parents, where practicable.

(9) *CHIEF ELECTED OFFICIAL*.—The term “chief elected official” means the chief elected executive officer of a unit of general local government in a local workforce development area.

(10) *COMMUNITY-BASED ORGANIZATION*.—The term “community-based organization” means a private nonprofit organization of demonstrated effectiveness that is representative of a community or a significant segment of a community.

(11) *COOPERATIVE EDUCATION*.—The term “cooperative education” means a method of instruction of education for individuals who, through written cooperative arrangements between a school and employers, receive instruction, including required academic courses and related instruction, by alternation of study in school with a job in any occupational field, which alternation shall be planned and supervised by the school and employer so that each contributes to the education and employability of the individual, and may include an arrangement in which work periods and school attendance may be on alternate half days, full days, weeks, or other periods of time in fulfilling the cooperative program.

(12) *COVERED ACTIVITY.*—The term “covered activity” means an activity authorized to be carried out under a provision described in section 501(f) (as such provision was in effect on the day before the date of enactment of this Act).

(13) *DISLOCATED WORKER.*—The term “dislocated worker” means an individual who—

(A)(i) has been terminated or laid off, or who has received a notice of termination or layoff, from employment;

(ii) is eligible for or has exhausted entitlement to unemployment compensation; and

(iii) is unlikely to return to a previous industry or occupation;

(B) has been terminated or laid off, or has received a notice of termination or layoff, from employment as a result of any permanent closure of, or any substantial layoff at, a plant, facility, or enterprise;

(C) has been unemployed long-term and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which such individual resides;

(D) was self-employed (including a farmer and a rancher) but is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters;

(E) is a displaced homemaker; or

(F) has become unemployed as a result of a Federal action that limits the use of, or restricts access to, a marine natural resource.

(14) *DISPLACED HOMEMAKER.*—The term “displaced homemaker” means an individual who—

(A) has attained 16 years of age; and

(B)(i) has worked primarily without remuneration to care for a home and family, and for that reason has diminished marketable skills; or

(ii) is a parent whose youngest dependent child will become ineligible to receive assistance under the program for aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) not later than 2 years after the date on which the parent applies for assistance under this title.

(15) *EDUCATIONAL SERVICE AGENCY.*—The term “educational service agency” means a regional public multiservice agency authorized by State statute to develop and manage a service or program and provide the service or program to a local educational agency.

(16) *ELIGIBLE AGENCY.*—The term “eligible agency” means—

(A) in the case of vocational education activities or requirements described in title I—

(i) the individual, entity, or agency in a State responsible for administering or setting policies for vocational education in such State pursuant to State law; or

(ii) if no individual, entity, or agency is responsible for administering or setting such policies pursuant to State law, the individual, entity, or agency in a State responsible for administering or setting policies for vocational education in such State on the date of enactment of this Act; and

(B) in the case of adult education and literacy activities or requirements described in title I—

(i) the individual, entity, or agency in a State responsible for administering or setting policies for adult education and literacy services in such State pursuant to State law; or

(ii) if no individual, entity, or agency is responsible for administering or setting such policies pursuant to State law, the individual, entity, or agency in a State responsible for administering or setting policies for adult education and literacy services in such State on the date of enactment of this Act.

(17) **ELIGIBLE INSTITUTION.**—The term “eligible institution”, used with respect to vocational education activities, means a local educational agency, an area vocational education school, an educational service agency, an institution of higher education (as such term is defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))), a State corrections educational agency, and a consortium of such entities.

(18) **ELIGIBLE PROVIDER.**—The term “eligible provider”, used with respect to—

(A) one-stop career centers, means a provider who is designated or certified in accordance with section 108(d)(2)(A);

(B) training services (other than on-the-job training), means a provider who is identified in accordance with section 107;

(C) at-risk youth activities, means a provider who is awarded a grant in accordance with subsection (c) or (d) of section 112;

(D) vocational education activities described in section 123(b), means a provider determined to be eligible for assistance in accordance with section 113 or 114;

(E) adult education activities described in section 124(b), means a provider determined to be eligible for assistance in accordance with section 116; or

(F) other workforce and career development activities, means a public or private entity selected to be responsible for such activities, in accordance with this title.

(19) **EMPLOYMENT AND TRAINING ACTIVITIES.**—The term “employment and training activities” means the activities authorized in section 121.

(20) **ENGLISH LITERACY PROGRAM.**—The term “English literacy program” means a program of instruction designed to help individuals of limited English proficiency achieve full competence in the English language.

(21) **FAMILY AND CONSUMER SCIENCES PROGRAMS.**—The term “family and consumer sciences programs” means instruc-

tional programs, services, and activities that prepare students for personal, family, community, and career roles.

(22) *FAMILY LITERACY SERVICES*.—The term “family literacy services” means services that are of sufficient intensity in terms of hours, and of sufficient duration, to make sustainable changes in a family and that integrate all of the following activities:

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

(B) Training for parents on how to be the primary teacher for their children and full partners in the education of their children.

(C) Parent literacy training.

(D) An age-appropriate education program for children.

(23) *FLEXIBLE ACTIVITIES*.—The term “flexible activities” means the activities authorized in section 125.

(24) *INDIVIDUAL OF LIMITED ENGLISH PROFICIENCY*.—The term “individual of limited English proficiency” means an individual—

(A) who has limited ability in speaking, reading, or writing the English language; and

(B)(i) whose native language is a language other than English; or

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

(25) *INDIVIDUAL WITH A DISABILITY*.—

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

(B) *INDIVIDUALS WITH DISABILITIES*.—The term “individuals with disabilities” means more than 1 individual with a disability.

(26) *LABOR MARKET AREA*.—The term “labor market area” means an economically integrated geographic area within which individuals can—

(A) find employment within a reasonable distance from their place of residence; or

(B) readily change employment without changing their place of residence.

(27) *LITERACY*.—The term “literacy”, used with respect to an individual, means the ability of the individual to speak, read, and write English, and compute and solve problems, at levels of proficiency necessary—

(A) to function on the job, in the family of the individual, and in society;

(B) to achieve the goals of the individual; and

(C) to develop the knowledge potential of the individual.

(28) *LOCAL BOARD*.—The term “local board” means a local workforce development board established under section 108.

(29) *LOCAL EDUCATIONAL AGENCY.*—The term “local educational agency” has the meaning given such term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(30) *LOCAL WORKFORCE DEVELOPMENT AREA.*—The term “local workforce development area” means a local workforce development area identified in accordance with section 104(b)(4).

(31) *LOW-INCOME INDIVIDUAL.*—The term “low-income individual” means an individual who—

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

(B) had received an income, or is a member of a family that had received a total family income, for the 6-month period prior to application for the program involved (exclusive of unemployment compensation, child support payments, and payments described in subparagraph (A)) that, in relation to family size, does not exceed the higher of—

(i) the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), for an equivalent period; or

(ii) 70 percent of the lower living standard income level, for an equivalent period;

(C) is a member of a household that receives (or has been determined within the 6-month period prior to application for the program involved to be eligible to receive) food stamps pursuant to the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

(D) qualifies as a homeless individual, as defined in subsections (a) and (c) of section 103 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11302);

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

(F) in cases permitted by regulations of the Secretary, is an individual with a disability whose own income meets the requirements of a program described in subparagraph (A) or of subparagraph (B), but who is a member of a family whose income does not meet such requirements.

(32) *NONTRADITIONAL EMPLOYMENT.*—The term “nontraditional employment”, refers to occupations or fields of work for which individuals from one gender comprise less than 25 percent of the individuals employed in each such occupation or field of work.

(33) *ON-THE-JOB TRAINING.*—The term “on-the-job training” means training in the public or private sector that is provided to a paid participant while engaged in productive work in a job that—

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

(B) provides reimbursement to employers of up to 50 percent of the wage rate of the participant, for the extraor-

dinary costs of providing the training and additional supervision related to the training; and

(C) is limited in duration as appropriate to the occupation for which the participant is being trained.

(34) *OUTLYING AREA*.—The term “outlying area” means the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

(35) *PARTICIPANT*.—The term “participant”, used with respect to an activity carried out under this Act, means an individual participating in the activity.

(36) *PELL GRANT RECIPIENT*.—The term “Pell Grant recipient” means a recipient of financial aid under subpart 1 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a et seq.).

(37) *POSTSECONDARY EDUCATIONAL INSTITUTION*.—The term “postsecondary educational institution” means an institution of higher education (as such term is defined in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088)) that continues to meet the eligibility and certification requirements under title IV of such Act (20 U.S.C. 1070 et seq.).

(38) *RAPID RESPONSE ASSISTANCE*.—The term “rapid response assistance” means assistance provided by a State, or by an entity designated by a State, with funds provided by the State under section 111(a)(2)(B), in the case of a permanent closure or mass layoff at a plant, facility, or enterprise, or a natural or other disaster, that results in mass job dislocation, in order to assist dislocated workers in obtaining reemployment as soon as possible, with services including—

(A) the establishment of onsite contact with employers and employee representatives—

(i) immediately after the State is notified of a current or projected permanent closure or mass layoff; or

(ii) in the case of a disaster, immediately after the State is made aware of mass job dislocation as a result of such disaster;

(B) the provision of information and access to available employment and training activities;

(C) the provision of emergency assistance adapted to the particular closure, layoff, or disaster; and

(D) the provision of assistance to the local community in developing a coordinated response and in obtaining access to State economic development assistance.

(39) *SCHOOL DROPOUT*.—The term “school dropout” means an individual who is no longer attending any school and who has not received a secondary school diploma or its recognized equivalent.

(40) *SECONDARY SCHOOL*.—The term “secondary school” has the meaning given the term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(41) *SECRETARIES*.—The term “Secretaries” means the Secretary of Labor and the Secretary of Education, in accordance with the interagency agreement described in section 131.

(42) *SEQUENTIAL COURSE OF STUDY.*—The term “sequential course of study” means an integrated series of courses that are directly related to the educational and occupational skill preparation of an individual for a job, or to preparation for post-secondary education.

(43) *STATE.*—The term “State” means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

(44) *STATE BENCHMARKS.*—The term “State benchmarks”, used with respect to a State, means—

(A) the quantifiable benchmarks required under section 106(b) and identified in the report submitted under section 106(c); and

(B) such other quantifiable benchmarks of the statewide progress of the State toward meeting the State goals as the State may identify in the report submitted under section 106(c).

(45) *STATE EDUCATIONAL AGENCY.*—The term “State educational agency” has the meaning given such term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(46) *STATE GOALS.*—The term “State goals”, used with respect to a State, means—

(A) the goals specified in section 106(a); and

(B) such other major goals of the statewide system of the State as the State may identify in the report submitted under section 106(c).

(47) *STATEWIDE SYSTEM.*—The term “statewide system” means a statewide workforce and career development system, referred to in section 101, that includes employment and training activities, activities carried out pursuant to the Wagner-Peyser Act (29 U.S.C. 49 et seq.), at-risk youth activities, vocational education activities, and adult education and literacy activities, in the State.

(48) *SUPPORTIVE SERVICES.*—The term “supportive services” means services such as transportation, child care, dependent care, and needs-based payments, that are necessary to enable an individual to participate in employment and training activities or at-risk youth activities.

(49) *TECH-PREP PROGRAM.*—The term “tech-prep program” means a program of study that—

(A) combines at least 2 years of secondary education (as determined under State law) and 2 years of postsecondary education in a nonduplicative sequential course of study;

(B) integrates academic and vocational instruction and utilizes worksite learning where appropriate;

(C) provides technical preparation in an area such as engineering technology, applied science, a mechanical, industrial, or practical art or trade, agriculture, a health occupation, business, or applied economics;

(D) builds student competence in mathematics, science, communications, economics, and workplace skills, through

applied academics and integrated instruction in a coherent sequence of courses;

(E) leads to an associate degree or a certificate in a specific career field; and

(F) leads to placement in appropriate employment or further education.

(50) **UNIT OF GENERAL LOCAL GOVERNMENT.**—*The term “unit of general local government” means any general purpose political subdivision of a State that has the power to levy taxes and spend funds, as well as general corporate and police powers.*

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

(52) **VOCATIONAL EDUCATION.**—*The term “vocational education” means organized educational programs that—*

(A) offer a sequence of courses that provide individuals with the academic knowledge and skills the individuals need to prepare for further education and careers in current or emerging employment sectors; and

(B) include competency-based applied learning that contributes to the academic knowledge, higher-order reasoning and problem-solving skills, work attitudes, general employability skills, and occupation-specific skills, of an individual.

(53) **VOCATIONAL EDUCATION ACTIVITIES.**—*The term “vocational education activities” means the activities authorized in section 123.*

(54) **VOCATIONAL REHABILITATION PROGRAM.**—*The term “vocational rehabilitation program” means a program assisted under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.).*

(55) **VOCATIONAL STUDENT ORGANIZATION.**—*The term “vocational student organization” means an organization, for individuals enrolled in programs of vocational education activities, that engages in activities as an integral part of the instructional component of such programs, which organization may have State and national units.*

(56) **WORKFORCE AND CAREER DEVELOPMENT ACTIVITIES.**—*The term “workforce and career development activities” means employment and training activities, at-risk youth activities, vocational education activities, and adult education and literacy activities.*

SEC. 5. GENERAL PROVISION.

None of the funds made available under this Act shall be used—

(1) to require any participant to choose or pursue a specific career path or major;

(2) to require any participant to enter into a specific course of study that requires, as a condition of completion, attainment of a federally funded or endorsed industry-recognized skill or standard; or

(3) to require any participant to attain or obtain a federally funded or endorsed industry-recognized skill, certificate, or standard, unless the participant has selected and is participat-

ing in a program or course of study that requires, as a condition of completion, attainment of an industry-recognized skill or standard.

TITLE I—STATEWIDE WORKFORCE AND CAREER DEVELOPMENT SYSTEMS

Subtitle A—State and Local Provisions

SEC. 101. STATEWIDE WORKFORCE AND CAREER DEVELOPMENT SYSTEMS ESTABLISHED.

For program year 1998 and each subsequent program year, the Secretaries shall make allotments under section 102 to States to assist the States in paying for the cost of establishing statewide workforce and career development systems and carrying out workforce and career development activities through such statewide systems, in accordance with this title.

SEC. 102. STATE ALLOTMENTS.

(a) IN GENERAL.—The Secretaries shall allot to each State that meets the requirements of subsection (e) an amount equal to the total of the amounts made available under subparagraphs (A), (B), (C), and (D) of subsection (b)(2), adjusted in accordance with subsections (c) and (d).

(b) ALLOTMENTS BASED ON POPULATIONS.—

(1) DEFINITIONS.—As used in this subsection:

(A) ADULT RECIPIENT OF ASSISTANCE.—The term “adult recipient of assistance” means a recipient of assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) who is not a dependent child (as defined in section 406(a) of such Act (42 U.S.C. 606(a))).

(B) INDIVIDUAL IN POVERTY.—The term “individual in poverty” means an individual who—

(i) is not less than age 16;

(ii) is not more than age 64; and

(iii) is a member of a family (of 1 or more members) with an income that does not exceed the poverty line.

(C) POVERTY LINE.—The term “poverty line” means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made, and applying the definition of poverty used by the Bureau of the Census in compiling the 1990 decennial census.

(2) CALCULATION.—Except as provided in subsections (c) and (d), from the amount reserved under section 151(b)(1), the Secretaries—

(A) using funds equal to 60 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals who are not less than age 15 and not more than age 65 (as determined by the Secretaries using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State bears to the total number of such individuals in all States;

(B) using funds equal to 20 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the total number of individuals in poverty in the State bears to the total number of individuals in poverty in all States;

(C) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average number of unemployed individuals (as determined by the Secretary of Labor for the most recent 24-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average number of unemployed individuals (as so determined) in all States; and

(D) using funds equal to 10 percent of such reserved amount, shall make available to each State an amount that bears the same relationship to such funds as the average monthly number of adult recipients of assistance (as determined by the Secretary of Health and Human Services for the most recent 12-month period for which data are available, prior to the program year for which the allotment is made) in the State bears to the average monthly number of adult recipients of assistance (as so determined) in all States.

(c) **MINIMUM STATE ALLOTMENT.**—

(1) **DEFINITION.**—As used in this subsection, the term “national average per capita payment”, used with respect to a program year, means the amount obtained by dividing—

(A) the amount reserved under section 151(b)(1) for the program year; by

(B) the total number of individuals who are not less than age 15 and not more than age 65 (as determined by the Secretaries using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in all States.

(2) **MINIMUM ALLOTMENT.**—Except as provided in paragraph (3) and subsection (d), no State shall receive an allotment under this section for a program year in an amount that is less than 0.5 percent of the amount reserved under section 151(b)(1) for the program year.

(3) **LIMITATION.**—No State that receives an increase in an allotment under this section for a program year as a result of the application of paragraph (2) shall receive an allotment under this section for the program year in an amount that is more than the product obtained by multiplying—

(A) the total number of individuals who are not less than age 15 and not more than age 65 (as determined by the Secretaries using the most recent available data provided by the Bureau of the Census, prior to the program year for which the allotment is made) in the State; and

(B) the product obtained by multiplying—

(i) 1.5; and

(ii) the national average per capita payment for the program year.

(4) **ADJUSTMENTS.**—In order to increase the allotments of States as a result of the application of paragraph (2), the Secretaries shall reduce, on a pro rata basis, the allotments of the other States (except as provided in subsection (d)).

(d) **OVERALL LIMITATIONS.**—

(1) **DEFINITION.**—As used in this subsection, the term “State percentage” means—

(A) with respect to the program year preceding program year 1998, the percentage that a State receives of the financial assistance made available to States to carry out covered activities for the year ending on June 30, 1998; and

(B) with respect to program year 1998 and each subsequent program year, the percentage that a State receives of the amount reserved under section 151(b)(1) for the program year.

(2) **LIMITATIONS.**—No State shall receive an allotment under this section for a program year in an amount that would make the State percentage for the program year—

(A) less than the product obtained by multiplying—

(i) 0.98; and

(ii) the State percentage of the State for the preceding program year; or

(B) greater than the product obtained by multiplying—

(i) 1.02; and

(ii) the State percentage of the State for the preceding program year.

(e) **CONDITIONS.**—The Secretaries shall allot funds under subsection (a) to States that—

(1) submit State plans that contain all of the information required under section 104(b), including the identification of State goals and State benchmarks; and

(2) prepare the plans in accordance with the requirements of sections 104 and 105 relating to the development of the State plan.

SEC. 103. STATE APPORTIONMENT BY ACTIVITY.

(a) **ACTIVITIES.**—From the funds made available to a State through an allotment received under section 102 for a program year—

(1) a portion equal to 32 percent of such sum shall be made available for employment and training activities;

(2) a portion equal to 16 percent of such sum shall be made available for at-risk youth activities;

(3) a portion equal to 26 percent of such sum shall be made available for vocational education activities;

(4) a portion equal to 6 percent of such sum shall be made available for adult education and literacy activities; and

(5) a portion equal to 20 percent of such sum shall be made available for flexible activities (which portion may be referred to in this title as the "flex account");

carried out through the statewide system.

(b) *RECIPIENTS.*—Subject to subsection (c), funds allotted to a State under section 102 shall be distributed—

(1) to the Governor of the State for the portions described in paragraphs (1) and (2) of subsection (a), and such part of the flex account as the Governor may be eligible to receive, as determined under the State plan submitted under section 104; and

(2) to the eligible agencies in the State for the portions described in paragraphs (3) and (4) of subsection (a), and such part of the flex account as the eligible agencies may be eligible to receive, as determined under the State plan submitted under section 104.

(c) *CONSTRUCTION.*—Nothing in this title shall be construed—

(1) to negate or supersede any State law that is not inconsistent with the provisions of this title, including the legal authority under State law of any State agency, State entity, or State public official over programs that are under the jurisdiction of the agency, entity, or official;

(2) to interfere with the authority of such agency, entity, or official to enter into a contract under any provision of law; and

(3) to prohibit any individual, entity, or agency in a State that is administering activities described in section 123 or 124 prior to the date of enactment of this Act, or setting education policies consistent with authority under State law for such activities on the day preceding the date of enactment of this Act, from continuing to administer such activities or set such education policies consistent with authority under State law for such activities and in accordance with this title.

(d) *SMITH-HUGHES VOCATIONAL EDUCATION ACT.*—Notwithstanding any other provision of law, the Secretary of Education shall use funds appropriated under section 1 of the Act of February 23, 1917 (39 Stat. 929; 20 U.S.C. 11) (commonly known as the "Smith-Hughes Vocational Education Act") to make allotments to States. Such funds shall be allotted to each State in the same manner and at the same time as allotments are made under section 102. Section 103(a) shall not apply with respect to such funds. The requirements of this title (other than section 103(a)) shall apply to such funds to the same extent that the requirements apply to funds made available under section 103(a)(3).

SEC. 104. STATE PLAN.

(a) *IN GENERAL.*—For a State to be eligible to receive an allotment under section 102, the Governor of the State shall submit to the Secretaries a single comprehensive State plan that outlines a 3-year strategy for the statewide system of the State and that meets the requirements of section 105 and this section.

(b) *CONTENTS.*—The State plan shall include—

(1)(A) a description of the collaborative process described in section 105 used in developing the plan, including a description

of the manner in which the individuals and entities involved in the process collaborated in the development of the plan; and

(B)(i)(I) information demonstrating the support of the individuals and entities participating in the collaborative process for the State plan; and

(II) the comments referred to in section 105(c)(2)(C), if any; and

(ii) information demonstrating the agreement, if any, of the Governor and the eligible agencies on all elements of the State plan;

(2) a description of the State goals and State benchmarks for workforce and career development activities, that includes—

(A) information identifying the State goals and State benchmarks and how the goals and benchmarks will ensure continuous improvement of the statewide system and make the statewide system relevant and responsive to labor market and education needs at the local level;

(B) information identifying performance indicators that relate to measurement of the State progress toward meeting the State goals and reaching the State benchmarks; and

(C) information describing how the State will coordinate workforce and career development activities to meet the State goals and reach the State benchmarks;

(3) information describing—

(A) the needs of the State with regard to current and projected demands for workers, by occupation;

(B) the skills and economic development needs of the State; and

(C) the type and availability of workforce and career development activities in the State;

(4)(A) an identification of local workforce development areas in the State, including a description of the process used for the designation of such areas, which shall take into consideration labor market areas, service areas in which related Federal programs are provided or historically have been provided, and service areas in which related State programs are provided or historically have been provided; or

(B) if the State receives an increase in an allotment under section 102 for a program year as a result of the application of section 102(c)(2), information stating that the State will be treated as a local workforce development area for purposes of the application of this title, at the election of the State;

(5) an identification of criteria for the appointment of members of local workforce development boards, based on the requirements of section 108;

(6) a description of how the State will utilize the statewide labor market information system described in section 139(d);

(7) a description of the measures that will be taken by the State to assure coordination and consistency and avoid duplication among activities receiving assistance under this title, programs receiving assistance under title II, and programs carried out under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) or the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.), including a description of common data collection and reporting processes;

(8) a description of the process used by the State to provide an opportunity for public comment, and input into the development of the plan, prior to submission of the plan;

(9) information identifying how the State will obtain the active and continuous participation of business, industry, and (as appropriate) labor in the development and continuous improvement of the statewide system;

(10) assurances that the State will provide for fiscal control and fund accounting procedures that may be necessary to ensure the proper disbursement of, and accounting for, funds paid to the State through the allotment made under section 102;

(11) information describing the allocation within the State of the funds made available through the flex account for the State;

(12) information identifying how any funds that a State receives through the allotment made under section 102 will be leveraged with other private and public resources (including funds made available to the State under the Wagner-Peyser Act (29 U.S.C. 49 et seq.)) to maximize the effectiveness of such resources for all activities described in subtitle C, and expand the participation of business, industry, employees, and individuals in the statewide system;

(13) information identifying how the workforce and career development activities to be carried out with funds received through the allotment made under section 102 will be coordinated with programs carried out by the Veterans' Employment and Training Service with funds received under title 38, United States Code, in order to meet the State goals and reach the State benchmarks related to veterans;

(14) an assurance that the funds made available to the State through the allotment made under section 102 will supplement and not supplant other public funds expended to provide activities described in subtitle C;

(15) with respect to economic development activities described in section 121(c)(1)(C), information describing—

(A) any economic development activities that will be carried out with the funds described in section 111(a)(2)(B);

(B) how the activities will lead directly to increased earnings of nonmanagerial employees in the State; and

(C) whether the nonmanagerial employees (including labor, as appropriate) support the activities;

(16) with respect to employment and training activities, information—

(A) describing the employment and training activities that will be carried out with the funds received by the State through the allotment made under section 102, including a description of how the State will provide rapid response assistance to dislocated workers;

(B) describing the strategy of the State (including the timeframe for such strategy) for development of a fully operational statewide one-stop career center system as described in section 121(d), including—

(i) criteria for use by local boards, with respect to the designation or certification of one-stop career center

eligible providers, in each local workforce development area in accordance with section 108(d)(4)(B)(i)(I);

(ii) the steps that the State will take over the 3 years covered by the plan to ensure that all publicly funded labor exchange services described in section 121(e)(2) or 139, and all such services authorized in the Wagner-Peyser Act (29 U.S.C. 49 et seq.), are provided through the one-stop career center system of the State; and

(iii) the steps that the State will take over the 3 years covered by the plan to provide information to individuals through the one-stop career center system on the quality of workforce and career development activities, and vocational rehabilitation program activities, as appropriate;

(C) describing the procedures the State will use to identify eligible providers of training services described in section 121(e)(3), as required under this title;

(D) describing how the State will serve the employment and training needs of dislocated workers, low-income individuals, and other individuals with multiple barriers to employment (as determined by the State); and

(E) describing how the State will establish and implement the required career grant pilot program for dislocated workers pursuant to section 121(g), including a description of the size, scope, and quality of such program and a description of how the State, after 3 years, will evaluate such program and use the findings of the evaluation to improve the delivery of training services described in section 121(e)(3) for dislocated workers and other participants under section 121;

(17) with respect to at-risk youth activities, information—

(A) describing the at-risk youth activities that will be carried out with funds received by the State through the allotment made under section 102;

(B) describing how the State will adequately address the needs of at-risk youth in alternative education programs that teach to the same challenging academic, occupational, and skill proficiencies as are provided for all other students; and

(C) identifying the types of criteria the Governor and local boards will use to identify effective and ineffective at-risk youth activities and eligible providers of such activities;

(18) with respect to vocational education activities, information—

(A) describing the vocational education activities that will be carried out with funds received by the State through the allotment made under section 102;

(B) describing the plan of the State to develop the academic and occupational skills of students participating in such vocational education activities, including—

(i) the integration of academic and vocational education;

(ii) the integration of classroom and worksite learning; and

(iii) linkages between secondary and postsecondary education;

(C) describing how the State will improve career guidance and counseling;

(D) describing how the State will promote the active involvement of parents and business (including small- and medium-sized businesses) in the planning, development, and implementation of such vocational education activities;

(E) describing how funds received by the State through the allotment made under section 102 will be allocated among secondary school vocational education, or postsecondary and adult vocational education, or both;

(F) describing how the State will adequately address the needs of students who participate in such vocational education activities to be taught to the same challenging academic proficiencies as are provided for all other students;

(G) describing how the State will annually evaluate the effectiveness of such vocational education activities;

(H) describing how the State will address the professional development needs of the State with respect to such vocational education activities; and

(I) describing how the State will provide local educational agencies in the State with technical assistance; and

(19) with respect to adult education and literacy activities, information—

(A) describing the adult education and literacy activities that will be carried out with funds received by the State through the allotment made under section 102;

(B) describing how such adult education and literacy activities described in the State plan and the State allocation of funds received through the allotment made under section 102 for such activities are an integral part of comprehensive efforts of the State to improve education and training for all individuals; and

(C) describing how the State will annually evaluate the effectiveness of such adult education and literacy activities.

(c) SPECIAL RULES.—

(1) GOVERNOR.—The Governor of a State shall have final authority to determine the content of the portion of the State plan described in paragraphs (1) through (17) of subsection (b).

(2) ELIGIBLE AGENCIES.—An eligible agency in a State shall have final authority to determine the content of the portion of the State plan described in paragraph (18) or (19) of subsection (b), as appropriate.

(d) MODIFICATIONS TO PLAN.—A State may submit modifications to the State plan in accordance with the requirements of this section and section 105, as necessary, during the 3-year period of the plan.

SEC. 105. COLLABORATIVE PROCESS.

(a) *IN GENERAL.*—A State shall use a collaborative process to develop the State plan described in section 104, through which individuals and entities including, at a minimum—

- (1) the Governor;
- (2) representatives, appointed by the Governor, of—
 - (A) business and industry;
 - (B) local chief elected officials (representing both cities and counties, where appropriate);
 - (C) local educational agencies (including vocational educators);
 - (D) postsecondary institutions (including community and technical colleges);
 - (E) parents; and
 - (F) employees (which may include labor);
- (3) the lead State agency official for—
 - (A) the State educational agency;
 - (B) the eligible agency for vocational education;
 - (C) the eligible agency for adult education and literacy;
 - (D) the State agency responsible for postsecondary education; and
 - (E) the State agency responsible for vocational rehabilitation, and where applicable, the State agency providing vocational rehabilitation program activities for the blind;
- (4) such other State agency officials, including officials responsible for economic development and employment, as the Governor may designate;
- (5) representatives of the State legislature; and
- (6) the representative of the Veterans' Employment and Training Service assigned to the State under section 4103 of title 38, United States Code;

shall collaborate in the development of the plan.

(b) ALTERNATIVE PROCESSES.—

(1) *IN GENERAL.*—For purposes of complying with subsection (a), a State may use any State collaborative process (including any council, State workforce development board, or similar entity) in existence on the date of enactment of this Act that meets or is conformed to meet the requirements of such subsection.

(2) **FUNCTIONS OF STATE HUMAN RESOURCES INVESTMENT COUNCILS.**—If a State uses a State human resources investment council in existence on the date of enactment of this Act, as described in paragraph (1), the functions of such board shall include—

- (A) advising the Governor on the development of the statewide system, the State plan described in section 104, and the State goals and State benchmarks;
- (B) assisting in the development of performance indicators that relate to the measurement of State progress toward meeting the State goals and reaching the State benchmarks and providing guidance on how such progress may be improved;
- (C) assisting the Governor in preparing the annual report to the Secretaries described in section 106(c);

(D) assisting the Governor in developing the statewide labor market information system described in section 139(d); and

(E) assisting in the monitoring and continuous improvement of the performance of the statewide system, including evaluation of the effectiveness of workforce and career development activities.

(c) AUTHORITY OF GOVERNOR.—

(1) FINAL AUTHORITY.—If, after a reasonable effort, the Governor is unable to obtain the support of the individuals and entities participating in the collaborative process described in subsection (a) or (b) for the State plan, the Governor shall have final authority to submit the State plan as described in section 104, except as provided in section 104(c) and in paragraph (3).

(2) PROCESS.—The Governor shall—

(A) provide such individuals and entities with copies of the State plan;

(B) allow such individuals and entities to submit to the Governor, not later than the end of the 30-day period beginning on the date on which the Governor provides such individuals and entities with copies of such plan under subparagraph (A), comments on such plan; and

(C) include in the State plan any such comments that—

(i) are submitted by an eligible agency and represent disagreement with such plan, with respect to provisions of the State plan described in paragraph (18) or (19) of section 104(b), as appropriate; or

(ii) are submitted by an individual or entity participating in the collaborative process.

(3) ELIGIBLE AGENCY COMMENTS.—An eligible agency, in submitting comments under paragraph (2)(C)(i), may submit provisions for the portion of the State plan described in paragraph (18) or (19) of section 104(b), as appropriate. The Governor shall include such provisions in the State plan submitted under section 104. Such provisions shall be considered to be such portion of the State plan.

SEC. 106. ACCOUNTABILITY.

(a) GOALS.—Each statewide system supported by an allotment under section 102 shall be designed to meet—

(1) the goal of assisting participants in obtaining meaningful unsubsidized employment opportunities in the State; and

(2) the goal of enhancing and developing more fully the academic, occupational, and literacy skills of all segments of the population of the State.

(b) BENCHMARKS.—

(1) MEANINGFUL EMPLOYMENT.—To be eligible to receive an allotment under section 102, a State shall develop and identify in the State plan submitted under section 104, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (a)(1), which shall include, at a minimum, measures of—

(A) placement of participants in unsubsidized employment;

(B) retention of the participants in unsubsidized employment (12 months after completion of the participation);

(C) increases in earnings, or in earnings and employer-assisted benefits, for the participants; and

(D) attainment by the participants of industry-recognized occupational skills, as appropriate.

(2) EDUCATION.—To be eligible to receive an allotment under section 102, a State shall develop and identify in the State plan submitted under section 104, proposed quantifiable benchmarks to measure the statewide progress of the State toward meeting the goal described in subsection (a)(2), which shall include, at a minimum, measures, for participants, of—

(A) attainment of challenging State academic proficiencies;

(B) attainment of secondary school diplomas or general equivalency diplomas;

(C) attainment of industry-recognized occupational skills according to skill proficiencies for students in career preparation programs;

(D) placement in, retention in, and completion of post-secondary education or advanced training, or placement and retention in military service, employment, or qualified apprenticeships; and

(E) attainment of the literacy skills and knowledge individuals need to be productive and responsible citizens and to become more actively involved in the education of their children.

(3) POPULATIONS.—

(A) MINIMUM MEASURES.—In developing and identifying, under paragraphs (1) and (2), measures of the progress of the State toward meeting the goals described in subsection (a), a State shall develop and identify in the State plan, in addition to statewide benchmarks, proposed quantifiable benchmarks for populations that include, at a minimum—

(i) low-income individuals;

(ii) dislocated workers;

(iii) at-risk youth;

(iv) individuals with disabilities;

(v) veterans; and

(vi) individuals of limited literacy, as determined by the State.

(B) ADDITIONAL MEASURES.—In addition to the benchmarks described in subparagraph (A), a State may develop and identify in the State plan proposed quantifiable benchmarks to measure the progress of the State toward meeting the goals described in subsection (a) for populations with multiple barriers to employment, which may include older workers, as determined by the State.

(4) APPLICATION.—

(A) MEANINGFUL EMPLOYMENT BENCHMARKS.—Benchmarks described in paragraph (1) shall apply to employment and training activities and, as appropriate, to at-risk youth activities and adult education and literacy activities.

(B) *EDUCATION BENCHMARKS.*—*Benchmarks described in paragraph (2) shall apply to vocational education activities, at-risk youth activities, and, as appropriate, adult education and literacy activities.*

(5) *SPECIAL RULE.*—*If a State adopts for all students in the State performance indicators, attainment levels, or assessments for skills according to challenging academic, occupational, or industry-recognized skill proficiencies, the State shall, at a minimum, use such performance indicators, attainment levels, or assessments in measuring the progress of all students who participate in workforce and career development activities.*

(6) *TECHNICAL ASSISTANCE.*—

(A) *IN GENERAL.*—*The Secretaries shall provide technical assistance to States requesting such assistance, which may include the development, in accordance with subparagraph (B), of model benchmarks for each of the benchmarks described in paragraphs (1) and (2) at achievable levels based on existing (as of the date of the development of the benchmarks) workforce and career development efforts in the States.*

(B) *COLLABORATION.*—*Any such model benchmarks shall be developed in collaboration with the States and other appropriate parties.*

(7) *INCENTIVE GRANTS.*—*A State that meets the requirements of section 132(a) (including requirements relating to State benchmarks) shall be eligible to receive an incentive grant under section 132(a).*

(8) *SANCTIONS.*—*A State that has failed to meet the State benchmarks described in paragraphs (1) and (2) for the 3-year period covered by a State plan described in section 104, as determined by the Secretaries, may be subject to sanctions under section 132(b).*

(c) *REPORT.*—

(1) *IN GENERAL.*—*Each State that receives an allotment under section 102 shall annually prepare and submit to the Secretaries a report that states how the State is performing on State benchmarks that relate to workforce and career development activities. The report shall include information on how the local workforce development areas in the State are performing on local benchmarks described in section 108(d)(4)(A). The report shall also include information on the status and results of any State evaluations specified in subsection (d) that relate to employment and training activities carried out in the State. In preparing the report, the State may include information on such additional benchmarks as the State may establish to meet the State goals.*

(2) *INFORMATION DISSEMINATION.*—*The Secretaries shall make the information contained in such reports available to the general public through publication and other appropriate methods, and shall disseminate State-by-State comparisons of the information.*

(3) *EVALUATION.*—*In preparing the report for the third year of the 3-year period covered by the State plan, the State shall include the findings of the evaluation described in section*

104(b)(16)(E) of the career grant pilot program described in section 121(g).

(d) **EVALUATION OF STATE PROGRAMS.**—

(1) **EMPLOYMENT AND TRAINING ACTIVITIES.**—Using funds reserved under section 111(a)(2)(B), a State shall conduct ongoing evaluations of employment and training activities carried out in the State.

(2) **METHODS.**—The State shall—

(A) conduct such evaluations of employment and training activities through controlled experiments using experimental and control groups chosen by random assignment;

(B) in conducting such evaluations, determine, at a minimum, whether employment and training activities effectively raise the hourly wage rates of individuals receiving services through such activities; and

(C) conduct, or arrange under paragraph (3) for the conduct of, at least 1 such evaluation at any given time during any period in which the State is receiving funding under this title for such activities.

(3) **MULTI-STATE AGREEMENTS.**—A State may enter into an agreement with 1 or more States to arrange for the conduct of such evaluations in accordance with the requirements of paragraphs (1) and (2).

(e) **FISCAL AND MANAGEMENT ACCOUNTABILITY INFORMATION SYSTEMS.**—

(1) **IN GENERAL.**—Using funds reserved under sections 111(a)(2)(B) and 112(a)(2)(C), the State may operate a fiscal and management accountability information system, based on guidelines established by the Secretaries in consultation with the Governors and other appropriate parties. Such guidelines shall promote the efficient collection and use of fiscal and management information for reporting and monitoring the use of funds made available to the State for employment and training activities and at-risk youth activities and for use by the State in preparing the annual report described in subsection (c). In measuring State performance on State benchmarks, a State may, pursuant to State law, utilize quarterly wage records available through the unemployment insurance system.

(2) **CONFIDENTIALITY.**—In carrying out the requirements of this Act, the State shall comply with section 444 of the General Education Provisions Act (20 U.S.C. 1232g) (as added by the Family Educational Rights and Privacy Act of 1974). In addition, the State shall protect the confidentiality of information obtained through the fiscal and management accountability information system through the use of recognized security procedures.

SEC. 107. IDENTIFICATION OF ELIGIBLE PROVIDERS OF TRAINING SERVICES.

(a) **ELIGIBILITY REQUIREMENTS.**—

(1) **IN GENERAL.**—Except as provided in subsection (d), to be eligible to receive funds made available under section 111 to provide training services described in section 121(e)(3) (referred to in this section as “training services”) and be identified as an

eligible provider of such services, a provider of such services shall meet the requirements of this section.

(2) *POSTSECONDARY EDUCATIONAL INSTITUTIONS.*—A postsecondary educational institution shall automatically be eligible to receive such funds for—

(A) a program that leads to an associate, baccalaureate, professional, or graduate degree;

(B) a program that—

(i) is at least 2 academic years in length; and

(ii) is acceptable for academic credit toward a baccalaureate degree; or

(C) a program that—

(i) is at least 1 academic year in length;

(ii) is a training program;

(iii) leads to a certificate, degree, or other recognized educational credential; and

(iv) prepares a student for gainful employment in a recognized occupation.

(3) *OTHER ELIGIBLE PROVIDERS.*—

(A) *PROCEDURE.*—The Governor shall establish a procedure for determining the eligibility of public and private providers not described in paragraph (2) (including eligibility of postsecondary educational institutions for programs not described in paragraph (2)) to receive such funds. In determining the eligibility, the Governor shall solicit and take into consideration recommendations of the local boards concerning the identification of eligible providers of training services in local workforce development areas.

(B) *LEVELS OF PERFORMANCE.*—At a minimum, the Governor shall establish a procedure that requires such a provider to meet minimum acceptable levels of performance based on—

(i) verifiable program-specific performance information described in subparagraph (C) and submitted to the State agency designated under subsection (b), as required under paragraphs (2) and (3) of subsection (b); and

(ii) performance criteria relating to the rates and percentages described in subparagraph (C)(i).

(C) *PERFORMANCE INFORMATION.*—

(i) *REQUIRED INFORMATION.*—To be eligible to receive such funds, a provider shall submit information on—

(I) program completion rates for participants in the applicable program conducted by the provider;

(II) the percentage of the participants obtaining employment in an occupation related to the program conducted;

(III) where appropriate, the rates of licensure or certification of graduates of the program; and

(IV) where appropriate, the percentage of the participants who demonstrate significant gains in literacy and basic skills.

(ii) *ADDITIONAL INFORMATION.*—In addition to the performance information described in clause (i), the Governor may require that a provider described in this paragraph submit such other performance information as the Governor determines to be appropriate, which may include information relating to—

(I) the adequacy of space, staff, equipment, instructional materials, and student support services offered by the provider through a program conducted by the provider;

(II) the earnings of participants completing the program; and

(III) the percentage of graduates of the program who attain industry-recognized occupational skills in the subject, occupation, or industry for which training is provided.

(b) *ADMINISTRATION.*—

(1) *DESIGNATION.*—The Governor shall designate a State agency to collect and disseminate the performance information described in subsection (a)(3)(C) and submitted pursuant to this subsection and carry out other duties described in this subsection.

(2) *APPLICATION.*—To be eligible to receive funds as described in subsection (a), a provider shall submit an application at such time, in such manner, and containing such information as the designated State agency may require.

(3) *SUBMISSION.*—To be eligible to receive funds as described in subsection (a), a provider described in subsection (a)(3) shall submit the performance information described in subsection (a)(3)(C) annually to the designated State agency at such time and in such manner as the designated State agency may require. The designated State agency may accept program-specific performance information consistent with the requirements for eligibility under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.) from such a provider for purposes of enabling the provider to fulfill the applicable requirements of this paragraph.

(4) *LIST OF ELIGIBLE PROVIDERS.*—The designated State agency, after reviewing the performance information described in subsection (a)(3)(C) and using the procedure described in subsection (a)(3)(B), shall identify eligible providers of training services described in paragraph (2) or (3) of subsection (a), compile a list of such eligible providers, accompanied by the performance information described in subsection (a)(3)(C) for each such provider described in subsection (a)(3), and disseminate such list and information to one-stop career centers and to local boards. Such list and information shall be made widely available to participants in workforce and career development activities and others through the one-stop career center system described in section 121(d).

(c) *ENFORCEMENT.*—

(1) *ACCURACY OF INFORMATION.*—If the designated State agency determines that a provider or individual supplying information on behalf of a provider intentionally supplies inaccurate information under this section, the agency shall terminate the eligibility of the eligible provider to receive funds described in subsection (a) for a period of time, but not less than 2 years, as prescribed in regulations issued by the Governor.

(2) *COMPLIANCE WITH CRITERIA OR REQUIREMENTS.*—If the designated State agency determines that an eligible provider or a program of training services carried out by an eligible provider fails to meet the required performance criteria described in subsection (a)(3)(B)(ii) or materially violates any provision of this title or the regulations promulgated to implement this title, the agency may terminate the eligibility of the eligible provider to receive funds described in subsection (a) for such program or take such other action as the agency determines to be appropriate.

(3) *ELIGIBILITY UNDER THE HIGHER EDUCATION ACT OF 1965.*—If the designated State agency determines that the eligibility of an eligible provider described in subsection (a)(2) under title IV of the Higher Education Act of 1965 has been terminated, the agency shall—

(A) terminate the automatic eligibility of the provider under subsection (a)(2); and

(B) require the provider to meet the requirements of subsection (a)(3) to be eligible to receive funds as described in subsection (a).

(4) *REPAYMENT.*—Any provider whose eligibility is terminated under paragraph (1) or (2) for a program shall be liable for repayment of all funds described in subsection (a) received for the program during any period of noncompliance described in such paragraph.

(5) *APPEAL.*—The Governor shall establish a procedure for an eligible provider to appeal a determination by the designated State agency that results in termination of eligibility under this subsection. Such procedure shall provide an opportunity for a hearing and prescribe appropriate time limits to ensure prompt resolution of the appeal.

(d) *ON-THE-JOB TRAINING EXCEPTION.*—

(1) *IN GENERAL.*—Providers of on-the-job training shall not be subject to the requirements of subsection (a), (b), or (c).

(2) *COLLECTION AND DISSEMINATION OF INFORMATION.*—A one-stop career center eligible provider in a local workforce development area shall collect such performance information from on-the-job training providers as the Governor may require, and disseminate such information through the delivery of core services described in section 121(e)(2), as appropriate.

SEC. 108. LOCAL WORKFORCE DEVELOPMENT BOARDS.

(a) *ESTABLISHMENT.*—There shall be established in each local workforce development area of a State, and certified by the Governor of the State, a local workforce development board, reflecting business and community interests in workforce and career development activities.

(b) *MEMBERSHIP.*—

(1) *STATE CRITERIA.*—The Governor of the State shall establish criteria for the appointment of members of the local boards for local workforce development areas in the State in accordance with the requirements of paragraph (2). Information identifying such criteria shall be included in the State plan submitted under section 104.

(2) *COMPOSITION.*—Such criteria shall require at a minimum, that the membership of each local board—

(A) shall include—

(i) a majority of members who are representatives of business and industry in the local workforce development area, appointed from among individuals nominated by local business organizations and trade associations;

(ii) representatives of local secondary schools, representatives of postsecondary educational institutions (including representatives of community colleges), representatives of vocational educators, and representatives of providers of adult education and literacy services, where such schools, institutions, educators, or providers, as appropriate, exist; and

(iii) representatives of employees, which may include labor; and

(B) may include—

(i) individuals with disabilities;

(ii) parents;

(iii) veterans; and

(iv) representatives of community-based organizations.

(3) *CHAIRPERSON.*—The local board shall elect a chairperson from among the members of the board.

(c) *APPOINTMENT AND CERTIFICATION OF BOARD.*—

(1) *APPOINTMENT OF BOARD MEMBERS AND ASSIGNMENT OF RESPONSIBILITIES.*—

(A) *IN GENERAL.*—The chief elected official in a local workforce development area is authorized to appoint the members of the local board for such area, in accordance with the State criteria established under subsection (b).

(B) *MULTIPLE UNITS OF LOCAL GOVERNMENT IN AREA.*—

(i) *IN GENERAL.*—In a case in which a local workforce development area includes more than 1 unit of general local government, the chief elected officials of such units may execute an agreement that specifies the respective roles of the individual chief elected officials—

(I) in the appointment of the members of the local board from the individuals nominated or recommended to be such members in accordance with the criteria established under subsection (b); and

(II) in carrying out any other responsibilities assigned to such officials.

(ii) *LACK OF AGREEMENT.*—If, after a reasonable effort, the chief elected officials are unable to reach agreement as provided under clause (i), the Governor

may appoint the members of the local board from individuals so nominated or recommended.

(2) CERTIFICATION.—

(A) IN GENERAL.—The Governor may annually certify 1 local board for each local workforce development area in the State.

(B) CRITERIA.—Such certification shall be based on factors including the criteria established under subsection (b) and, for a second or subsequent certification, the extent to which the local board has ensured that employment and training activities and at-risk youth activities carried out in the local workforce development area have met expected levels of performance with respect to the local benchmarks required under subsection (d)(4)(A).

(C) FAILURE TO ACHIEVE CERTIFICATION.—Failure of a local board to achieve certification shall result in reappointment and certification of another local board for the local workforce development area pursuant to the process described in paragraph (1) and this paragraph.

(3) DECERTIFICATION.—Notwithstanding paragraph (2), the Governor may decertify a local board at any time for fraud or abuse, or failure to carry out the functions specified for the local board in paragraphs (1) through (3) of subsection (d), after providing notice and an opportunity for comment. If the Governor decertifies a local board for a local workforce development area, the Governor may require that a local board be appointed and certified for the local workforce development area pursuant to a plan developed by the Governor in consultation with the chief elected official in the local workforce development area and in accordance with the criteria established under subsection (b).

(4) EXCEPTION.—Notwithstanding subsection (b) and paragraphs (1) and (2), if a State described in section 104(b)(4)(B) indicates in the State plan that the State will be treated as a local workforce development area for purposes of the application of this title, the Governor may designate the individuals and entities involved in the collaborative process described in section 105 to carry out any of the functions described in subsection (d).

(d) FUNCTIONS OF LOCAL BOARD.—The functions of the local board shall include the following:

(1) LOCAL PLAN.—

(A) IN GENERAL.—Each local board shall develop and submit to the Governor a comprehensive multiyear strategic local plan. The local plan shall be consistent with the State goals and State plan described in section 104.

(B) CONTENTS.—The local plan shall include—

(i) an identification of the workforce development needs of local industries, jobseekers, and workers;

(ii) a description of employment and training activities and at-risk youth activities to be carried out in the local workforce development area as required under sections 121 and 122, that, with activities authorized under the Wagner-Peyser Act (29 U.S.C. 49 et seq.), will contribute to the coherent delivery of workforce and career development activities;

(iii) a description of the local benchmarks negotiated with the Governor pursuant to paragraph (4)(A), to be used by the local board for measuring the performance of eligible providers, and the performance of the one-stop career center system, in the local workforce development area;

(iv) a description of the process negotiated with the Governor pursuant to paragraph (4)(B) that the local board will use to designate or certify, and to conduct oversight with respect to, one-stop career center eligible providers in the local workforce development area, that will—

(I) ensure that the most effective and efficient providers will be chosen; and

(II) ensure the continuous improvement of such providers and ensure that such providers will continue to meet the labor market needs of local employers and participants;

(v) a description of how the local board will ensure the continued participation of the chief elected official in the local workforce development area in carrying out the duties of the local board, including the participation of such official in carrying out the oversight responsibilities of the board;

(vi) a description of how the local board will obtain the active and continuous participation of representatives of business and industry, employees (which may include labor), local educational agencies, post-secondary educational institutions, providers of adult education and literacy services, vocational educators, other providers of workforce and career development activities, community-based organizations, parents, and consumers (including individuals with disabilities, older workers, and veterans), where appropriate, in the development and continuous improvement of the employment and training activities to be carried out in the local workforce development area;

(vii) a description of the steps the local board will take to work with local educational agencies, post-secondary educational institutions, vocational educators, providers of adult education and literacy services, and other representatives of the educational community to address local employment, education, and training needs;

(viii) a description of the process that will be used to fully involve representatives of business, employees (which may include labor), the local education community (including vocational educators and teachers), parents, and community-based organizations in the development and implementation of at-risk youth activities in the local workforce development area, including a description of the process used to ensure that the most effective and efficient providers are chosen to carry out the activities; and

(ix) such other information as the Governor may require.

(C) CONSULTATION.—The local board shall—

(i) consult with the chief elected official in the appropriate local workforce development area in the development of the local plan; and

(ii) provide the chief elected official with a copy of the local plan.

(D) APPROVAL.—

(i) IN GENERAL.—The chief elected official shall—

(I) approve the local plan; or

(II) reject the local plan and make recommendations to the local board on how to improve the local plan.

(ii) SUBMISSION.—If, after a reasonable effort, the local board is unable to obtain the approval of the chief elected official for the local plan, the local board shall submit the plan to the Governor for approval under subparagraph (A), and shall submit the recommendations of the chief elected official to the Governor along with the plan.

(2) SELECTION AND OVERSIGHT RESPONSIBILITIES.—

(A) ONE-STOP CAREER CENTERS.—Consistent with section 111(c)(1)(A) and the agreement negotiated with the Governor under paragraph (4)(B)(i), the local board is authorized to designate or certify one-stop career center eligible providers, and conduct oversight with respect to such providers, in the local workforce development area.

(B) AT-RISK YOUTH ACTIVITIES.—Consistent with section 112(d), the local board is authorized to award grants on a competitive basis to eligible providers of at-risk youth activities, and conduct oversight with respect to such providers, in the local workforce development area.

(3) IDENTIFICATION OF ELIGIBLE PROVIDERS OF TRAINING SERVICES.—Consistent with section 107, the local board is authorized to make recommendations to the Governor concerning the identification of eligible providers of training services described in section 121(e)(3) in the local workforce development area.

(4) NEGOTIATIONS.—

(A) LOCAL BENCHMARKS.—The local board and the Governor shall negotiate and reach agreement on local benchmarks designed to meet the goals described in section 106(a) for the local workforce development area. In determining such benchmarks, the Governor and the local board shall take into account the State benchmarks described in section 106(b)(1) with respect to employment and training activities and as appropriate, at-risk youth activities, the State benchmarks described in section 106(b)(2) with respect to at-risk youth activities, and specific economic, demographic, and other characteristics of the populations to be served in the local workforce development area.

(B) LOCAL ONE-STOP DELIVERY OF SERVICES.—

(i) *IN GENERAL.*—Consistent with criteria identified in the State plan information submitted under section 104(b)(16)(B)(i), the local board and the Governor shall negotiate and reach agreement on a process to be used by the local board that meets the requirements of subclauses (I) and (II) of paragraph (1)(B)(iv) for—

(I) the designation or certification of one-stop career center eligible providers in the local workforce development area, including a determination of the role of providers of activities authorized under the Wagner-Peyser Act in the one-stop delivery of services in the local workforce development area; and

(II) the continued role of the local board in conducting oversight with respect to one-stop career center eligible providers, including the ability of the local board to terminate for cause the eligibility of a provider of such services.

(ii) *ESTABLISHED ONE-STOP CAREER CENTERS.*—Notwithstanding section 111(c)(1)(B), if a one-stop career center has been established in a local workforce development area prior to the date of enactment of this Act, or if approval has been obtained for a plan for a one-stop career center under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) prior to the date of enactment of this Act, the local board and the Governor involved may agree to certify the one-stop career center provider for purposes of this subparagraph.

(e) *SUNSHINE PROVISION.*—The local board shall make available to the public, on a regular basis, information regarding the activities of the local board, including information regarding membership, the designation and certification of one-stop career center eligible providers, and the award of grants to eligible providers of at-risk youth activities.

(f) *OTHER ACTIVITIES.*—

(1) *LIMITATION.*—

(A) *IN GENERAL.*—Except as provided in subparagraph (B), no local board may directly carry out an employment and training activity.

(B) *WAIVERS.*—The Governor of the State in which the local board is located may grant to the local board a written waiver of the prohibition set forth in subparagraph (A).

(2) *CONFLICT OF INTEREST.*—No member of a local board may—

(A) vote on a matter under consideration by the local board—

(i) regarding the provision of services by such member (or by an organization that such member represents); or

(ii) that would provide direct financial benefit to such member or the immediate family of such member; or

(B) engage in any other activity determined by the Governor to constitute a conflict of interest.

(g) **TECHNICAL ASSISTANCE.**—If a local workforce development area fails to meet expected levels of performance on negotiated benchmarks described in subsection (d)(4)(A), the Governor may provide technical assistance to the local board to improve the level of performance of the local workforce development area.

Subtitle B—Allocation

SEC. 111. DISTRIBUTION FOR EMPLOYMENT AND TRAINING ACTIVITIES.

(a) RESERVATIONS FOR STATE AND LOCAL ACTIVITIES.—

(1) **IN GENERAL.**—The sum of the funds made available to a State for any program year under paragraphs (1) and (5) of section 103(a) for employment and training activities shall be made available in accordance with this section.

(2) **DISTRIBUTION.**—Of the sum described in paragraph (1) that is made available to a State for a program year—

(A) not less than 75 percent shall be made available to local workforce development areas under subsection (b) to carry out employment and training activities described in subsections (e) and (f) of section 121;

(B) not less than 20 percent shall be made available to the Governor to carry out State employment and training activities described in subsections (b) and (c) of section 121; and

(C) not more than 5 percent shall be made available for administrative expenses at the State level.

(b) WITHIN STATE FORMULA.—

(1) **IN GENERAL.**—The Governor shall develop a formula for the allocation of the funds described in subsection (a)(2)(A) to local workforce development areas, taking into account—

(A) the poverty rate, among individuals who are not less than age 18 and not more than age 64, as determined by the Bureau of the Census, within each local workforce development area;

(B) the unemployment rate within each local workforce development area;

(C) the proportion of the State population of individuals who are not less than age 18 and not more than age 64, residing within each local workforce development area; and

(D) such additional factors as the Governor (in consultation with local boards and local elected officials) determines to be necessary.

(2) **EQUITABLE ALLOCATION.**—In developing such formula, the Governor shall ensure that—

(A) the funds described in subsection (a)(2)(A) are allocated in a geographically equitable manner throughout the State; and

(B) the factors described in paragraph (1) do not receive disproportionate weight in the allocation.

(c) ELIGIBILITY.—

(1) **ELIGIBILITY FOR DESIGNATION OR CERTIFICATION AS A ONE-STOP CAREER CENTER ELIGIBLE PROVIDER.**—

(A) *IN GENERAL.*—To be eligible to receive funds made available under this section to provide employment and training activities through a one-stop career center system and be designated or certified as a one-stop career center eligible provider for a local workforce development area, an entity shall—

(i) be selected in accordance with section 108(d)(2)(A); and

(ii) be a public or private entity, or consortium of entities, located in the local workforce development area, which entity or consortium may include an institution of higher education (as defined in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), a local employment service office established under the Wagner-Peyser Act (29 U.S.C. 49 et seq.), a local government agency, a private for-profit entity, a private nonprofit entity, or other interested entity, of demonstrated effectiveness, such as a local chamber of commerce or other business organization.

(B) *EXCEPTION.*—Elementary schools and secondary schools shall not be eligible for designation or certification as one-stop career center eligible providers.

(2) *ELIGIBILITY FOR IDENTIFICATION AS AN ELIGIBLE PROVIDER OF TRAINING SERVICES.*—Except as provided in section 107(d), to be eligible to receive funds made available under this section to provide training services described in section 121(e)(3) and be identified as an eligible provider of such services, an entity shall meet the requirements of section 107.

SEC. 112. DISTRIBUTION FOR AT-RISK YOUTH ACTIVITIES.

(a) *RESERVATIONS FOR STATE AND LOCAL ACTIVITIES.*—

(1) *IN GENERAL.*—The sum of the funds made available to a State for any program year under paragraphs (2) and (5) of section 103(a) for at-risk youth activities shall be made available in accordance with this section.

(2) *DISTRIBUTION.*—Of the sum described in paragraph (1) that is made available to a State for a program year—

(A) not less than 75 percent shall be made available to local workforce development areas under subsection (b) to carry out at-risk youth activities;

(B) not more than 21 percent shall be made available to the Governor to carry out at-risk youth activities; and

(C) not more than 4 percent shall be made available for administrative expenses at the State level.

(b) *WITHIN STATE FORMULA.*—

(1) *IN GENERAL.*—The Governor, using the collaborative process described in subsection (a) or (b) of section 105, shall develop a formula for the allocation of the funds described in subsection (a)(2)(A) to local workforce development areas, taking into account—

(A) the poverty rate, as determined by the Bureau of the Census, within each local workforce development area;

(B) the proportion of the State at-risk youth population residing within each local workforce development area; and

(C) such additional factors as are determined to be necessary.

(2) *EQUITABLE ALLOCATION.*—In developing such formula, the Governor shall ensure that—

(A) the funds described in subsection (a)(2)(A) are allocated in a geographically equitable manner throughout the State; and

(B) the factors described in paragraph (1) do not receive disproportionate weight in the allocation.

(c) *STATE GRANTS.*—

(1) *IN GENERAL.*—The Governor shall use the funds described in subsection (a)(2)(B) to award grants, on a competitive basis, to eligible providers to carry out at-risk youth activities under section 122.

(2) *ELIGIBLE PROVIDERS.*—Providers eligible to receive grants under this subsection to carry out such activities include—

(A) local educational agencies, area vocational education schools, educational service agencies, institutions of higher education (as defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))), State corrections educational agencies, or consortia of such entities;

(B) units of general local government;

(C) private nonprofit organizations (including community-based organizations);

(D) private for-profit entities; and

(E) other organizations or entities of demonstrated effectiveness that are approved by the Governor.

(3) *APPLICATION.*—To be eligible to receive a grant under this subsection from the State to carry out such activities, a provider shall prepare and submit an application to the Governor of the State at such time, in such manner, and containing such information as the Governor may require.

(4) *AWARD OF GRANTS.*—

(A) *PROCESS.*—

(i) *IN GENERAL.*—The Governor shall develop a peer review process for reviewing the applications and awarding the grants on a competitive basis.

(ii) *CRITERIA.*—The Governor shall establish criteria described in section 104(b)(17)(C) to be used in reviewing the applications.

(B) *AWARDS.*—

(i) *IN GENERAL.*—Using the process referred to in subparagraph (A), and taking into consideration the criteria referred to in subparagraph (A), the Governor shall award the grants to eligible providers.

(ii) *PRIORITY.*—In awarding the grants, the Governor shall give priority to providers submitting applications to serve communities, or combinations of communities, that contain a large number or a high concentration of at-risk youth.

(iii) *EQUITABLE DISTRIBUTION.*—In awarding the grants, the Governor shall ensure that—

(I) the funds made available through the grants are distributed in a geographically equitable manner throughout the State; and

(II) no factor receives disproportionate weight in the distribution.

(d) LOCAL GRANTS.—

(1) IN GENERAL.—From the funds made available under subsection (a)(2)(A) to a local workforce development area (other than funds described in section 122(c)), the local board for such local workforce development area shall award grants, on a competitive basis, to eligible providers to carry out at-risk youth activities under section 122.

(2) ELIGIBLE PROVIDERS.—Providers eligible to receive grants under this subsection to carry out such activities in a local workforce development area include the providers described in subparagraphs (A) through (D) of subsection (c)(2) and other organizations or entities of demonstrated effectiveness that are approved by the local board.

(3) APPLICATION.—To be eligible to receive a grant under this subsection from the local board to carry out such activities in a local workforce development area, a provider shall prepare and submit an application to the board at such time, in such manner, and containing such information as the board may require.

(4) AWARD OF GRANTS.—

(A) PROCESS.—

(i) IN GENERAL.—The local board shall develop a peer review process for reviewing the applications and awarding the grants on a competitive basis.

(ii) CRITERIA.—The local board shall establish criteria described in section 104(b)(17)(C) to be used in reviewing the applications.

(B) AWARDS.—

(i) IN GENERAL.—Using the process referred to in subparagraph (A), and taking into consideration the criteria referred to in subparagraph (A), the local board shall award the grants to eligible providers.

(ii) PRIORITY.—In awarding the grants, the local board shall give priority to providers submitting applications to serve communities, or combinations of communities, that contain a large number or a high concentration of at-risk youth.

(iii) EQUITABLE DISTRIBUTION.—In awarding the grants, the local board shall ensure that—

(I) the funds made available through the grants are distributed in a geographically equitable manner throughout the local workforce development area; and

(II) no factor receives disproportionate weight in the distribution.

(5) LIMITATION.—No local board may directly carry out an at-risk youth activity.

(e) TECHNICAL ASSISTANCE.—The Governor, in consultation with the chief elected officials in a local workforce development

area, shall provide technical assistance to the local board for the local workforce development area to improve the level of performance of the local workforce development area with respect to at-risk youth activities if—

- (1) the local board requests such technical assistance; or
- (2) the Governor, in carrying out the certification requirements of section 108(c)(2), determines that the local board requires such technical assistance.

SEC. 113. FUNDING FOR STATE VOCATIONAL EDUCATION ACTIVITIES AND DISTRIBUTION FOR SECONDARY SCHOOL VOCATIONAL EDUCATION.

(a) **RESERVATIONS FOR STATE AND LOCAL ACTIVITIES.**—

(1) **IN GENERAL.**—The sum of the funds made available to a State for any program year under paragraphs (3) and (5) of section 103(a) for vocational education activities shall be made available in accordance with this section and sections 114 and 115.

(2) **DISTRIBUTION.**—Of the sum described in paragraph (1) that is made available to an eligible agency for vocational education for a program year—

(A) not less than 85 percent shall be made available to eligible providers to carry out vocational education activities under this section or section 114;

(B) not more than 11 percent shall be made available to carry out State activities described in section 123(a); and

(C) not more than 4 percent shall be made available for administrative expenses at the State level.

(3) **STATE DETERMINATIONS.**—From the amount available to an eligible agency in a State for distribution to eligible providers under paragraph (2)(A) for a program year, such agency shall determine the percentage of such amount that will be distributed in accordance with this section and section 114 for such year for vocational education activities in such State in the area of secondary school vocational education, or postsecondary and adult vocational education, or both.

(b) **ALLOCATION FOR SECONDARY SCHOOL VOCATIONAL EDUCATION.**—

(1) **IN GENERAL.**—Except as otherwise provided in this section and section 115, each eligible agency for vocational education in a State shall distribute the portion of the funds made available for any program year (from funds made available for the corresponding fiscal year, as determined under section 151(c)) by such agency for secondary school vocational education under subsection (a)(3) to local educational agencies within the State as follows:

(A) **SEVENTY PERCENT.**—From 70 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 70 percent as the number of children who are described in paragraph (2) and reside in the school district served by such agency for the preceding fiscal year bears to the total number of such children who reside in the school districts served by all local educational agencies in the State for such preceding year.

(B) *THIRTY PERCENT.*—From 30 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 30 percent as the number of students enrolled in schools, and adults enrolled in training programs, under the jurisdiction of such local educational agency for the preceding fiscal year bears to the number of students enrolled in schools, and adults enrolled in training programs, under the jurisdiction of all local educational agencies in the State for such preceding year.

(2) *NUMBER OF CHILDREN.*—

(A) *IN GENERAL.*—The number of children referred to in paragraph (1)(A) is the number of children aged 5 through 17, inclusive, from families with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved for the fiscal year for which the determination is made.

(B) *POPULATION UPDATES.*—In fiscal year 1999 and every 2 years thereafter, the Secretary of Education shall use updated data on the number of children aged 5 through 17, inclusive, from families with incomes below the poverty line for local educational agencies, published by the Department of Commerce, unless the Secretary of Education and the Secretary of Commerce determine that use of the updated population data would be inappropriate or unreliable, taking into consideration the recommendations of the study to be conducted by the National Academy of Sciences pursuant to section 1124(c)(4) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333(c)(4)). If the Secretary of Education and the Secretary of Commerce determine that some or all of the data referred to in this subparagraph are inappropriate or unreliable, they shall jointly issue a report setting forth their reasons in detail. In determining the families with incomes below the poverty line, the Secretary shall utilize the criteria of poverty used by the Bureau of the Census in compiling the most recent decennial census, in such form as those criteria have been updated by increases in the Consumer Price Index for all urban consumers, published by the Bureau of Labor Statistics.

(3) *WAIVER FOR MORE EQUITABLE DISTRIBUTION.*—Subject to subsection (c), the Secretary of Education may waive the application of paragraph (1) in the case of any eligible agency that submits to the Secretary an application for such waiver that—

(A) demonstrates that an alternative formula will result in a greater distribution of funds to local educational agencies within the State that serve the highest number or greatest percentage of children described in paragraph (2) than the formula described in paragraph (1); and

(B) includes a proposal for such an alternative formula.

(c) *MINIMUM ALLOCATION.*—

(1) *IN GENERAL.*—*Except as provided in paragraphs (2) and (3), no local educational agency shall receive an allocation under subsection (b) for a program year unless the amount allocated to such agency under subsection (b) is \$15,000 or more. A local educational agency may enter into a consortium with other local educational agencies for purposes of meeting the minimum allocation requirement of this paragraph.*

(2) *WAIVER.*—*The eligible agency may waive the application of paragraph (1) in any case in which the local educational agency—*

(A) *is located in a rural, sparsely populated area; and*

(B) *demonstrates that such agency is unable to enter into a consortium for purposes of providing services under this section.*

(3) *REDISTRIBUTION.*—*Any amounts that are not allocated by reason of paragraph (1) for a program year shall be redistributed for such program year—*

(A) *to a local educational agency—*

(i) *that did not receive an allocation under subsection (b) or pursuant to paragraph (2) for such program year;*

(ii) *that is located in a rural, sparsely populated area; and*

(iii) *for which at least 15 percent of the children in the school district served by such agency are children described in subsection (b)(2); and*

(B) *for vocational education services and activities of sufficient size, scope, and quality to be effective.*

(d) *LIMITED JURISDICTION AGENCIES.*—

(1) *IN GENERAL.*—*In applying the provisions of subsection (b), no eligible agency receiving assistance under this title shall allocate funds to a local educational agency that serves only elementary schools, but shall distribute such funds to the local educational agency or regional educational agency that provides secondary school services to secondary school students in the same attendance area.*

(2) *SPECIAL RULE.*—*The amount to be distributed under paragraph (1) for a program year to a local educational agency that has jurisdiction only over secondary schools shall be determined based on the number of students that entered such secondary schools in the previous year from the elementary schools involved.*

(e) *ALLOCATIONS TO AREA VOCATIONAL EDUCATION SCHOOLS AND EDUCATIONAL SERVICE AGENCIES.*—

(1) *IN GENERAL.*—*Each eligible agency shall distribute the portion of funds made available for any program year by such agency for secondary school vocational education under subsection (a)(3) to the appropriate area vocational education school or educational service agency in any case in which the area vocational education school or educational service agency, and the local educational agency concerned—*

(A) *have formed or will form a consortium for the purpose of receiving funds under this section; or*

(B) have entered into or will enter into a cooperative arrangement for such purpose.

(2) *ALLOCATION BASIS.*—If an area vocational education school or educational service agency meets the requirements of paragraph (1), then—

(A) the amount that would otherwise be distributed to the local educational agency for a program year under this section shall be allocated to the area vocational education school, the educational service agency, and the local educational agency, based on each school's or agency's relative share of students who are attending vocational education programs (based, if practicable, on the average enrollment for the prior 3 years); or

(B) such amount may be allocated on the basis of an agreement between the local educational agency and the area vocational education school or educational service agency.

(3) *APPEALS PROCEDURE.*—The eligible agency shall establish an appeals procedure for resolution of any dispute arising between a local educational agency and an area vocational education school or an educational service agency with respect to the allocation procedures described in this section, including the decision of a local educational agency to leave a consortium or terminate a cooperative arrangement.

(4) *CONSORTIUM REQUIREMENTS.*—

(A) *IN GENERAL.*—Notwithstanding the provisions of paragraphs (1), (2), and (3), any local educational agency receiving an allocation that is not sufficient to conduct a secondary school vocational education program of sufficient size, scope, and quality to be effective may—

(i) form a consortium or enter into a cooperative agreement with an area vocational education school or educational service agency offering secondary school vocational education programs of sufficient size, scope, and quality to be effective; and

(ii) transfer such allocation to the area vocational education school or educational service agency.

(B) *FUNDS TO CONSORTIUM.*—Funds allocated to a consortium formed to meet the requirements of this paragraph shall be used only for purposes and activities that are mutually beneficial to all members of the consortium. Such funds may not be reallocated to individual members of the consortium for purposes or activities benefiting only one member of the consortium.

(f) *DATA.*—The Secretary of Education shall collect information from States regarding how funds made available by the eligible agency for vocational education under subsection (a)(3) are distributed to local educational agencies in accordance with this section.

SEC. 114. DISTRIBUTION FOR POSTSECONDARY AND ADULT VOCATIONAL EDUCATION.

(a) *ALLOCATION.*—

(1) *IN GENERAL.*—Except as provided in subsection (b) and section 115, each eligible agency for vocational education in a State, using the portion of the funds made available for any

program year by such agency for postsecondary and adult vocational education under section 113(a)(3), shall distribute such portion to eligible institutions or consortia of eligible institutions within the State.

(2) *FORMULA.*—Each eligible institution or consortium of eligible institutions shall receive an amount for the program year (from funds made available for the corresponding fiscal year, as determined under section 151(c)) from such portion that bears the same relationship to such portion as the number of individuals who are Pell Grant recipients or recipients of assistance from the Bureau of Indian Affairs and are enrolled in programs offered by such eligible institution or consortium of eligible institutions, respectively, for the preceding fiscal year bears to the number of all such individuals who are enrolled in any such program within the State for such preceding year.

(3) *CONSORTIUM REQUIREMENTS.*—

(A) *IN GENERAL.*—In order for a consortium of eligible institutions described in paragraph (1) to receive assistance pursuant to such paragraph such consortium shall operate joint projects that—

(i) provide services to all postsecondary institutions participating in the consortium; and

(ii) are of sufficient size, scope, and quality to be effective.

(B) *FUNDS TO CONSORTIUM.*—Funds allocated to a consortium formed to meet the requirements of this section shall be used only for purposes and activities that are mutually beneficial to all members of the consortium. Such funds may not be reallocated to individual members of the consortium for purposes or activities benefiting only one member of the consortium.

(b) *WAIVER FOR MORE EQUITABLE DISTRIBUTION.*—The Secretary of Education may waive the application of subsection (a) in the case of any eligible agency that submits to the Secretary of Education an application for such a waiver that—

(1) demonstrates that an alternative formula will result in a greater distribution of funds to the eligible institutions or consortia of eligible institutions within the State that serve the highest numbers of low-income individuals than the formula described in subsection (a)(2); and

(2) includes a proposal for such an alternative formula.

(c) *MINIMUM AMOUNT.*—

(1) *IN GENERAL.*—No distribution of funds provided to any eligible institution or consortium of eligible institutions for a program year under this section shall be for an amount that is less than \$50,000.

(2) *REDISTRIBUTION.*—Any amounts that are not distributed by reason of paragraph (1) shall be redistributed to eligible institutions or consortia of eligible institutions in accordance with the provisions of this section.

SEC. 115. SPECIAL RULES FOR VOCATIONAL EDUCATION.

(a) *SPECIAL RULE FOR MINIMAL ALLOCATION.*—

(1) *GENERAL AUTHORITY.*—Notwithstanding the provisions of section 113 or 114 and in order to make a more equitable dis-

tribution of funds for programs serving the highest numbers or greatest percentages of low-income individuals, for any program year for which a minimal amount is made available by an eligible agency for distribution under section 113 or 114 such agency may distribute such minimal amount for such year—

(A) on a competitive basis; or

(B) through any alternative method determined by the eligible agency.

(2) *MINIMAL AMOUNT.*—For purposes of this section, the term “minimal amount” means not more than 15 percent of the total amount made available by the eligible agency under section 113(a)(3) for sections 113 and 114 for a program year.

(b) *REDISTRIBUTION.*—

(1) *IN GENERAL.*—In any program year that an eligible provider receiving financial assistance under section 113 or 114 does not expend all of the amounts distributed to such provider for such year under section 113 or 114, respectively, such provider shall return any unexpended amounts to the eligible agency for distribution under section 113 or 114, respectively. The eligible agency may waive the requirements of the preceding sentence, on a case-by-case basis, for good cause as determined by such agency.

(2) *REDISTRIBUTION OF AMOUNTS RETURNED LATE IN A PROGRAM YEAR.*—In any program year in which amounts are returned to the eligible agency under paragraph (1) for programs described in section 113 or 114 and the eligible agency is unable to redistribute such amounts according to section 113 or 114, respectively, in time for such amounts to be expended in such program year, the eligible agency shall retain such amounts for distribution in combination with amounts made available under such section for the following program year.

(c) *CONSTRUCTION.*—Nothing in section 113 or 114 shall be construed—

(1) to prohibit a local educational agency (or a consortium thereof) that receives assistance under section 113, from working with an eligible provider (or consortium thereof) that receives assistance under section 114, to carry out secondary school vocational education activities in accordance with this title; or

(2) to prohibit an eligible provider (or consortium thereof) that receives assistance under section 114, from working with a local educational agency (or consortium thereof) that receives assistance under section 113, to carry out postsecondary and adult vocational education activities in accordance with this title.

(d) *LOCAL APPLICATION FOR VOCATIONAL EDUCATION ACTIVITIES.*—

(1) *APPLICATION REQUIRED.*—Each provider in a State desiring financial assistance under this subtitle for vocational education activities shall submit an application to the eligible agency for vocational education at such time, in such manner, and accompanied by such information as such agency (in consultation with other educational entities as the eligible agency determines appropriate) may require. Such application shall

cover the same period of time as the period of time applicable to the State plan submitted under section 104.

(2) **CONTENTS.**—Each application described in paragraph (1) shall, at a minimum—

(A) describe how the vocational education activities required under section 123 will be carried out with funds received under this subtitle;

(B) describe how the activities to be carried out relate to meeting the State goals, and reaching the State benchmarks, concerning vocational education activities;

(C) describe how the provider will address the needs of students who participate in vocational education activities to be taught to the same challenging academic proficiencies as all students;

(D) describe the process that will be used to independently evaluate and continuously improve the performance of the provider;

(E) describe how the provider will coordinate the activities of the provider with the activities of the local board in the local workforce development area; and

(F) describe how parents, teachers, and the community are involved in the development and implementation of activities under this section.

SEC. 116. DISTRIBUTION FOR ADULT EDUCATION AND LITERACY.

(a) **RESERVATIONS FOR STATE AND LOCAL ACTIVITIES.**—

(1) **IN GENERAL.**—The sum of the funds made available to a State for any program year under paragraphs (4) and (5) of section 103(a) for adult education and literacy activities shall be made available in accordance with this section.

(2) **DISTRIBUTION.**—Of the sum described in paragraph (1) that is made available to an eligible agency for adult education and literacy for a program year—

(A) not less than 85 percent shall be made available to award grants in accordance with this section to carry out adult education and literacy activities;

(B) not more than 10 percent shall be made available to carry out State activities described in section 124(a); and

(C) subject to subparagraph (A), not more than 5 percent, or \$50,000, whichever is greater, shall be made available for administrative expenses at the State level.

(b) **GRANTS.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), from the amount made available to an eligible agency for adult education and literacy under subsection (a)(2)(A) for a program year, such agency shall award grants, on a competitive basis, to local educational agencies, correctional education agencies, community-based organizations of demonstrated effectiveness, volunteer literacy organizations, libraries, public or private nonprofit agencies, postsecondary educational institutions, public housing authorities, and other nonprofit institutions, that have the ability to provide literacy services to adults and families, or consortia of agencies, organizations, or institutions described in this subsection, to enable such agencies, organiza-

tions, institutions, and consortia to carry out adult education and literacy activities.

(2) *CONSORTIA.*—An eligible agency may award a grant under this section to a consortium that includes a provider described in paragraph (1) and a for-profit agency, organization, or institution, if such agency, organization, or institution—

(A) can make a significant contribution to carrying out the objectives of this title; and

(B) enters into a contract with such provider to carry out adult education and literacy activities.

(c) *GRANT REQUIREMENTS.*—

(1) *EQUITABLE ACCESS.*—Each eligible agency awarding a grant under this section for adult education and literacy activities shall ensure that the providers described in subsection (b) will be provided direct and equitable access to all Federal funds provided under this section.

(2) *SPECIAL RULE.*—Each eligible agency awarding a grant under this section shall not use any funds made available under this title for adult education and literacy activities for the purpose of supporting or providing programs, services, or activities for individuals who are not individuals described in subparagraphs (A) and (B) of section 4(1), except that such agency may use such funds for such purpose if such programs, services, or activities are related to family literacy services.

(3) *CONSIDERATIONS.*—In awarding grants under this section, the eligible agency shall consider—

(A) the past effectiveness of a provider described in subsection (b) in providing services (especially with respect to recruitment and retention of educationally disadvantaged adults and the learning gains demonstrated by such adults);

(B) the degree to which the provider will coordinate services with other literacy and social services available in the community, including coordination with one-stop career center systems established in section 121(d); and

(C) the commitment of the provider to serve individuals in the community who are most in need of literacy services.

(d) *LOCAL ADMINISTRATIVE COST LIMITS.*—

(1) *IN GENERAL.*—Except as provided in paragraph (2), of the funds provided under this section by an eligible agency to a provider described in subsection (b), not less than 95 percent shall be expended for provision of adult education and literacy activities. The remainder shall be used for planning, administration, personnel development, and interagency coordination.

(2) *SPECIAL RULE.*—In cases where the cost limits described in paragraph (1) will be too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination supported under this section, the eligible agency shall negotiate with the provider described in subsection (b) in order to determine an adequate level of funds to be used for noninstructional purposes.

SEC. 117. DISTRIBUTION FOR FLEXIBLE ACTIVITIES.

(a) *EMPLOYMENT AND TRAINING ACTIVITIES.*—A State that uses funds made available to the State under this title through the flex

account to carry out employment and training activities shall distribute such funds in accordance with section 111.

(b) *AT-RISK YOUTH ACTIVITIES.*—A State that uses funds made available to the State under this title through the flex account to carry out at-risk youth activities shall distribute such funds in accordance with section 112.

(c) *VOCATIONAL EDUCATION ACTIVITIES.*—A State that uses funds made available to the State under this title through the flex account to carry out vocational education activities shall distribute such funds in accordance with sections 113, 114, and 115.

(d) *ADULT EDUCATION AND LITERACY ACTIVITIES.*—A State that uses funds made available to the State under this title through the flex account to carry out adult education and literacy activities shall distribute such funds in accordance with section 116.

Subtitle C—Use of Funds

SEC. 121. EMPLOYMENT AND TRAINING ACTIVITIES.

(a) *IN GENERAL.*—Funds made available to States and local workforce development areas under this title for employment and training activities—

(1) shall be used to carry out the activities described in subsections (b), (e), and (g); and

(2) may be used to carry out the activities described in subsections (c) and (f).

(b) *REQUIRED STATE ACTIVITIES.*—A State shall use funds made available for State employment and training activities under section 111(a)(2)(B)—

(1) to provide rapid response assistance;

(2) to provide labor market information as described in section 139; and

(3) to conduct evaluations, under section 106(d), of activities authorized in this section.

(c) *PERMISSIBLE STATE ACTIVITIES.*—A State may use funds made available for State employment and training activities under section 111(a)(2)(B)—

(1) to provide services that may include—

(A) providing professional development and technical assistance;

(B) making incentive grants to local workforce development areas for exemplary performance in reaching or exceeding benchmarks described in section 108(d)(4)(A);

(C) providing economic development activities (to supplement other funds provided by the State, a local agency, or the private sector for such activities) that consist of—

(i) providing services to upgrade the skills of employed workers who are at risk of being permanently laid off;

(ii) retraining employed workers in new technologies and work processes that will facilitate the conversion and restructuring of business to assist in the avoidance of a permanent closure or substantial layoff at a plant, facility, or enterprise;

(iii) providing customized assessments of the skills of workers and an analysis of the skill needs of employers;

(iv) assisting consortia of small- and medium-size employers in upgrading the skills of their workforces;

(v) providing productivity and quality improvement training programs for the workforces of small- and medium-size employers; and

(vi) establishing and implementing an employer loan program to assist employees in skills upgrading;

(D) implementing efforts to increase the number of participants trained and placed in nontraditional employment; and

(E) carrying out other activities authorized in this section that the State determines to be necessary to assist local workforce development areas in carrying out activities described in subsection (e) or (f) through the statewide system;

(2) to operate a fiscal and management accountability information system under section 106(e);

(3) to assist in the establishment of the one-stop career center system described in subsection (d); and

(4) to carry out the career grant pilot program described in subsection (g).

(d) **ESTABLISHMENT OF ONE-STOP CAREER CENTER SYSTEM.**—

(1) **IN GENERAL.**—There shall be established in a State that receives an allotment under section 102 a one-stop career center system, which—

(A) shall provide the core services described in subsection (e)(2);

(B) shall provide access to the activities (if any) carried out under subsection (f);

(C) shall make labor market information described in section 139 and subsection (e)(2)(D) available and shall provide all job search, placement, recruitment, and other labor exchange services authorized under the Wagner-Peyser Act (29 U.S.C. 49 et seq.); and

(D)(i) shall provide access to training services as described in subsection (e)(3), which may include serving as the point of distribution of career grants for training services to participants in accordance with subsection (e)(3); and

(ii) may serve as the point of distribution of career grants for training services to participants in accordance with subsection (g).

(2) **ONE-STOP DELIVERY.**—At a minimum, the one-stop career center system shall make the services described in paragraph (1) available—

(A) through a network of eligible providers that assures participants that the core services described in subsection (e)(2) will be available regardless of where the participants initially enter the statewide system, including the availability of such services through multiple, connected access points, linked electronically or technologically;

(B) through a network of career centers that can provide the services described in paragraph (1) to participants;

(C) at not less than 1 physical, co-located career center in each local workforce development area of the State, that provides the services described in paragraph (1) to participants seeking such services; or

(D) through a combination of the options described in subparagraphs (A) through (C).

(e) **REQUIRED LOCAL ACTIVITIES.**—

(1) **IN GENERAL.**—Funds made available to local workforce development areas under section 111(a)(2)(A) shall be used—

(A) to establish the one-stop career center described in subsection (d);

(B) to provide the core services described in paragraph (2) (referred to in this section as “core services”) to participants through the one-stop career center system; and

(C) to provide training services described in paragraph (3) (referred to in this section as “training services”) to participants described in such paragraph.

(2) **CORE SERVICES.**—Funds made available to local workforce development areas under section 111(a)(2)(A) shall be used to provide core services, which shall be available to all individuals through a one-stop career center system and shall, at a minimum, include—

(A) outreach, intake, and orientation to the information and other services available through the one-stop career center system;

(B) initial assessment of skill levels, aptitudes, abilities, and supportive service needs;

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

(D) provision of accurate labor market information relating to—

(i) local, State, and, if appropriate, regional or national, occupations in demand; and

(ii) skill requirements for such occupations, where available;

(E)(i) provision of accurate information relating to the quality and availability of activities authorized in this section, at-risk youth activities, vocational education activities, adult education and literacy activities, and vocational rehabilitation program activities;

(ii) provision of information relating to adult education and literary activities, through cooperative efforts with eligible providers of adult education and literacy activities described in section 116(b); and

(iii) referral to appropriate activities described in clauses (i) and (ii);

(F) provision of eligibility information relating to unemployment compensation, publicly funded education and training programs (including registered apprenticeships), and forms of public financial assistance, such as student aid programs, that may be available in order to enable in-

dividuals to participate in workforce and career development activities;

(G) dissemination of lists of providers and performance information in accordance with paragraph (3)(E)(ii); and

(H) provision of information regarding how the local workforce development area is performing on the local benchmarks described in section 108(d)(4)(A), and any additional performance information provided by the local board.

(3) REQUIRED TRAINING SERVICES.—

(A) **SERVICES.**—Funds made available to local workforce development areas under section 111(a)(2)(A) shall be used to provide training services to individuals who are unable to obtain employment through the core services, who after an interview, evaluation or assessment, and counseling by an eligible provider have been determined to be in need of training services, and who meet the requirements of subparagraph (B). Training services may include—

(i) occupational skills training;

(ii) on-the-job training;

(iii) skills upgrading and retraining for persons not in the workforce; and

(iv) basic skills training when provided in combination with services described in clause (i), (ii), or (iii).

(B) QUALIFICATION.—

(i) **REQUIREMENT.**—Except as provided in clause (ii), provision of such training services shall be limited to participants who—

(I) are unable to obtain other grant assistance for such services, including Federal Pell Grants established under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.); or

(II) who require assistance beyond the assistance made available under other grant assistance programs, including Federal Pell Grants.

(ii) **REIMBURSEMENTS.**—Training services may be provided under this paragraph to an individual who otherwise meets the requirements of this paragraph while an application for a Federal Pell Grant is pending, except that if such individual is subsequently awarded a Federal Pell Grant, appropriate reimbursement shall be made to the local workforce development area from such Federal Pell Grant.

(C) **PRIORITY.**—In the event that funds are limited within a local workforce development area, priority shall be given to dislocated workers and other unemployed individuals for receipt of training services provided under this paragraph. The appropriate local board and the Governor shall provide policy guidance to one-stop career center eligible providers in the local workforce development area for making determinations related to such priority.

(D) *DELIVERY OF SERVICES.*—Training services provided under this paragraph shall be provided—

(i) except as provided in section 107(d), through eligible providers of such services identified in accordance with section 107; and

(ii) in accordance with subparagraph (E).

(E) *CONSUMER CHOICE REQUIREMENTS.*—

(i) *IN GENERAL.*—Training services provided under this paragraph may be provided through the use of career grants, contracts, or other methods (which may include performance-based contracting) and shall, to the extent practicable, maximize consumer choice in the selection of an eligible provider of such services.

(ii) *ELIGIBLE PROVIDERS.*—Each local workforce development area, through one-stop career centers, shall make available—

(I) the list of eligible providers of training services required under section 107(b)(4), with a description of the training courses available from such providers and a list of the names of on-the-job training providers; and

(II) the performance information described in subsections (b)(4) and (d)(2) of section 107 relating to such providers.

(iii) *PURCHASE OF SERVICES.*—An individual eligible for receipt of training services under this paragraph may select an eligible provider of training services from the lists of providers described in clause (ii)(I). Upon such selection, the operator of the one-stop career center shall, to the extent practicable, refer such individual to the eligible provider of training services, and arrange for payment for such services.

(F) *USE OF CAREER GRANTS.*—A State or a local workforce development area may deliver all training services authorized in this paragraph through the use of career grants.

(f) *PERMISSIBLE LOCAL ACTIVITIES.*—

(1) *DISCRETIONARY ONE-STOP DELIVERY ACTIVITIES.*—Funds made available to local workforce development areas under section 111(a)(2)(A) may be used to provide, through one-stop delivery described in subsection (d)(2)—

(A) co-location of services related to workforce and career development activities, such as unemployment insurance, vocational rehabilitation program activities, veterans' employment services, or other public assistance;

(B) intensive employment-related services for participants who are unable to obtain employment through the core services, as determined by the State;

(C) dissemination to employers of information on activities carried out through the statewide system;

(D) customized screening and referral of qualified participants to employment; and

(E) customized employment-related services to employers on a fee-for-service basis.

(2) *SUPPORTIVE SERVICES.*—Funds made available to local workforce development areas under section 111(a)(2)(A) may be used to provide supportive services to participants—

(A) who are receiving training services; and

(B) who are unable to obtain such supportive services through other programs providing such services.

(3) *FOLLOWUP SERVICES.*—Funds made available to local workforce development areas under section 111(a)(2)(A) may be used to provide followup services for participants in activities authorized in this section who are placed in unsubsidized employment.

(4) *NEEDS-RELATED PAYMENTS.*—

(A) *IN GENERAL.*—Funds made available to local workforce development areas under section 111(a)(2)(A) may be used to provide needs-related payments to dislocated workers who are unemployed and do not qualify for, or have ceased to qualify for, unemployment compensation, for the purpose of enabling such individuals to participate in training services.

(B) *ADDITIONAL ELIGIBILITY REQUIREMENTS.*—In addition to the requirements contained in subparagraph (A), a dislocated worker who has ceased to qualify for unemployment compensation may be eligible to receive needs-related payments under this paragraph only if such worker was enrolled in the training services—

(i) by the end of the 8th week of the worker's initial unemployment compensation benefits period; or

(ii) if later, by the end of the 8th week after the worker is informed that a short-term layoff will, in fact, exceed 6 months.

(C) *LEVEL OF PAYMENTS.*—The level of a needs-related payment made under this paragraph—

(i) shall not exceed the greater of—

(I) the applicable level of unemployment compensation; or

(II) an amount equal to the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved, for an equivalent period; and

(ii) shall be adjusted to reflect changes in total family income.

(5) *CAREER GRANT PILOT PROGRAM.*—Funds made available to local workforce development areas under section 111(a)(2)(A) may be used to carry out the career grant pilot program described in subsection (g), which may be carried out in conjunction with the provision of training services under subsection (e)(3).

(g) *CAREER GRANT PILOT PROGRAM FOR DISLOCATED WORKERS.*—The State shall carry out (using funds made available under section 111(a)(2)(B) or by making funds available to local workforce development areas under section 111(a)(2)(A)) a career grant pilot program for dislocated workers that is of sufficient size, scope, and

quality to measure the effectiveness of the use of career grants for the provision of training services under subsection (e)(3).

(h) **LOCAL ADMINISTRATION.**—Not more than 10 percent of the funds made available under section 111(a)(2)(A) to a local workforce development area may be used for administrative expenses.

SEC. 122. AT-RISK YOUTH ACTIVITIES.

(a) **REQUIRED ACTIVITIES.**—Funds made available to Governors and local workforce development areas under this title for at-risk youth activities shall be used to carry out, for at-risk youth, activities that—

- (1) provide strong linkages between academic, occupational, and worksite learning;
- (2) provide postsecondary educational opportunities, where appropriate;
- (3) involve business and parents in the design and implementation of the activities;
- (4) provide adult mentoring;
- (5) provide career guidance and counseling; and
- (6) are of sufficient size, scope, and quality to be effective.

(b) **PERMISSIBLE ACTIVITIES.**—Funds made available to Governors and local workforce development areas under this title for at-risk youth activities may be used to carry out, for at-risk youth, activities that provide—

- (1) tutoring, study skills training, and instruction, leading to completion of secondary school, including dropout prevention strategies;
- (2) alternative secondary school services;
- (3) paid and unpaid work experience, including summer employment opportunities, that are directly linked to academic, occupational, and worksite learning; and
- (4) training-related supportive services.

(c) **LOCAL ADMINISTRATION.**—Not more than 10 percent of the funds made available under section 112(a)(2)(A) to a local workforce development area may be used for administrative expenses. The local board for the local workforce development area may use not more than 4 percent of the funds made available under section 112(a)(2)(A) for the administrative expenses of the local board. The remainder of the 10 percent may be used for administrative expenses of eligible providers of at-risk youth activities in the local workforce development area.

SEC. 123. VOCATIONAL EDUCATION ACTIVITIES.

(a) **PERMISSIBLE STATE ACTIVITIES.**—The eligible agency for vocational education shall use not more than 11 percent of the funds made available to the eligible agency under subtitle A for activities that may include—

- (1) an assessment of the activities authorized in this section;
- (2) support for tech-prep programs;
- (3) support for activities authorized in this section for single parents, displaced homemakers, and single pregnant women;
- (4) professional development activities, including—

(A) inservice and preservice training in state-of-the-art vocational education programs and techniques; and

(B) support of education programs for teachers of vocational education in public schools to ensure such teachers stay current with the needs, expectations, and methods of industry;

(5) support for programs that offer experience in, and understanding of, all aspects of the industry students are preparing to enter;

(6) leadership and instructional programs in technology education;

(7) support for cooperative education;

(8) support for family and consumer sciences programs;

(9) support for vocational student organizations;

(10) improvement of career guidance and counseling;

(11) technical assistance; and

(12) performance awards for 1 or more eligible providers that the eligible agency determines have achieved exceptional performance in providing activities described in this section.

(b) **REQUIRED LOCAL ACTIVITIES.**—The eligible agency for vocational education shall use not less than 85 percent of the funds made available to the eligible agency under subtitle A to provide financial assistance under sections 113 and 114 to eligible providers to enable such providers to carry out activities authorized in this section that include—

(1)(A) integrating academic and vocational education;

(B) integrating classroom and worksite learning; and

(C) linking secondary and postsecondary education, including implementing tech-prep programs;

(2) providing career guidance and counseling;

(3) providing vocational education programs of sufficient size, scope, and quality to be effective;

(4) improving and expanding access to quality, state-of-the-art activities authorized in this section;

(5) providing professional development; and

(6) involving business and parents in the design and implementation of activities authorized in this section.

SEC. 124. ADULT EDUCATION AND LITERACY ACTIVITIES.

(a) **PERMISSIBLE STATE ACTIVITIES.**—The eligible agency for adult education and literacy may use not more than 10 percent of the funds made available to the eligible agency under subtitle A for activities that may include—

(1) the establishment or operation of professional development programs to improve the quality of instruction provided pursuant to local activities authorized in this section, including instruction provided by volunteers;

(2) the provision of technical assistance to eligible providers of activities authorized in this section;

(3) the provision of technology assistance to eligible providers of activities authorized in this section to enable the providers to improve the quality of such activities;

(4) the support of State or regional networks of literacy resource centers; and

(5) *the monitoring and evaluation of the quality of and the improvement in activities authorized in this section.*

(b) *REQUIRED LOCAL ACTIVITIES.—The eligible agency for adult education and literacy shall require that each eligible provider receiving a grant under section 116 use the grant to establish or operate 1 or more programs that provide instruction or services in 1 or more of the following categories:*

- (1) *Adult education and literacy services.*
- (2) *Family literacy services.*
- (3) *English literacy programs.*

SEC. 125. FLEXIBLE ACTIVITIES.

(a) *IN GENERAL.—A State may use the funds made available to the State under this title through the flex account to carry out—*

- (1) *employment and training activities;*
- (2) *at-risk youth activities;*
- (3) *vocational education activities; and*
- (4) *adult education and literacy activities.*

(b) *USE OF FUNDS.—*

(1) *EMPLOYMENT AND TRAINING ACTIVITIES.—A State that uses funds made available to the State under this title through the flex account to carry out employment and training activities shall expend such funds in accordance with sections 121 and 126.*

(2) *AT-RISK YOUTH ACTIVITIES.—A State that uses funds made available to the State under this title through the flex account to carry out at-risk youth activities shall expend such funds in accordance with sections 122 and 126.*

(3) *VOCATIONAL EDUCATION ACTIVITIES.—A State that uses funds made available to the State under this title through the flex account to carry out vocational education activities shall expend such funds in accordance with sections 123 and 126.*

(4) *ADULT EDUCATION AND LITERACY ACTIVITIES.—A State that uses funds made available to the State under this title through the flex account to carry out adult education and literacy activities shall expend such funds in accordance with sections 124 and 126.*

SEC. 126. REQUIREMENTS AND RESTRICTIONS RELATING TO USE OF FUNDS.

(a) *FISCAL REQUIREMENTS FOR VOCATIONAL EDUCATION ACTIVITIES AND ADULT EDUCATION AND LITERACY ACTIVITIES.—*

(1) *SUPPLEMENT NOT SUPPLANT.—Funds made available under this title for vocational education activities or adult education and literacy activities shall supplement, and may not supplant, other public funds expended to carry out activities described in section 123 or 124, respectively.*

(2) *MAINTENANCE OF EFFORT.—*

(A) *DETERMINATION.—*

(i) *IN GENERAL.—Except as provided in clauses (ii) and (iii), and subparagraph (B), no payments shall be made under this title for any program year to a State for vocational education activities or adult education and literacy activities unless the Secretary of Education determines that the fiscal effort per student or*

the aggregate expenditures of such State for activities described in section 123 or 124, respectively, for the program year preceding the program year for which the determination is made, equaled or exceeded such effort or expenditures for activities described in section 123 or 124, respectively, for the second program year preceding the fiscal year for which the determination is made.

(ii) COMPUTATION.—In computing the fiscal effort or aggregate expenditures pursuant to clause (i), the Secretary of Education shall exclude capital expenditures, special one-time project costs, similar windfalls, and the cost of pilot programs.

(iii) DECREASE IN FEDERAL SUPPORT.—If the amount made available for vocational education activities or adult education and literacy activities under this title for a fiscal year is less than the amount made available for vocational education activities or adult education and literacy activities, respectively, under this title for the preceding fiscal year, then the fiscal effort per student or the aggregate expenditures of a State required by clause (i) for such preceding fiscal year shall be decreased by the same percentage as the percentage decrease in the amount so made available.

(B) SPECIAL RULE.—Notwithstanding any provision of the Carl D. Perkins Vocational Education Act (as such Act was in effect on September 24, 1990), a State shall be deemed to have met the requirements of section 503 of such Act with respect to decisions appealed by applications filed on April 30, 1993 and October 29, 1993 under section 452(b) of the General Education Provisions Act.

(C) WAIVER.—The Secretary of Education may waive the requirements of subparagraph (A) (with respect to not more than 5 percent of expenditures required for the preceding fiscal year by any eligible agency) for 1 program year only, after making a determination that such waiver would be equitable due to exceptional or uncontrollable circumstances affecting the ability of the eligible agency to meet such requirements, such as a natural disaster or an unforeseen and precipitous decline in financial resources. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort or aggregate expenditures required under this paragraph for years subsequent to the year covered by such waiver. The fiscal effort or aggregate expenditures for the subsequent years shall be computed on the basis of the level of funding that would, but for such waiver, have been required.

(3) EXPENDITURES OF NON-FEDERAL FUNDS FOR ADULT EDUCATION AND LITERACY ACTIVITIES.—For any program year for which an allotment is made to the State under this title, the State shall expend, on programs and activities relating to adult education and literacy activities, an amount, derived from sources other than the Federal Government, equal to 25 percent of the amount made available to a State under paragraphs (4)

and (5) of section 103(a) for adult education and literacy activities.

(b) *LIMITATIONS ON ACTIVITIES THAT IMPACT EMPLOYEES.*—

(1) *WAGES.*—No funds provided under this title shall be used to pay the wages of incumbent employees during their participation in economic development activities described in section 121(c)(1)(C) provided through the statewide system.

(2) *RELOCATION.*—

(A) *IN GENERAL.*—No funds provided under this title for an employment and training activity shall be used or proposed for use to encourage or induce the relocation, of a business or part of a business, that results in a loss of employment for any employee of such business at the original location, if such original location is within the United States.

(B) *REPAYMENT.*—If the Secretary of Labor determines that a violation of this paragraph or paragraph (3) has occurred, the Secretary of Labor shall require the State that has violated this paragraph or paragraph (3), respectively, to repay to the United States an amount equal to the amount expended in violation of this paragraph or paragraph (3), respectively.

(3) *TRAINING AND ASSESSMENTS FOLLOWING RELOCATION.*—No funds provided under this title for an employment and training activity shall be used for customized or skill training, on-the-job training, or company-specific assessments of job applicants or employees, for any business or part of a business, that has relocated, until 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business, results in a loss of employment for any employee of such business at the original location and such original location is within the United States.

(4) *DISPLACEMENT.*—

(A) *PROHIBITION ON DISPLACEMENT.*—A participant in an activity authorized in section 121 or 122 (referred to in this section as a “specified activity”) shall not displace (including a partial displacement, such as a reduction in the hours of nonovertime work, wages, or employment benefits) any currently employed employee (as of the date of the participation).

(B) *PROHIBITION ON IMPAIRMENT OF CONTRACTS.*—A specified activity shall not impair an existing contract for services or collective bargaining agreement, and no such activity that would be inconsistent with the terms of a collective bargaining agreement shall be undertaken without the written concurrence of the labor organization and employer concerned.

(C) *PROHIBITION ON REPLACEMENT.*—A participant in a specified activity shall not be employed in a job—

(i) when any other individual is on temporary lay-off, with the clear possibility of recall, from the same or any substantially equivalent job with the participating employer; or

(ii) when the employer has terminated the employment of any regular employee or otherwise reduced the workforce of the employer with the intention of filling the vacancy so created with the participant.

(5) *HEALTH AND SAFETY.*—Health and safety standards established under Federal and State law otherwise applicable to working conditions of employees shall be equally applicable to working conditions of participants engaged in specified activities. To the extent that a State workers' compensation law applies, workers' compensation shall be provided to participants on the same basis as the compensation is provided to other individuals in the State in similar employment.

(6) *EMPLOYMENT CONDITIONS.*—Participants employed or assigned to work in positions subsidized for specified activities shall be provided benefits and working conditions at the same level and to the same extent as other employees working a similar length of time and doing the same type of work.

(7) *EFFECT ON OTHER LAWS.*—Nothing in this Act shall be construed to modify or affect any Federal or State law prohibiting discrimination on the basis of race, color, religion, sex, national origin, age, or disability.

(8) *NONDISCRIMINATION.*—Except as otherwise permitted in law, no individual may be discriminated against with respect to participation in specified activities because of race, color, religion, sex, national origin, age, or disability.

(9) *GRIEVANCE PROCEDURE.*—A State that receives an allotment under section 102 shall establish and maintain a grievance procedure for resolving complaints alleging violations of any of the prohibitions or requirements described in this subsection.

(10) *EXCLUSIVE REMEDY.*—Except as provided in paragraph (7), nothing in this Act shall be construed to provide an individual with an entitlement to a service or to establish a right for an individual to bring any action for a violation of a prohibition or requirement of this title or to obtain services through an activity established under this title, except that a participant in specified activities under this title may pursue a complaint alleging a violation of any of the prohibitions or requirements described in this subsection through the grievance procedure described in paragraph (9).

(c) *LIMITATIONS ON PARTICIPANTS IN TRAINING SERVICES.*—

(1) *DIPLOMA OR EQUIVALENT.*—

(A) *IN GENERAL.*—No individual may participate in training services described in section 121(e)(3) until the individual has obtained a secondary school diploma or its recognized equivalent, or is enrolled in a program or course of study to obtain a secondary school diploma or its recognized equivalent.

(B) *EXCEPTION.*—Nothing in subparagraph (A) shall prevent participation in such training services by an individual for whom the requirement described in subparagraph (A) has been determined to be inappropriate, pursuant to the interview, evaluation or assessment, and counseling described in section 121(e)(3)(A).

(2) SERVICES.—

(A) REFERRAL.—If an individual who has not obtained a secondary school diploma or its recognized equivalent applies to participate in such training services, and a determination described in paragraph (1)(B) has not been made for such individual, such individual shall be referred to State-approved adult education and literacy activities that provide instruction designed to help such individual obtain a secondary school diploma or its recognized equivalent.

(B) PROVISION OF SERVICES.—Funds made available under section 111(a)(2)(A) and allocated within the local workforce development area for the provision of such training services may be used to provide State-approved adult education and literacy activities that provide instruction designed to help individuals obtain a secondary school diploma or its recognized equivalent, to individuals who—

(i) are seeking to participate in such training services; and

(ii) are otherwise unable to obtain such services.

(d) DRUG TESTING LIMITATIONS ON PARTICIPANTS IN TRAINING SERVICES.—

(1) FINDING.—Congress finds that—

(A) the possession, distribution, and use of drugs by participants in training services should not be tolerated, and that such use prevents participants from making full use of the benefits extended through such training services at the expense of taxpayers; and

(B) applicants and participants should be tested for illegal drug use, in order to maximize the training services and assistance provided under this title.

(2) DRUG TESTS.—Each eligible provider of training services described in section 121(e)(3) shall administer a drug test—

(A) on a random basis, to individuals who apply to participate in such training services; and

(B) to a participant in such training services, on reasonable suspicion of drug use by the participant.

(3) ELIGIBILITY OF APPLICANTS.—In order for such an applicant to be eligible to participate in such training services, the applicant shall agree to submit to a drug test administered as described in paragraph (2)(A) and, if the test is administered to the applicant, shall pass the test.

(4) ELIGIBILITY OF PARTICIPANTS.—In order for such a participant to remain eligible to participate in such training services, the participant shall agree to submit to a drug test administered as described in paragraph (2)(B) and, if the test is administered to the participant, shall pass the test. If a participant refuses to submit to the drug test, or fails the drug test, the eligible provider shall dismiss the participant from participation in such training services.

(5) REAPPLICATION.—

(A) IN GENERAL.—Except as provided in subparagraph (B), an individual who is an applicant and is disqualified from eligibility under paragraph (3), or who is a participant and is dismissed under paragraph (4), may reapply,

not earlier than 6 months after the date of the disqualification or dismissal, to participate in such training services. If the individual demonstrates that the individual has completed a drug treatment program and passed a drug test within the 30-day period prior to the date of the reapplication, the individual may participate in such training services, under the same terms and conditions as apply to other applicants and participants, including submission to drug tests administered as described in paragraph (2).

(B) *SECOND DISQUALIFICATION OR DISMISSAL.*—If the individual reapplies to participate in such training services and fails a drug test administered under paragraph (2) by the eligible provider, while the individual is an applicant or a participant, the eligible provider shall disqualify the individual from eligibility for, or dismiss the individual from participation in, such training services. The individual shall not be eligible to reapply for participation in such training services for 2 years after such disqualification or dismissal.

(6) *APPEAL.*—A decision by an eligible provider to disqualify an individual from eligibility for participation in such training services under paragraph (3) or (5), or to dismiss a participant as described in paragraph (4) or (5), shall be subject to expeditious appeal in accordance with procedures established by the State in which the eligible provider is located.

(7) *NATIONAL UNIFORM GUIDELINES.*—

(A) *IN GENERAL.*—The Secretary of Labor shall develop voluntary guidelines to assist eligible providers concerning the drug testing required under this subsection.

(B) *PRIVACY.*—The guidelines shall promote, to the maximum extent practicable, individual privacy in the collection of specimen samples for such drug testing.

(C) *LABORATORIES AND PROCEDURES.*—With respect to standards concerning laboratories and procedures for such drug testing, the guidelines shall incorporate the Mandatory Guidelines for Federal Workplace Drug Testing Programs, 53 Fed. Reg. 11970 (1988) (or a successor to such guidelines), including the portion of the mandatory guidelines that—

(i) establishes comprehensive standards for all aspects of laboratory drug testing and laboratory procedures, including standards that require the use of the best available technology for ensuring the full reliability and accuracy of drug tests and strict procedures governing the chain of custody of specimen samples;

(ii) establishes the minimum list of drugs for which individuals may be tested; and

(iii) establishes appropriate standards and procedures for periodic review of laboratories and criteria for certification and revocation of certification of laboratories to perform such drug testing.

(D) *SCREENING AND CONFIRMATION.*—The guidelines described in subparagraph (A) shall provide that, for drug testing conducted under this subsection—

(i) each laboratory involved in the drug testing of any individual shall have the capability and facility, at such laboratory, of performing screening and confirmation tests;

(ii) all tests that indicate the use, in violation of law (including Federal regulation) of a drug by the individual shall be confirmed by a scientifically recognized method of testing capable of providing quantitative data regarding the drug;

(iii) each specimen sample shall be subdivided, secured, and labeled in the presence of the individual; and

(iv) a portion of each specimen sample shall be retained in a secure manner to prevent the possibility of tampering, so that if the confirmation test results are positive the individual has an opportunity to have the retained portion assayed by a confirmation test done independently at a second certified laboratory, if the individual requests the independent test not later than 3 days after being advised of the results of the first confirmation test.

(E) *CONFIDENTIALITY.*—The guidelines shall provide for the confidentiality of the test results and medical information (other than information relating to a drug) of the individuals tested under this subsection, except that the provisions of this subparagraph shall not preclude the use of test results for the orderly imposition of appropriate sanctions under this subsection.

(F) *SELECTION FOR RANDOM TESTS.*—The guidelines shall ensure that individuals who apply to participate in the training services described in paragraph (2) are selected for drug testing on a random basis, using nondiscriminatory and impartial methods.

(8) *NONLIABILITY OF LOCAL BOARDS.*—A local board, and the individual members of a local board, shall be immune from civil liability with respect to any claim based in whole or part on activities carried out to implement this subsection.

(9) *REPORTING REQUIREMENTS.*—An eligible provider shall make records of drug testing conducted under this subsection available for inspection by other eligible providers, including eligible providers in other local workforce development areas, for the sole purpose of enabling the providers to determine the eligibility status of an applicant pursuant to this subsection.

(10) *USE OF DRUG TESTS.*—No Federal, State, or local prosecutor may use drug test results obtained under this subsection in a criminal action.

(11) *DEFINITIONS.*—As used in this subsection:

(A) *DRUG.*—The term “drug” means a controlled substance, as defined in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6)).

(B) *DRUG TEST.*—The term “drug test” means a biochemical drug test carried out by a facility that is approved by the eligible provider administering the test.

(C) *RANDOM BASIS.*—For purposes of the application of this subsection in a State, the term “random basis” has the meaning determined by the Governor of the State, in the sole discretion of the Governor.

(e) *SUPPORTIVE SERVICES.*—Supportive services may be provided with funds provided through the allotment described in section 102 only to the extent that such services are not available through alternative funding sources specifically designated for such services.

(f) *SPECIAL RULE FOR CRIMINAL OFFENDERS.*—Notwithstanding subtitle B and this subtitle, a portion of the funds made available under subtitle A may be distributed to 1 or more State corrections agencies to enable the State corrections agencies to carry out any activity described in this subtitle for juvenile and adult criminal offenders in correctional institutions in the State, including correctional institutions operated by local authorities.

(g) *SENSE OF THE CONGRESS.*—It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available under this title should be made in the United States.

Subtitle D—National Activities

SEC. 131. COORDINATION PROVISIONS.

(a) *COLLABORATIVE ADMINISTRATION.*—The Secretary of Labor and the Secretary of Education (referred to in this section as “the Secretaries”) shall enter into an interagency agreement to administer the provisions of this title (other than sections 103(d), 113, 114, 126(a), 126(b), 138, and 139 (referred to in this section as the “excluded provisions”)).

(b) *RESPONSIBILITIES OF SECRETARIES.*—Such agreement shall specify the manner in which the Secretaries shall administer this title (other than the excluded provisions), including—

- (1) making allotment determinations under section 102;
- (2) reviewing State plans submitted in accordance with section 104;
- (3) carrying out the duties assigned to the Secretaries under section 106;
- (4)(A) establishing uniform procedures, including grantmaking procedures; and
- (B) issuing uniform guidelines and regulations, subject to subsection (e);
- (5) carrying out the duties assigned to the Secretaries under this subtitle (other than sections 138 and 139);
- (6) preparing and submitting to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate an annual report on the absolute and relative performance of States in reaching State benchmarks; and
- (7) reviewing federally funded education, employment, and job training programs, other than activities authorized under this title, and submitting recommendations to the Committees

described in paragraph (6) regarding the integration of such programs into the statewide systems.

(c) *CONTENTS.—The interagency agreement shall include, at a minimum—*

(1) *a description of the methods the Secretaries will use to work together to carry out their duties and responsibilities under this title in a manner that will ensure that neither the Department of Labor nor the Department of Education duplicates the work of the other department; and*

(2) *a description of the manner in which the Secretaries will utilize personnel and other resources of the Department of Labor and the Department of Education to administer this title (other than the excluded provisions).*

(d) *ADMINISTRATION OF THE ACT.—*

(1) *IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretaries shall prepare and submit to the President, the Committee on Economic and Educational Opportunities of the House of Representatives, and the Committee on Labor and Human Resources of the Senate, the interagency agreement. Such agreement shall also be available to the public through publication in the Federal Register.*

(2) *APPROVAL.—Not later than 200 days after the date of enactment of this Act, the President shall—*

(A) *approve or disapprove the interagency agreement made by the Secretaries; and*

(B) *if the agreement is disapproved, make recommendations to the Secretaries with respect to an alternative plan and require the Secretaries to submit such a plan in accordance with this section not later than 30 days after the date of the disapproval.*

(e) *LIMITATION ON FEDERAL REGULATIONS.—The Secretary of Labor or the Secretary of Education may issue regulations under this title only to the extent necessary to administer and ensure compliance with the specific requirements of this title.*

(f) *EFFECT ON PERSONNEL.—*

(1) *IN GENERAL.—The Secretaries shall take such actions as may be necessary, including reduction in force actions, consistent with sections 3502 and 3595 of title 5, United States Code, to ensure that the positions of personnel that relate to a covered activity and are not otherwise minimally necessary to carry out this Act are terminated.*

(2) *SCOPE.—*

(A) *INITIAL REDUCTIONS.—Not later than July 1, 1998, the Secretaries shall take the actions described in paragraph (1), including reduction in force actions, with respect to not less than $\frac{1}{3}$ of the number of positions of personnel that relate to a covered activity.*

(B) *SUBSEQUENT REDUCTIONS.—Not later than July 1, 2003, the Secretaries shall take the actions described in paragraph (1)—*

(i) *with respect to not less than 60 percent of the number of positions of personnel that relate to a covered activity, unless the Secretaries submit (prior to*

July 1, 2003) a report to Congress demonstrating why such actions have not occurred; or

(ii) with respect to not less than 40 percent of the number of positions of personnel that relate to a covered activity, if the Secretaries submit the report referred to in clause (i).

(C) *CALCULATION.*—For purposes of calculating, under this paragraph, the number of positions of personnel that relate to a covered activity, such number shall include the number of positions of personnel that are terminated under paragraph (1).

SEC. 132. INCENTIVE GRANTS AND SANCTIONS.

(a) *INCENTIVE GRANTS.*—

(1) *AWARD OF GRANTS.*—From amounts reserved under section 151(b)(5) for any fiscal year, the Secretaries may award incentive grants to States, each of which shall be awarded for not more than \$15,000,000 per fiscal year to a State that—

(A)(i) reaches or exceeds, during the most recent 12-month period for which data are available, State benchmarks required under section 106(b), including the benchmarks required under section 106(b)(3); or

(ii) demonstrates continuing progress toward reaching or exceeding, during the 3-year period covered by the State plan submitted under section 104, the benchmarks described in clause (i);

(B) obtains an eligibility determination described in paragraph (2)(A) for such benchmarks; and

(C) demonstrates, in the State plan information submitted under section 104(b)(1)(B)(ii), that the Governor and eligible agencies have agreed on all elements of the State plan.

(2) *ELIGIBILITY DETERMINATIONS.*—

(A) *INITIAL DETERMINATIONS.*—

(i) *DETERMINATION.*—Not later than 30 days after receipt of the State plan submitted under section 104, the Secretaries shall—

(I) compare the proposed State benchmarks identified in the State plan with State benchmarks proposed in other State plans; and

(II) determine if the proposed State benchmarks, taken as a whole, are sufficient to make the State eligible to qualify for an incentive grant under this subsection, if the State meets the requirements of subparagraphs (A) and (C) of paragraph (1).

(ii) *NOTIFICATION, REVISION, AND TECHNICAL ASSISTANCE.*—If the Secretaries determine that a State is not eligible to qualify for an incentive grant pursuant to clause (i)(II), the Secretaries shall provide, upon request, technical assistance to the State regarding the necessary action to be taken to make the State eligible to qualify for such grant under this subsection. Such State shall have 30 days after the date on which the State receives notification of ineligibility or the date on

which the State receives technical assistance, whichever is later, to revise the State benchmarks in order to become eligible to qualify for an incentive grant under this subsection, if the State meets the requirements of subparagraphs (A) and (C) of paragraph (1).

(B) GRANT DETERMINATIONS.—Not later than 30 days after receipt of an annual report submitted under section 106(c) that contains an application for such an incentive grant from a State that meets the requirements of paragraph (1), the Secretaries shall—

(i) compare the progress the State has made toward reaching or exceeding the State benchmarks, as described in such annual report, with the progress made by the other States towards reaching or exceeding their State benchmarks, as described in such annual reports of the other States; and

(ii) determine if the progress the State has made toward reaching or exceeding the State benchmarks, taken as a whole, is sufficient to enable the State to receive an incentive grant under this subsection.

(3) USE OF FUNDS.—A State that receives an incentive grant may use funds made available through the grant only to carry out workforce and career development activities. Determinations concerning the distribution of such funds shall be made by the individuals and entities participating in the collaborative process described in subsection (a) or (b) of section 105.

(b) SANCTIONS.—

(1) FINDING.—If a State fails to meet the State benchmarks required under section 106(b) for the 3 years covered by a State plan described in section 104, the Secretaries shall determine whether the failure is attributable to—

(A) employment and training activities;

(B) at-risk youth activities;

(C) vocational education activities; or

(D) adult education and literacy activities.

(2) TECHNICAL ASSISTANCE OR REDUCTION OF ALLOTMENTS.—

(A) IN GENERAL.—The Secretaries may—

(i) provide technical assistance to the State to improve the level of performance of the State; or

(ii) on making a determination described in paragraph (1), reduce, by not more than 10 percent, the portion of the allotment made under section 102 for the category of activities to which the failure is attributable.

(B) PORTION OF THE ALLOTMENT.—For purposes of subparagraph (A), in determining a portion of an allotment for a category of activities, the Secretaries shall include in such portion any funds allocated to such category from the flex account.

(3) FUNDS RESULTING FROM REDUCED ALLOTMENTS.—The Secretaries may use an amount retained as a result of a reduc-

tion in an allotment made under paragraph (2)(A)(ii) to award an incentive grant under subsection (a).

SEC. 133. NATIONAL EMERGENCY GRANTS.

(a) *IN GENERAL.*—From the amounts reserved under section 151(b)(5), the Secretary of Labor, in accordance with the interagency agreement developed pursuant to section 131, is authorized to award national emergency grants, in a timely manner—

(1) to an entity described in subsection (b) to provide employment and training assistance to workers affected by major economic dislocations, such as plant closures, mass layoffs, or closures and realignments of military installations; and

(2) to provide assistance to the Governor of any State within the boundaries of which is an area that has suffered an emergency or a major disaster as defined in paragraphs (1) and (2), respectively, of section 102 of The Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122(1) and (2)) (referred to in this section as the “disaster area”).

(b) *EMPLOYMENT AND TRAINING ASSISTANCE REQUIREMENTS.*—

(1) *APPLICATION.*—To be eligible to receive a grant under subsection (a)(1), an entity shall submit an application to the Secretary of Labor at such time, in such manner, and accompanied by such information, as the Secretary may reasonably require.

(2) *ELIGIBLE ENTITY.*—For purposes of this section, the term “entity” means a State, unit of general local government, or public or private local entity, including a for profit or nonprofit entity.

(c) *DISASTER RELIEF EMPLOYMENT ASSISTANCE REQUIREMENTS.*—Funds made available under subsection (a)(2)—

(1) shall be used exclusively to provide employment on projects that provide food, clothing, shelter, and other humanitarian assistance for disaster victims, and projects regarding demolition, cleaning, repair, renovation, and reconstruction of damaged and destroyed structures, facilities, and lands located within the disaster area; and

(2) may be expended through public and private agencies and organizations engaged in such projects.

SEC. 134. EVALUATION; RESEARCH, DEMONSTRATIONS, DISSEMINATION, AND TECHNICAL ASSISTANCE.

(a) *SINGLE PLAN.*—

(1) *IN GENERAL.*—The Secretaries, as part of the interagency agreement required under section 131, shall develop a single plan for evaluation and assessment, research, demonstrations, dissemination, and technical assistance activities with regard to the activities assisted under this title.

(2) *PLAN.*—Such plan shall—

(A) identify the activities the Secretaries will carry out under this section;

(B) describe how such activities will be carried out collaboratively;

(C) describe how the Secretaries will evaluate such activities in accordance with subsection (b); and

(D) include such other information as the Secretaries determine to be appropriate through the interagency agreement.

(b) *EVALUATION AND ASSESSMENT.*—

(1) *IN GENERAL.*—From amounts made available under paragraph (3), the Secretaries shall provide for the conduct of an independent evaluation and assessment of employment and training activities, at-risk youth activities, vocational education activities, and adult education and literacy activities, through studies and analyses conducted independently through grants and contracts awarded on a competitive basis.

(2) *CONTENTS.*—Such evaluation and assessment shall include descriptions of—

(A) the extent to which State, local, and tribal entities have developed, implemented, or improved the statewide system;

(B) the degree to which the expenditures at the Federal, State, local, and tribal levels address improvement in employment and training activities, at-risk youth activities, vocational education activities, and adult education and literacy activities, including the impact of funds provided under this title on the delivery of such activities;

(C) the extent to which vocational education activities and at-risk youth activities succeed in preparing individuals participating in such activities for entry into post-secondary education, further learning, or high-skill, high-wage careers;

(D) the effect of benchmarks, performance measures, and other measures of accountability on the delivery of employment and training activities, at-risk youth activities, vocational education activities, and adult education and literacy activities, including family literacy services;

(E) the extent to which employment and training activities enhance the employment and earnings of participants in such activities, reduce income support costs, improve the employment competencies of such participants, and increase the level of employment of program participants over the level of employment that would have existed in the absence of such activities, which may be evaluated using experimental and control groups chosen by scientific random assignment; and

(F) the extent to which the adult education and literacy activities, including family literacy services, increase the literacy skills of adults, and of children in the case of family literacy services, lead the participants in such activities to involvement in further education and training, enhance the employment and earnings of such participants, and, if applicable, lead to other positive outcomes such as reductions in recidivism in the case of prison-based adult education and literacy activities.

(3) *AUTHORIZATION.*—There are authorized to be appropriated \$15,000,000 for fiscal year 1998 and such sums as may be necessary for each of the fiscal years 1999 through 2002 to carry out this subsection.

(c) RESEARCH.—

(1) *IN GENERAL.*—The Secretaries, pursuant to the interagency agreement, shall award grants, on a competitive basis, to an institution of higher education, a public or private organization or agency, or a consortium of such institutions, organizations, or agencies to establish a national research center or centers—

(A) to carry out research for the purpose of developing, improving, and identifying the most successful methods and techniques for addressing the education, employment, and training needs of adults;

(B) to carry out research for the purpose of developing, improving, and identifying the most successful methods for successfully addressing the education, employment, and training needs of at-risk youth;

(C) to carry out research to increase the effectiveness and improve the implementation of vocational education activities, including conducting research and development, and providing technical assistance, with respect to—

(i) combining academic, vocational education, and worksite learning;

(ii) identifying ways to establish effective linkages among employment and training activities, at-risk youth activities, and vocational education activities, at the State and local levels; and

(iii) conducting studies providing longitudinal information or formative evaluation with respect to vocational education activities;

(D) to carry out research to increase the effectiveness of and improve the quality of adult education and literacy activities, including family literacy services;

(E) to provide technical assistance to State and local recipients of assistance under this title in developing and using benchmarks and performance measures for improvement of workforce and career development activities; and

(F) to carry out such other activities as the Secretaries determine to be appropriate to achieve the purposes of this title.

(2) *SUMMARY.*—The Secretaries shall provide an annual report summarizing the evaluations and assessments described in subsection (b), and the research conducted pursuant to this subsection, and the findings of such evaluations and assessments, and research, to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(3) *AUTHORIZATION.*—There are authorized to be appropriated \$15,000,000 for fiscal year 1998 and such sums as may be necessary for each of the fiscal years 1999 through 2002 to carry out this subsection.

(d) DEMONSTRATIONS, DISSEMINATION, AND TECHNICAL ASSISTANCE.—

(1) *AUTHORITY.*—

(A) *PROGRAMS AND ASSISTANCE AUTHORIZED.*—The Secretaries, pursuant to the interagency agreement, are au-

thorized to carry out demonstration programs, to replicate model programs, to disseminate best practices information, and to provide technical assistance, for the purposes of developing, improving, and identifying the most successful methods and techniques for providing the activities assisted under this title.

(B) *ACTIVITIES.*—Such activities may be carried out directly or through grants, contracts, cooperative agreements, or through the national center or centers, and may include projects—

(i) conducted jointly with the Department of Defense to develop training programs utilizing computer-based and other innovative learning technologies;

(ii) which promote the use of distance learning—

(I) to enable students to take courses through the use of media technology, such as video, teleconferencing, computers, or the Internet; and

(II) to deliver continuing education, skills upgrading and retraining services, and postsecondary education, directly to the community or to individuals who would not otherwise have access to such education and services; and

(iii) conducted through partnerships with national organizations which have special expertise in developing, organizing, and administering employment and training services for individuals with disabilities at the national, State, and local levels.

(2) *CLEARINGHOUSE.*—The Secretaries shall maintain a clearinghouse, through the national center or centers, that will collect and disseminate to Federal, State, and local organizations, agencies, and service providers data and information, including information on best practices, about the condition of statewide systems and employment and training activities, at-risk youth activities, vocational education activities, and adult education and literacy activities.

(3) *TECHNICAL ASSISTANCE.*—The Secretaries shall provide technical assistance to States and local areas to enhance the capacity of such States and local areas to develop and deliver effective activities under this title.

(4) *AUTHORIZATION.*—There are authorized to be appropriated \$30,000,000 for fiscal year 1998 and such sums as may be necessary for each of fiscal years 1999 through 2002 to carry out this subsection.

(e) *TRANSITION PERIOD.*—Notwithstanding any other provision of law, the Secretaries may use funds made available under section 404 of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2404) to prepare, during the period beginning on January 1, 1998, and ending June 30, 1998, to award a grant under subsection (c) on July 1, 1998.

(f) *DEFINITION.*—As used in this section, the term “institution of higher education” has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(g) **CONFORMING AMENDMENTS.**—Section 404(a)(2) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2404(a)(2)) is amended—

(1) in subparagraph (A), by striking “for a period of 5 years” and inserting “until June 30, 1998”; and

(2) in the first sentence of subparagraph (B), by striking “5”.

(h) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—Except as provided in paragraphs (2) and (3), this section shall take effect on July 1, 1998.

(2) **TRANSITION PROVISIONS.**—Subsection (e) shall take effect on January 1, 1998.

(3) **AMENDMENTS.**—The amendments made by subsection (g) shall take effect on the date of enactment of this Act.

SEC. 135. MIGRANT AND SEASONAL FARMWORKER PROGRAM.

(a) **IN GENERAL.**—From amounts reserved under section 151(b)(2), the Secretaries shall make grants to, or enter into contracts with, eligible entities to carry out the activities described in subsection (d).

(b) **ELIGIBLE ENTITIES.**—To be eligible to receive a grant or enter into a contract under this section, an entity shall have an understanding of the problems of migrant farmworkers or seasonal farmworkers, a familiarity with the area to be served, and the ability to demonstrate a capacity to administer effectively a diversified program of workforce and career development activities for migrant farmworkers or seasonal farmworkers, respectively.

(c) **PROGRAM PLAN.**—

(1) **IN GENERAL.**—To be eligible to receive a grant or enter into a contract under this section, an entity described in subsection (b) shall submit to the Secretaries a plan that describes a 3-year strategy for meeting the needs of migrant farmworkers or seasonal farmworkers, and the dependents of such farmworkers, in the area to be served by such entity.

(2) **CONTENTS.**—Such plan shall—

(A) identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the individuals served to obtain or be retained in unsubsidized employment;

(B) describe the services to be provided and the manner in which such services are to be integrated with other appropriate services; and

(C) describe the goals and benchmarks to be used to assess the performance of such entity in carrying out the activities assisted under this section.

(d) **AUTHORIZED ACTIVITIES.**—Funds made available under this section shall be used to carry out comprehensive workforce and career development activities and related services for migrant farmworkers or seasonal farmworkers which may include employment, training, educational assistance, literacy assistance, an English literacy program, worker safety training, housing, supportive services, and the continuation of the case management database on participating migrant farmworkers or seasonal farmworkers.

(e) *CONSULTATION WITH GOVERNORS AND LOCAL BOARDS.*—In making grants and entering into contracts under this section, the Secretaries shall consult with the Governors and local boards of the States in which the eligible entities will carry out the activities described in subsection (d).

(f) *REGULATIONS.*—The Secretaries shall consult with migrant and seasonal farmworker groups and States in establishing regulations to carry out this section, including performance standards for eligible entities which take into account the economic circumstances of migrant farmworkers and seasonal farmworkers.

(g) *DEFINITIONS.*—As used in this section:

(1) *MIGRANT FARMWORKER.*—The term “migrant farmworker” means a seasonal farmworker whose farm work requires travel such that the worker is unable to return to a permanent place of residence within the same day.

(2) *SEASONAL FARMWORKER.*—The term “seasonal farmworker” means a person who during the eligibility determination period (12 consecutive months out of 24 months prior to application) has been primarily employed in farm work that is characterized by chronic unemployment or under employment.

SEC. 136. NATIVE AMERICAN PROGRAM.

(a) *PURPOSE AND POLICY.*—

(1) *PURPOSE.*—The purpose of this section is to support workforce and career development activities for Indian and Native Hawaiian individuals in order—

(A) to develop more fully the academic, occupational, and literacy skills of such individuals;

(B) to make such individuals more competitive in the workforce; and

(C) to promote the economic and social development of Indian and Native Hawaiian communities in accordance with the goals and values of such communities.

(2) *INDIAN POLICY.*—All programs assisted under this section shall be administered in a manner consistent with the principles of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) and the government-to-government relationship between the Federal Government and Indian tribal governments.

(b) *DEFINITIONS.*—As used in this section:

(1) *ALASKA NATIVE.*—The term “Alaska Native” means a Native as such term is defined in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

(2) *INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.*—The terms “Indian”, “Indian tribe”, and “tribal organization” have the meanings given such terms in subsections (d), (e), and (l), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(3) *INSTITUTION OF HIGHER EDUCATION.*—The term “institution of higher education” has the meaning given such term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(4) *NATIVE HAWAIIAN AND NATIVE HAWAIIAN ORGANIZATION.*—The terms “Native Hawaiian” and “Native Hawaiian organization” have the meanings given such terms in paragraphs

(1) and (3), respectively, of section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

(5) *TRIBALLY CONTROLLED COMMUNITY COLLEGE.*—The term “tribally controlled community college” has the meaning given such term in section 2(a)(4) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(4)).

(6) *TRIBALLY CONTROLLED POSTSECONDARY VOCATIONAL INSTITUTION.*—The term “tribally controlled postsecondary vocational institution” means an institution of higher education that—

(A) is formally controlled, or has been formally sanctioned or chartered, by the governing body of an Indian tribe or Indian tribes;

(B) offers a technical degree or certificate granting program;

(C) is governed by a board of directors or trustees, a majority of whom are Indians;

(D) demonstrates adherence to stated goals, a philosophy, or a plan of operation, that fosters individual Indian economic and self-sufficiency opportunity, including programs that are appropriate to stated tribal goals of developing individual entrepreneurships and self-sustaining economic infrastructures on reservations;

(E) has been in operation for at least 3 years;

(F) holds accreditation with or is a candidate for accreditation by a nationally recognized accrediting authority for postsecondary vocational education; and

(G) enrolls the full-time equivalent of not fewer than 100 students, of whom a majority are Indians.

(c) *PROGRAM AUTHORIZED.*—

(1) *IN GENERAL.*—From amounts reserved under section 151(b)(3), the Secretaries shall make grants to, or enter into contracts or cooperative agreements with, Indian tribes, tribal organizations, Alaska Native entities, tribally controlled community colleges, tribally controlled postsecondary vocational institutions, Indian-controlled organizations serving Indians, or Native Hawaiian organizations to carry out the authorized activities described in subsection (d).

(2) *TRANSFER OF AUTHORITY FOR VOCATIONAL EDUCATION ACTIVITIES.*—In carrying out paragraph (1), the Secretaries may agree that the Secretary of Education may provide any portion of assistance under paragraph (1) devoted to vocational education activities, including assistance provided to entities described in paragraph (1) that are not eligible for funding pursuant to the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801 et seq.).

(3) *SPECIAL AUTHORITY RELATING TO SECONDARY SCHOOLS OPERATED OR SUPPORTED BY THE BUREAU OF INDIAN AFFAIRS.*—An Indian tribe, a tribal organization, or an Alaska Native entity, that receives funds through a grant made or contract entered into under paragraph (1) may use the funds to provide assistance to a secondary school operated or supported by the Bureau of Indian Affairs to enable such school to carry out vocational education activities.

(d) AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.—Funds made available under this section shall be used to carry out the activities described in paragraphs (2) and (3) that—

(A) are consistent with this section; and

(B) are necessary to meet the needs of Indians or Native Hawaiians preparing to enter, reenter, or retain unsubsidized employment.

(2) WORKFORCE AND CAREER DEVELOPMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—

(A) IN GENERAL.—Funds made available under this section shall be used for—

(i) comprehensive workforce and career development activities for Indians or Native Hawaiians; or

(ii) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations and in Oklahoma, Alaska, or Hawaii.

(B) SPECIAL RULE.—Notwithstanding any other provision of this section, individuals who were eligible to participate in programs under section 401 of the Job Training Partnership Act (29 U.S.C. 1671) (as such section was in effect on the day before the date of enactment of this Act) shall be eligible to participate in an activity assisted under subparagraph (A)(i).

(3) VOCATIONAL EDUCATION ACTIVITIES AND ADULT EDUCATION AND LITERACY ACTIVITIES.—Funds made available under this section shall be used for—

(A) vocational education activities and adult education and literacy activities conducted by entities described in subsection (c); or

(B) the support of tribally controlled postsecondary vocational institutions in order to ensure continuing and expanded educational opportunities for Indian students.

(e) PROGRAM PLAN.—In order to receive a grant or enter into a contract or cooperative agreement under this section an entity described in subsection (c) shall submit to the Secretaries a plan that describes a 3-year strategy for meeting the needs of Indian or Native Hawaiian individuals, as appropriate, in the area served by such entity. Such plan—

(1) shall be consistent with the purposes of this section;

(2) shall identify the population to be served;

(3) shall identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the individuals served to obtain or retain unsubsidized employment;

(4) shall describe the services to be provided and the manner in which such services are to be integrated with other appropriate services; and

(5) shall describe the goals and benchmarks to be used to assess the performance of entities in carrying out the activities assisted under this section.

(f) CONSOLIDATION OF FUNDS.—Each entity receiving assistance under this section may consolidate such assistance with assistance received from related programs in accordance with the provisions of

the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C 3401 et seq.).

(g) *NONDUPLICATIVE AND NONEXCLUSIVE SERVICES.*—Nothing in this section shall be construed—

(1) to limit the eligibility of any entity described in subsection (c) to participate in any activity offered by a State or local entity under this title; or

(2) to preclude or discourage any agreement, between any entity described in subsection (c) and any State or local entity, to facilitate the provision of services by such entity or to the population served by such entity.

(h) *ADMINISTRATIVE PROVISIONS.*—

(1) *ORGANIZATIONAL UNIT ESTABLISHED.*—The Secretaries shall designate a single organizational unit that shall have as the unit's primary responsibility the administration of the activities authorized in this section.

(2) *REGULATIONS.*—The Secretaries shall consult with the entities described in subsection (c)—

(A) in establishing regulations to carry out this section, including performance standards for entities receiving assistance under this section, that take into account the economic circumstances of such entities; and

(B) in developing a funding distribution plan that takes into consideration previous levels of funding, and sources of funds not provided pursuant to this title.

(3) *TECHNICAL ASSISTANCE.*—The Secretaries, through the unit established under paragraph (1), are authorized to provide technical assistance to entities described in subsection (c) that receive assistance under this section to enable such entities to improve the workforce and career development activities provided by such entities.

SEC. 137. GRANTS TO OUTLYING AREAS.

(a) *APPLICABILITY OF TITLE TO OUTLYING AREAS.*—The provisions of this title (other than this section) shall apply to each outlying area to the extent practicable in the same manner and to the same extent as the provisions apply to a State.

(b) *ALLOTMENT.*—

(1) *IN GENERAL.*—For each program year the Secretaries shall allot funds in accordance with paragraph (2) for each outlying area that meets the applicable requirements of this title to enable the outlying area to carry out workforce and career development activities.

(2) *POPULATION DATA.*—Except as provided in subsection (c), from the amount reserved under section 151(b)(4), the Secretaries shall allot for each outlying area an amount that bears the same relationship to such funds as the total number of individuals who are not less than age 15 but not more than age 65 (as determined by the Secretaries using the most recent census data prior to the program year for which the allotment is made) in the outlying area bears to the total number of such individuals in all outlying areas.

(c) *GRANT AWARDS.*—

(1) *UNITED STATES TERRITORIES.*—The Secretaries shall award grants from allotments under subsection (b) to Guam,

American Samoa, the Commonwealth of the Northern Mariana Islands, and the United States Virgin Islands.

(2) *LIMITATION FOR FREELY ASSOCIATED STATES.—*

(A) *COMPETITIVE GRANTS.—Using funds allotted for the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau under subsection (b), the Secretaries shall award grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau to carry out workforce and career development activities.*

(B) *AWARD BASIS.—The Secretaries shall award grants pursuant to subparagraph (A) on a competitive basis and pursuant to recommendations from the Pacific Region Educational Laboratory in Honolulu, Hawaii.*

(C) *TERMINATION OF ELIGIBILITY.—Notwithstanding any other provision of law, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau shall not receive any funds under this paragraph for any program year that begins after September 30, 2001.*

(D) *ADMINISTRATIVE COSTS.—The Secretaries may provide not more than 5 percent of the amount made available for grants under this paragraph to pay the administrative costs of the Pacific Region Educational Laboratory regarding activities assisted under this section.*

SEC. 138. NATIONAL INSTITUTE FOR LITERACY.

(a) *ESTABLISHMENT.—*

(1) *IN GENERAL.—There is established the National Institute for Literacy (in this section referred to as the “Institute”). The Institute shall be administered under the terms of an interagency agreement entered into by the Secretary of Education with the Secretary of Labor and the Secretary of Health and Human Services (in this section referred to as the “Interagency Group”). The Interagency Group may include in the Institute any research and development center, institute, or clearinghouse established within the Department of Education, the Department of Labor, or the Department of Health and Human Services whose purpose is determined by the Interagency Group to be related to the purpose of the Institute.*

(2) *OFFICES.—The Institute shall have offices separate from the offices of the Department of Education, the Department of Labor, and the Department of Health and Human Services.*

(3) *BOARD RECOMMENDATIONS.—The Interagency Group shall consider the recommendations of the National Institute for Literacy Advisory Board (in this section referred to as the “Board”) established under subsection (d) in planning the goals of the Institute and in the implementation of any programs to achieve such goals.*

(4) *DAILY OPERATIONS.—The daily operations of the Institute shall be carried out by the Director of the Institute appointed under subsection (g).*

(b) *DUTIES.—*

(1) *IN GENERAL.*—The Institute shall improve the quality and accountability of the adult basic skills and literacy delivery system by—

(A) providing national leadership for the improvement and expansion of the system for delivery of literacy services;

(B) coordinating the delivery of such services across Federal agencies;

(C) identifying effective models of basic skills and literacy education for adults and families that are essential to success in job training, work, the family, and the community;

(D) supporting the creation of new methods of offering improved literacy services;

(E) funding a network of State or regional adult literacy resource centers to assist State and local public and private nonprofit efforts to improve literacy by—

(i) encouraging the coordination of literacy services;

(ii) carrying out evaluations of the effectiveness of adult education and literacy activities;

(iii) enhancing the capacity of State and local organizations to provide literacy services; and

(iv) serving as a reciprocal link between the Institute and providers of workforce and career development activities for the purpose of sharing information, data, research, expertise, and literacy resources;

(F) supporting the development of models at the State and local level of accountability systems that consist of goals, performance measures, benchmarks, and assessments that can be used to improve the quality of adult education and literacy activities;

(G) providing technical assistance, information, and other program improvement activities to national, State, and local organizations, such as—

(i) providing information and training to local boards and one-stop career centers concerning how literacy and basic skills services can be incorporated in a coordinated workforce development model;

(ii) improving the capacity of national, State, and local public and private organizations that provide literacy and basic skills services, professional development, and technical assistance, such as the State or regional adult literacy resource centers referred to in subparagraph (E); and

(iii) establishing a national literacy electronic database and communications network;

(H) working with the Interagency Group, Federal agencies, and the Congress to ensure that such Group, agencies, and the Congress have the best information available on literacy and basic skills programs in formulating Federal policy with respect to the issues of literacy, basic skills, and workforce and career development; and

(I) assisting with the development of policy with respect to literacy and basic skills.

(2) **GRANTS, CONTRACTS, AND AGREEMENTS.**—*The Institute may make grants to, or enter into contracts or cooperative agreements with, individuals, public or private institutions, agencies, organizations, or consortia of such institutions, agencies, or organizations to carry out the activities of the Institute. Such grants, contracts, or agreements shall be subject to the laws and regulations that generally apply to grants, contracts, or agreements entered into by Federal agencies.*

(c) **LITERACY LEADERSHIP.**—

(1) **FELLOWSHIPS.**—*The Institute, in consultation with the Board, may award fellowships, with such stipends and allowances as the Director considers necessary, to outstanding individuals pursuing careers in adult education or literacy in the areas of instruction, management, research, or innovation.*

(2) **USE OF FELLOWSHIPS.**—*Fellowships awarded under this subsection shall be used, under the auspices of the Institute, to engage in research, education, training, technical assistance, or other activities to advance the field of adult education or literacy, including the training of volunteer literacy providers at the national, State, or local level.*

(3) **INTERNS AND VOLUNTEERS.**—*The Institute, in consultation with the Board, may award paid and unpaid internships to individuals seeking to assist the Institute in carrying out its mission. Notwithstanding section 1342 of title 31, United States Code, the Institute may accept and use voluntary and uncompensated services as the Institute determines necessary.*

(d) **NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD.**—

(1) **ESTABLISHMENT.**—

(A) **IN GENERAL.**—*There is established a National Institute for Literacy Advisory Board. The Board shall consist of 10 individuals appointed by the President, with the advice and consent of the Senate, from individuals who—*

(i) *are not otherwise officers or employees of the Federal Government; and*

(ii) *are representative of entities or groups described in subparagraph (B).*

(B) **ENTITIES OR GROUPS DESCRIBED.**—*The entities or groups referred to in subparagraph (A) are—*

(i) *literacy organizations and providers of literacy services, including—*

(I) *nonprofit providers of literacy services;*

(II) *providers of programs and services involving English language instruction; and*

(III) *providers of services receiving assistance under this title;*

(ii) *businesses that have demonstrated interest in literacy programs;*

(iii) *literacy students;*

(iv) *experts in the area of literacy research;*

(v) *State and local governments; and*

(vi) *representatives of employees.*

(2) **DUTIES.**—*The Board—*

(A) *shall make recommendations concerning the appointment of the Director and staff of the Institute;*

(B) shall provide independent advice on the operation of the Institute; and

(C) shall receive reports from the Interagency Group and the Director.

(3) **FEDERAL ADVISORY COMMITTEE ACT.**—Except as otherwise provided, the Board established by this subsection shall be subject to the provisions of the Federal Advisory Committee Act (5 U.S.C. App.).

(4) **TERMS.**—

(A) **IN GENERAL.**—Each member of the Board shall be appointed for a term of 3 years, except that the initial terms for members may be 1, 2, or 3 years in order to establish a rotation in which $\frac{1}{3}$ of the members are selected each year. Any such member may be appointed for not more than 2 consecutive terms.

(B) **VACANCY APPOINTMENTS.**—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office. A vacancy in the Board shall be filled in the manner in which the original appointment was made. A vacancy in the Board shall not affect the powers of the Board.

(5) **QUORUM.**—A majority of the members of the Board shall constitute a quorum but a lesser number may hold hearings. Any recommendation of the Board may be passed only by a majority of the Board's members present.

(6) **ELECTION OF OFFICERS.**—The Chairperson and Vice Chairperson of the Board shall be elected by the members of the Board. The term of office of the Chairperson and Vice Chairperson shall be 2 years.

(7) **MEETINGS.**—The Board shall meet at the call of the Chairperson or a majority of the members of the Board.

(e) **GIFTS, BEQUESTS, AND DEVICES.**—The Institute may accept, administer, and use gifts or donations of services, money, or property, both real and personal.

(f) **MAILS.**—The Board and the Institute may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(g) **DIRECTOR.**—The Interagency Group, after considering recommendations made by the Board, shall appoint and fix the pay of a Director.

(h) **APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.**—The Director and staff of the Institute may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the maximum rate payable under section 5376 of title 5, United States Code.

(i) **EXPERTS AND CONSULTANTS.**—*The Board and the Institute may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.*

(j) **REPORT.**—*The Institute shall submit a report biennially to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate. Each report submitted under this subsection shall include—*

(1) *a comprehensive and detailed description of the Institute's operations, activities, financial condition, and accomplishments in the field of literacy for the period covered by the report;*

(2) *a description of how plans for the operation of the Institute for the succeeding two fiscal years will facilitate achievement of the goals of the Institute and the goals of the literacy programs within the Department of Education, the Department of Labor, and the Department of Health and Human Services; and*

(3) *any additional minority, or dissenting views submitted by members of the Board.*

(k) **FUNDING.**—*Any amounts appropriated to the Secretary of Education, the Secretary of Labor, or the Secretary of Health and Human Services for purposes that the Institute is authorized to perform under this section may be provided to the Institute for such purposes.*

(l) **AUTHORIZATION OF APPROPRIATIONS.**—*There are authorized to be appropriated \$10,000,000 for fiscal year 1997 and such sums as may be necessary for each of the fiscal years 1998 through 2002 to carry out this section.*

SEC. 139. LABOR MARKET INFORMATION.

(a) **SYSTEM CONTENT.**—

(1) **IN GENERAL.**—*The Secretary of Labor, in accordance with the provisions of this section, shall oversee the maintenance and continuous improvement of the system of labor market information that includes—*

(A) *statistical programs of data collection, compilation, estimation, and publication conducted in cooperation with the Bureau of Labor Statistics;*

(B) *State and local employment information, including other appropriate statistical data related to labor market dynamics (compiled by and for States and localities with technical assistance provided by the Secretary) that will—*

(i) *assist individuals to make informed choices relating to employment and training; and*

(ii) *assist employers to locate and train individuals who are seeking employment and training;*

(C) *technical standards for data and information described in subparagraphs (A) and (B) that, at a minimum, meet the criteria of chapter 35 of title 44, United States Code;*

(D) *analysis of data and information described in subparagraphs (A) and (B) for uses such as State and local policymaking;*

(E) wide dissemination of such data, information, and analysis, training for users of the data, information, and analysis, and voluntary technical standards for dissemination mechanisms; and

(F) programs of—

(i) research and demonstration; and

(ii) technical assistance for States and localities.

(2) INFORMATION TO BE CONFIDENTIAL.—

(A) IN GENERAL.—No officer or employee of the Federal Government or agent of the Federal Government may—

(i) use the information furnished under the provisions of this section for any purpose other than the statistical purposes for which such information is furnished;

(ii) make any publication from which the data contained in the information so furnished under this section can be used to identify any individual; or

(iii) permit any individual other than the sworn officers, employees, or agents of any Federal department or agency to examine individual reports through which the information is furnished.

(B) IMMUNITY FROM LEGAL PROCESS.—

(i) IN GENERAL.—Any information that is collected and retained for purposes of this section shall be immune from the legal process and shall not, without the consent of the individual concerned, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

(ii) RULE OF CONSTRUCTION.—Nothing in this subparagraph shall be construed as providing immunity from the legal process for information that is independently collected or produced for purposes other than for purposes of this section.

(b) SYSTEM RESPONSIBILITIES.—

(1) IN GENERAL.—The labor market information system shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government, States, and local entities.

(2) DUTIES.—The Secretary, with respect to data collection, analysis, and dissemination of labor market information for the system, shall carry out the following duties:

(A) Assign responsibilities within the Department of Labor for elements of the system content described in subsection (a) to ensure that all statistical and administrative data collected is consistent.

(B) Actively seek the cooperation of other Federal agencies to establish and maintain mechanisms for ensuring complementarity and nonduplication in the development and operation of statistical and administrative data collection activities.

(C) Eliminate gaps and duplication in statistical undertakings, with the systemization of wage surveys as an early priority.

(D) *In collaboration with the States and the Bureau of Labor Statistics, develop and maintain the necessary elements of the system described in subsection (a), including the development of consistent definitions for use by the States in collecting the data and information described in subparagraphs (A) and (B) of subsection (a)(1) and the development of the annual plan under subsection (c).*

(c) **ANNUAL PLAN.**—

(1) **IN GENERAL.**—*The Secretary, in collaboration with the States and the Bureau of Labor Statistics, and with the assistance of other appropriate Federal agencies, shall prepare an annual plan that shall describe the cooperative Federal-State governance structure for the labor market information system. The plan shall—*

(A) *describe the elements of the system, including consistent definitions, formats, collection methodologies, and other necessary system elements, for use in collecting the data and information described in subparagraphs (A) and (B) of subsection (a)(1);*

(B) *describe how the system will ensure that—*

(i) *such data are timely;*

(ii) *administrative records are consistent in order to facilitate aggregation of such data;*

(iii) *paperwork and reporting are reduced to a minimum; and*

(iv) *States and localities are fully involved in the maintenance and continuous improvement of the system at the State and local levels;*

(C) *evaluate the performance of the system and recommend needed improvements; and*

(D) *describe current (as of the date of the submission of the plan) spending and spending needs to carry out activities under this section.*

(2) **COOPERATION WITH THE STATES.**—*The Secretary and the Bureau of Labor Statistics, in cooperation with the States, shall develop the plan by holding formal consultations, which shall be held on not less than a semiannual basis, with—*

(A) *State representatives who have expertise in labor market information, selected by the Governors of each State;*

(B) *representatives from each of the ten Federal regions of the Department of Labor, elected by and from among individuals who perform the duties described in subsection (d)(2) pursuant to a process agreed upon by the Secretary and the States; and*

(C) *employers or representatives of employers, elected pursuant to a process agreed upon by the Secretary and the States.*

(d) **STATE RESPONSIBILITIES.**—

(1) **DESIGNATION OF STATE AGENCY.**—*In order to receive Federal financial assistance under this section, the Governor of a State—*

(A) *shall designate a single State agency or entity within the State to be responsible for the management of the*

portions of the system described in subsection (a) that comprise a statewide labor market information system; and

(B) may establish a process for the oversight of such system.

(2) *DUTIES.*—In order to receive Federal financial assistance under this section, the State agency or entity designated under paragraph (1)(A) shall—

(A) consult with employers and local boards, where appropriate, about the labor market relevance of the data to be collected and disseminated through the statewide labor market information system;

(B) maintain and continuously improve the portions of the system described in subsection (a) that comprise a statewide labor market information system in accordance with this section;

(C) ensure the performance of contract and grant responsibilities for data collection, analysis, and dissemination for such system;

(D) conduct such other data collection, analysis, and dissemination activities as will ensure an effective statewide labor market information system; and

(E) participate in the development of the annual plan described in subsection (c).

(3) *RULE OF CONSTRUCTION.*—Nothing in this section shall be construed as limiting the ability of a State agency or entity to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this section.

(e) *AUTHORIZATION OF APPROPRIATIONS.*—There are authorized to be appropriated to carry out this section \$65,000,000 for fiscal year 1998 and such sums as may be necessary for each of the fiscal years 1999 through 2002.

Subtitle E—Transition Provisions

SEC. 141. WAIVERS.

(a) *WAIVER AUTHORITY.*—

(1) *IN GENERAL.*—Notwithstanding any other provision of Federal law, and except as provided in subsection (d), the Secretary may waive any requirement under any provision of law relating to a covered activity, or of any regulation issued under such a provision, for—

(A) a State that requests such a waiver and submits an application as described in subsection (b); or

(B) a local entity that requests such a waiver and complies with the requirements of subsection (c);

in order to assist the State or local entity in planning or developing a statewide system or workforce and career development activities to be carried out through the statewide system.

(2) *TERM.*—Each waiver approved pursuant to this section shall be for a period beginning on the date of the approval and ending on June 30, 1998.

(b) *STATE REQUEST FOR WAIVER.*—

(1) *IN GENERAL.*—A State may submit to the Secretary a request for a waiver of 1 or more requirements referred to in subsection (a). The request may include a request for different waivers with respect to different areas within the State.

(2) *APPLICATION.*—To be eligible to receive a waiver described in subsection (a), a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including information—

(A) identifying the requirement to be waived and the goal that the State (or the local entity applying to the State under subsection (c)) intends to achieve through the waiver;

(B) identifying, and describing the actions that the State will take to remove, similar State requirements;

(C) describing the activities to which the waiver will apply, including information on how the activities may be continued, or related to activities carried out, under the statewide system of the State;

(D) describing the number and type of persons to be affected by such waiver; and

(E) providing evidence of support for the waiver request by the State agencies or officials with jurisdiction over the requirement to be waived.

(c) *LOCAL ENTITY REQUEST FOR WAIVER.*—

(1) *IN GENERAL.*—A local entity that seeks a waiver of 1 or more requirements referred to in subsection (a) shall submit to the State a request for the waiver and an application containing sufficient information to enable the State to comply with the requirements of subsection (b)(2). The State shall determine whether to submit a request and an application for a waiver to the Secretary, as provided in subsection (b).

(2) *TIME LIMIT.*—

(A) *IN GENERAL.*—The State shall make a determination concerning whether to submit the request and application for a waiver as described in paragraph (1) not later than 30 days after the date on which the State receives the application from the local entity.

(B) *DIRECT SUBMISSION.*—

(i) *IN GENERAL.*—If the State does not make a determination to submit or does not submit the request and application within the 30-day time period specified in subparagraph (A), the local entity may submit the request and application to the Secretary.

(ii) *REQUIREMENTS.*—In submitting such a request, the local entity shall obtain the agreement of the State involved to comply with the requirements of this section that would otherwise apply to a State submitting a request for a waiver. In reviewing an application submitted under this section by a local entity, the Secretary shall comply with the requirements of this section that would otherwise apply to the Secretary with respect to review of such an application submitted by a State.

(d) **WAIVERS NOT AUTHORIZED.**—*The Secretary may not waive any requirement of any provision referred to in subsection (a), or of any regulation issued under such provision, relating to—*

(1) *the allocation of funds to States, local entities, or individuals;*

(2) *public health or safety, civil rights, occupational safety and health, environmental protection, displacement of employees, or fraud and abuse;*

(3) *the eligibility of an individual for participation in a covered activity, except in a case in which the State or local entity can demonstrate that the individuals who would have been eligible to participate in such activity without the waiver will participate in a similar covered activity; or*

(4) *a required supplementation of funds by the State or a prohibition against the State supplanting such funds.*

(e) **ACTIVITIES.**—*Subject to subsection (d), the Secretary may approve a request for a waiver described in subsection (a) that would enable a State or local entity to use the assistance that would otherwise have been used to carry out 2 or more covered activities (if the State or local entity were not using the assistance as described in this section)—*

(1) *to address the high priority needs of unemployed persons and at-risk youth in the appropriate State or community for workforce and career development activities;*

(2) *to improve efficiencies in the delivery of the covered activities; or*

(3) *in the case of overlapping or duplicative activities—*

(A) *by combining the covered activities and funding the combined activities; or*

(B) *by eliminating 1 of the covered activities and increasing the funding to the remaining covered activity.*

(f) **APPROVAL OR DISAPPROVAL.**—*The Secretary shall approve or disapprove any request submitted pursuant to subsection (b) or (c), not later than 60 days after the date of the submission, and shall issue a decision that shall include the reasons for approving or disapproving the request.*

(g) **FAILURE TO ACT.**—*If the Secretary fails to approve or disapprove the request within the 60-day period described in subsection (f), the request shall be deemed to be approved on the day after such period ends. If the Secretary subsequently determines that the waiver relates to a matter described in subsection (d) and issues a decision that includes the reasons for the determination, the waiver shall be deemed to terminate on the date of issuance of the decision.*

(h) **DEFINITIONS.**—*As used in this section:*

(1) **LOCAL ENTITY.**—*The term “local entity” means—*

(A) *a local educational agency responsible for carrying out the covered activity at issue; or*

(B) *the local public or private agency or organization responsible for carrying out the covered activity at issue.*

(2) **SECRETARY.**—*The term “Secretary” means—*

(A) *the Secretary of Labor, with respect to any act relating to a covered activity carried out by the Secretary of Labor;*

(B) the Secretary of Education, with respect to any act relating to a covered activity carried out by the Secretary of Education; and

(C) the Secretary of Labor and the Secretary of Education, acting jointly, with respect to a covered activity under the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.).

(3) STATE.—The term “State” means—

(A) an eligible agency responsible for carrying out the covered activity at issue; or

(B) the Governor, with respect to any act by another State entity responsible for carrying out the covered activity at issue.

SEC. 142. TECHNICAL ASSISTANCE.

Beginning on the date of the enactment of this Act, the Secretaries shall provide technical assistance to States that request such assistance in—

- (1) preparing the State plan required under section 104; or
- (2) developing the State benchmarks required under section 106(b).

SEC. 143. APPLICATIONS AND PLANS UNDER COVERED ACTS.

Notwithstanding any other provision of law, no State or local entity shall be required to comply with any provision of law relating to a covered activity that would otherwise require the entity to submit an application or a plan to a Federal agency during fiscal year 1997 for funding of a covered activity. In determining whether to provide funding to the State or local entity for the covered activity, the Secretary of Labor or the Secretary of Education, as appropriate, shall consider the last application or plan, as appropriate, submitted by the entity for funding of the covered activity.

SEC. 144. INTERIM AUTHORIZATIONS OF APPROPRIATIONS.

(a) CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—Section 3(a) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2302(a)) is amended by striking “for each of the fiscal years” and all that follows through “1995” and inserting “for each of fiscal years 1992 through 1998”.

(b) ADULT EDUCATION ACT.—Section 313(a) of the Adult Education Act (20 U.S.C. 1201b(a)) is amended by striking “for each of the fiscal years” and all that follows through “1995” and inserting “for each of fiscal years 1993 through 1998”.

Subtitle F—General Provisions

SEC. 151. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated to carry out this title (except sections 134, 138, and 139) such sums as may be necessary for each of fiscal years 1998 through 2002.

(b) RESERVATIONS.—Of the amount appropriated under subsection (a) for a fiscal year—

- (1) 90 percent shall be reserved for making allotments under section 102;

(2) \$70,000,000 shall be reserved for carrying out section 135;

(3) \$90,000,000 shall be reserved for carrying out section 136;

(4) \$14,000,000 shall be reserved for carrying out section 137; and

(5) the remainder shall be reserved for carrying out sections 132 and 133.

(c) PROGRAM YEAR.—

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

(2) ADMINISTRATION.—Funds obligated for any program year for employment and training activities and at-risk youth activities may be expended by each recipient during the program year and the 2 succeeding program years.

SEC. 152. LOCAL EXPENDITURES CONTRARY TO TITLE.

(a) REPAYMENT BY STATE.—Except as provided in sections 107(c)(4) and 126(b)(2)(B), if the Secretaries require a State to repay funds as a result of a determination that an eligible provider of employment and training activities or at-risk youth activities in a local workforce development area of the State has expended funds made available under this title in a manner contrary to the objectives of this title, and such expenditure does not constitute fraud, embezzlement, or other criminal activity, the Governor of the State may use an amount deducted under subsection (b) to repay the funds.

(b) DEDUCTION BY STATE.—The Governor may deduct an amount equal to the expenditure described in subsection (a) from a subsequent program year allocation to the local workforce development area from funds available for local administration for employment and training activities or at-risk youth activities, as appropriate.

SEC. 153. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise provided in section 134 and subsection (b), this title shall take effect on July 1, 1998.

(b) ADMINISTRATION AND NATIONAL INSTITUTE FOR LITERACY.—Sections 131 and 138, subtitle E, section 151, and this section shall take effect on the date of enactment of this Act.

TITLE II—WORKFORCE AND CAREER DEVELOPMENT-RELATED ACTIVITIES

Subtitle A—Amendments to the Wagner- Peysner Act

SEC. 201. DEFINITIONS.

Section 2 of the Wagner-Peyser Act (29 U.S.C. 49a) is amended—

(1) in paragraph (1), by striking “Job Training Partnership Act” and inserting “Workforce and Career Development Act of 1996”;

(2) by striking paragraphs (2) and (4);

(3) by redesignating paragraphs (3) and (5) as paragraphs (6) and (7), respectively;

(4) by inserting after paragraph (1) the following:

“(2) the term ‘local workforce development area’ has the meaning given such term in section 4 of the Workforce and Career Development Act of 1996;

“(3) the term ‘local workforce development board’ means a local workforce development board established under section 108 of the Workforce and Career Development Act of 1996;

“(4) the term ‘one-stop career center system’ means a one-stop career center system established under section 121(d) of the Workforce and Career Development Act of 1996;

“(5) the term ‘public employment office’ means an office that provides employment services to the general public and is part of a one-stop career center system;”;

(5) in paragraph (6) (as redesignated in paragraph (3)), by striking the semicolon and inserting “; and”.

SEC. 202. FUNCTIONS.

(a) *IN GENERAL.*—Section 3(a) of the Wagner-Peyser Act (29 U.S.C. 49b(a)) is amended to read as follows:

“(a) The Secretary of Labor shall—

“(1) assist in the coordination and development of a nationwide system of labor exchange services for the general public, provided as part of the one-stop career center systems of the States;

“(2) assist in the development of continuous improvement models for such nationwide system that ensure private sector satisfaction with the system and meet the demands of jobseekers relating to the system; and

“(3) ensure, for individuals otherwise eligible to receive unemployment compensation, the continuation of any activities in which the individuals are required to participate to receive the compensation.”.

(b) *CONFORMING AMENDMENTS.*—Section 508(b) of the Unemployment Compensation Amendments of 1976 (42 U.S.C. 603a(b)) is amended—

(1) by striking “the third sentence of section 3(a)” and inserting “section 3(b)”;

(2) by striking “49b(a)” and inserting “49b(b)”.

SEC. 203. DESIGNATION OF STATE AGENCIES.

Section 4 of the Wagner-Peyser Act (29 U.S.C. 49c) is amended—

(1) by striking “a State shall, through its legislature,” and inserting “a Governor, in consultation with the State legislature, shall”; and

(2) by striking “United States Employment Service” and inserting “Secretary”.

SEC. 204. APPROPRIATIONS.

Section 5(c) of the Wagner-Peyser Act (29 U.S.C. 49d(c)) is amended by striking paragraph (3).

SEC. 205. DISPOSITION OF ALLOTTED FUNDS.

Section 7 of the Wagner-Peyser Act (29 U.S.C. 49f) is amended—

(1) in subsection (b)(2), by striking “private industry council” and inserting “local workforce development board”;

(2) in subsection (c)(2), by striking “any program under” and all that follows and inserting “any workforce and career development activity carried out under the Workforce and Career Development Act of 1996.”;

(3) in subsection (d)—

(A) by striking “United States Employment Service” and inserting “Secretary”; and

(B) by striking “Job Training Partnership Act” and inserting “Workforce and Career Development Act of 1996”; and

(4) by adding at the end the following:

“(e) All job search, placement, recruitment, labor market information, and other labor exchange services authorized under subsection (a) shall be provided as part of the one-stop career center system established by the State.”.

SEC. 206. STATE PLANS.

Section 8 of the Wagner-Peyser Act (29 U.S.C. 49g) is amended—

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

“(a) Any State desiring to receive assistance under this Act shall submit to the Secretary, as part of the State plan submitted under section 104 of the Workforce and Career Development Act of 1996, detailed plans for carrying out the provisions of this Act within such State.”;

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

(3) by redesignating subsection (d) as subsection (b).

SEC. 207. REPEAL OF FEDERAL ADVISORY COUNCIL.

Section 11 of the Wagner-Peyser Act (29 U.S.C. 49j) is hereby repealed.

SEC. 208. REGULATIONS.

Section 12 of the Wagner-Peyser Act (29 U.S.C. 49k) is amended by striking “The Director, with the approval of the Secretary of Labor,” and inserting “The Secretary”.

SEC. 209. EFFECTIVE DATE.

The amendments made by this subtitle shall take effect on July 1, 1998.

Subtitle B—Amendments to the Rehabilitation Act of 1973

SEC. 211. REFERENCES.

Except as otherwise expressly provided in this subtitle, whenever in this subtitle an amendment or repeal is expressed in terms

of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.).

SEC. 212. FINDINGS AND PURPOSES.

Section 2 (29 U.S.C. 701) is amended—

(1) in subsection (a)(4), by striking “the provision of individualized training, independent living services, educational and support services,” and inserting “implementation of a statewide system that provides meaningful and effective participation for individuals with disabilities in workforce and career development activities and activities carried out through the vocational rehabilitation program established under title I, and through the provision of independent living services, support services,”; and

(2) in subsection (b)(1)(A)—

(A) by striking “and coordinated”; and

(B) by inserting “that are coordinated with statewide systems” after “vocational rehabilitation”.

SEC. 213. DEFINITIONS.

Section 7 (29 U.S.C. 706) is amended by adding at the end the following new paragraphs:

“(36) The term ‘statewide system’ means a statewide system, as defined in section 4 of the Workforce and Career Development Act of 1996.

“(37) The term ‘workforce and career development activities’ has the meaning given such term in section 4 of the Workforce and Career Development Act of 1996.”.

SEC. 214. ADMINISTRATION.

Section 12(a)(1) (29 U.S.C. 711(a)(1)) is amended by inserting “, including providing assistance to achieve the meaningful and effective participation by individuals with disabilities in the activities carried out through a statewide system” before the semicolon.

SEC. 215. REPORTS.

Section 13 (29 U.S.C. 712) is amended in the fourth sentence by striking “The data elements” and all that follows through “age,” and inserting the following: “The information shall include all information that is required to be submitted in the report described in section 106(c) of the Workforce and Career Development Act of 1996 and that pertains to the employment of individuals with disabilities, including information on age,”.

SEC. 216. EVALUATION.

Section 14(a) (29 U.S.C. 713(a)) is amended in the third sentence by striking “to the extent feasible,” and all that follows through the end of the sentence and inserting the following: “to the maximum extent appropriate, be consistent with the State benchmarks established under paragraphs (1) and (2) of section 106(b) of the Workforce and Career Development Act of 1996. For purposes of this section, the Secretary may modify or supplement such benchmarks to the extent necessary to address unique considerations applicable to the participation of individuals with disabilities in the vocational rehabilitation program established under title I and activities carried out under other provisions of this Act.”.

SEC. 217. DECLARATION OF POLICY.

Section 100(a) (29 U.S.C. 720(a)) is amended—

- (1) in paragraph (1)—*
 - (A) in subparagraph (E), by striking “; and” and inserting a semicolon;*
 - (B) in subparagraph (F)—*
 - (i) by inserting “workforce and career development activities and” before “vocational rehabilitation services”; and*
 - (ii) by striking the period and inserting “; and”; and*
 - (C) by adding at the end the following subparagraph:*
“(G) linkages between the vocational rehabilitation program established under this title and other components of the statewide system are critical to ensure effective and meaningful participation by individuals with disabilities in workforce and career development activities.”; and
- (2) in paragraph (2)—*
 - (A) by striking “a comprehensive” and inserting “statewide comprehensive”; and*
 - (B) by striking “program of vocational rehabilitation that is designed” and inserting “programs of vocational rehabilitation, each of which is—*
“(A) coordinated with a statewide system; and
“(B) designed”.

SEC. 218. STATE PLANS.

(a) IN GENERAL.—Section 101(a) (29 U.S.C. 721(a)) is amended—

- (1) in the first sentence, by striking “, or shall submit” and all that follows through “et seq.” and inserting “, and shall submit the State plan on the same dates as the State submits the State plan described in section 104 of the Workforce and Career Development Act of 1996 to the Secretaries (as defined in section 4 of such Act)”;*
- (2) by inserting after the first sentence the following: “The State designated unit shall also submit the State plan for vocational rehabilitation services for review and comment to the individuals and entities participating in the collaborative process described in subsection (a) or (b) of section 105 of the Workforce and Career Development Act of 1996 and such individuals and entities shall submit comments on the State plan to the State designated unit.”;*
- (3) in paragraph (15)—*
 - (A) by striking “, including—” and all that follows through “(C) review of” and inserting “, including review of”;*
 - (B) by striking “paragraph (9)(C)” and inserting “paragraph (9)(D)”;*
 - (C) by striking “most severe disabilities; and” and inserting “most severe disabilities;”;*
 - (D) by striking subparagraph (D);*
- (4) by striking paragraphs (10), (27), (28), and (30);*
- (5) in paragraph (19)—*
 - (A) by striking “(19)” and inserting “(19)(A)”;*

- (B) by inserting “and” after the semicolon;
- (6) in paragraph (20), by striking “(20)” and inserting “(B)”;
- (7) by redesignating—
- (A) paragraphs (11) through (18) as paragraphs (10) through (17), respectively;
- (B) paragraph (19) (as amended by paragraphs (5) and (6)) as paragraph (18);
- (C) paragraphs (21) through (26) as paragraphs (19) through (24), respectively;
- (D) paragraph (29) as paragraph (25); and
- (E) paragraphs (31) through (36) as paragraphs (26) through (31), respectively;
- (8) in paragraph (5)—
- (A) by striking subparagraph (A) and inserting the following:
- “(A) contain the plans, policies, and methods to be followed in carrying out the State plan and in the administration and supervision of the plan, including—
- “(i)(I) the results of a comprehensive, statewide assessment of the rehabilitation needs of individuals with disabilities (including individuals with severe disabilities, individuals with disabilities who are minorities, and individuals with disabilities who have been unserved, or underserved, by the vocational rehabilitation system) who are residing within the State; and
- “(II) the response of the State to the assessment;
- “(ii) a description of the method to be used to expand and improve services to individuals with the most severe disabilities, including individuals served under part C of title VI;
- “(iii) with regard to community rehabilitation programs—
- “(I) a description of the method to be used (such as a cooperative agreement) to utilize the programs to the maximum extent feasible; and
- “(II) a description of the needs of and utilization of the programs, including the community rehabilitation programs funded under the Javits-Wagner-O’Day Act (41 U.S.C. 46 et seq.) and such programs funded by State use contracting programs; and
- “(iv) an explanation of the methods by which the State will provide vocational rehabilitation services to all individuals with disabilities within the State who are eligible for such services, and, in the event that vocational rehabilitation services cannot be provided to all such eligible individuals with disabilities who apply for such services, information showing and providing the justification for the order to be followed in selecting individuals to whom vocational rehabilitation services will be provided (which order of selection for the provision of vocational rehabilitation services shall be determined on the basis of serving first the individuals with the most severe disabilities in accordance with criteria established by the State, and shall be consistent with priorities in such order of selection so determined, and outcome and service goals for serving individuals with disabilities, established in regulations prescribed by the Commissioner);”;

(B) in subparagraph (B), by striking “; and” and inserting a semicolon; and

(C) by striking subparagraph (C) and inserting the following subparagraphs:

“(C) with regard to the statewide assessment of rehabilitation needs described in subparagraph (A)(i)—

“(i) provide that the State agency will make reports at such time, in such manner, and containing such information, as the Commissioner may require to carry out the functions of the Commissioner under this title, and comply with such provisions as are necessary to assure the correctness and verification of such reports; and

“(ii) provide that reports made under clause (i) will include information regarding individuals with disabilities and, if an order of selection described in subparagraph (A)(iv) is in effect in the State, will separately include information regarding individuals with the most severe disabilities, on—

“(I) the number of such individuals who are evaluated and the number rehabilitated;

“(II) the costs of administration, counseling, provision of direct services, development of community rehabilitation programs, and other functions carried out under this Act; and

“(III) the utilization by such individuals of other programs pursuant to paragraph (10); and

“(D) describe—

“(i) how a broad range of rehabilitation technology services will be provided at each stage of the rehabilitation process;

“(ii) how a broad range of such rehabilitation technology services will be provided on a statewide basis; and

“(iii) the training that may be provided to vocational rehabilitation counselors, client assistance personnel, personnel of the eligible providers of core services described in subsection (e)(2) of section 121 of the Workforce and Career Development Act of 1996 through one-stop career centers described in subsection (d) of such section, and other related services personnel;”;

(9) in subparagraph (A)(i)(II) of paragraph (7), by striking “; based on projections” and all that follows through “relevant factors”;

(10) in paragraph (9)—

(A) in subparagraph (B), by striking “written rehabilitation program” and inserting “employment plan”; and

(B) in subparagraph (C), by striking “plan in accordance with such program” and inserting “State plan in accordance with the employment plan”;

(11) in paragraph (10) (as redesignated in paragraph (7))—

(A) in subparagraph (A), by striking “State’s public” and all that follows and inserting “Federal, State, and local programs that are not part of the statewide system of the State;”; and

(B) in subparagraph (C)—

(i) by striking “if appropriate—” and all that follows through “entering into” and inserting “if appropriate, entering into”;

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

(iii) by indenting the clauses and aligning the margins of the clauses with the margins of clause (ii) of subparagraph (A) of paragraph (7);

(12) in paragraph (20) (as redesignated in paragraph (7)), by striking “referrals to other Federal and State programs” and inserting “referrals within the statewide system of the State to programs”; and

(13) in paragraph (22) (as redesignated in paragraph (7))—

(A) in subparagraph (B), by striking “written rehabilitation program” and inserting “employment plan”; and

(B) in subparagraph (C)—

(i) in clause (ii), by striking “; and” and inserting a semicolon;

(ii) in clause (iii), by striking the semicolon and inserting “; and”; and

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

“(iv) the manner in which students who are individuals with disabilities and who are not in special education programs can access and receive vocational rehabilitation services, where appropriate.”

(b) CONFORMING AMENDMENTS.—

(1) Section 7(22)(A)(i)(II) (29 U.S.C. 706(22)(A)(i)(II)) is amended by striking “101(a)(5)(A)” each place it appears and inserting “101(a)(5)(A)(iv)”.

(2) Section 12(d) (29 U.S.C. 711(d)) is amended by striking “101(a)(5)(A)” and inserting “101(a)(5)(A)(iv)”.

(3) Section 101(a) (29 U.S.C. 721(a)) is amended—

(A) in paragraph (18)(A) (as redesignated in subsection (a)(7)), by striking “paragraph (15)” and inserting “paragraph (14)”;

(B) in paragraph (22) (as redesignated in subsection (a)(7)), by striking “paragraph (11)(C)(ii)” and inserting “paragraph (10)(C)”;

(C) in paragraph (27) (as redesignated in subsection (a)(7)), by striking “paragraph (36)” and inserting “paragraph (31)”;

(D) in subparagraph (C) of paragraph (31) (as redesignated in subsection (a)(7)), by striking “101(a)(1)(A)(i)” and inserting “paragraph (1)(A)(i)”.

(4) Section 102 (29 U.S.C. 722) is amended—

(A) in subsection (a)(3), by striking “101(a)(24)” and inserting “101(a)(22)”;

(B) in subsection (d)(2)(C)(ii)—

(i) in subclause (II), by striking “101(a)(36)” and inserting “101(a)(31)”;

(ii) in subclause (III), by striking “101(a)(36)(C)(ii)” and inserting “101(a)(31)(C)(ii)”.

(5) Section 103(a)(13) (29 U.S.C. 723(a)(13)) is amended by striking “101(a)(11)” and inserting “101(a)(10)”.

(6) Section 105(a)(1) (29 U.S.C. 725(a)(1)) is amended by striking “101(a)(36)” and inserting “101(a)(31)”.

(7) Section 107(a) (29 U.S.C. 727(a)) is amended—

(A) in paragraph (2)(F), by striking “101(a)(32)” and inserting “101(a)(27)”; and

(B) in paragraph (4)(C), by striking “101(a)(35)” and inserting “101(a)(30)”.

(8) Section 111(a) (29 U.S.C. 731(a)) is amended—

(A) in paragraph (1)—

(i) by striking “101(a)(34)(A)” and inserting “101(a)(29)(A)”; and

(ii) by striking “101(a)(34)(B)” and inserting “101(a)(29)(B)”; and

(B) in paragraph (2)(A), by striking “101(a)(17)” and inserting “101(a)(16)”.

(9) Section 124(a)(1)(A) (29 U.S.C. 744(a)(1)(A)) is amended by striking “101(a)(34)(B)” and inserting “101(a)(29)(B)”.

(10) Section 315(b)(2) (29 U.S.C. 777e(b)(2)) is amended by striking “101(a)(22)” and inserting “101(a)(20)”.

(11) Section 102(e)(23)(A) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2212(e)(23)(A)) is amended by striking “section 101(a)(36) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(36))” and inserting “section 101(a)(31) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(31))”.

SEC. 219. INDIVIDUALIZED EMPLOYMENT PLANS.

(a) *IN GENERAL.*—Section 102 (29 U.S.C. 722) is amended—

(1) by striking the section heading and inserting the following:

“SEC. 102. INDIVIDUALIZED EMPLOYMENT PLANS.”;

(2) in subsection (a)(6), by striking “written rehabilitation program” and inserting “employment plan”;

(3) in subsection (b)—

(A) in paragraph (1)(A)—

(i) in clause (i), by striking “written rehabilitation program” and inserting “employment plan”; and

(ii) in clause (ii), by striking “program” and inserting “plan”;

(B) in paragraph (1)(B)—

(i) in the matter preceding clause (i), by striking “written rehabilitation program” and inserting “employment plan”;

(ii) in clause (iv)—

(I) by striking subclause (I) and inserting the following:

“(I) include a statement of the specific vocational rehabilitation services to be provided (including, if appropriate, rehabilitation technology services and training in how to use such services) that includes specification of the public or private entity that will provide each such vocational rehabilitation service and the projected dates for the initiation and the anticipated duration of each such service; and”;

(II) by striking subclause (II); and

- (III) by redesignating subclause (III) as subclause (II); and
- (iii) in clause (xi)(I), by striking “program” and inserting “plan”;
- (C) in paragraph (1)(C), by striking “written rehabilitation program and amendments to the program” and inserting “employment plan and amendments to the plan”; and
- (D) in paragraph (2)—
- (i) by striking “program” each place the term appears and inserting “plan”; and
- (ii) by striking “written rehabilitation” each place the term appears and inserting “employment”;
- (4) in subsection (c)—
- (A) in paragraph (1), by striking “written rehabilitation program” and inserting “employment plan”; and
- (B) by striking “written program” each place the term appears and inserting “plan”; and
- (5) in subsection (d)—
- (A) in paragraph (5), by striking “written rehabilitation program” and inserting “employment plan”; and
- (B) in paragraph (6)(A), by striking the second sentence.
- (b) **CONFORMING AMENDMENTS.**—
- (1) *The table of contents for the Act is amended by striking the item relating to section 102 and inserting the following:*
- “Sec. 102. *Individualized employment plans.*”
- (2) *Paragraphs (22)(B) and (27)(B), and subparagraphs (B) and (C) of paragraph (34) of section 7 (29 U.S.C. 706), section 12(e)(1) (29 U.S.C. 711(e)(1)), section 501(e) (29 U.S.C. 791(e)), subparagraphs (C), (D), and (E) of section 635(b)(6) (29 U.S.C. 795n(b)(6) (C), (D), and (E)), section 802(g)(8)(B) (29 U.S.C. 797a(g)(8)(B)), and section 803(c)(2)(D) (29 U.S.C. 797b(c)(2)(D)) are amended by striking “written rehabilitation program” each place the term appears and inserting “employment plan”.*
- (3) *Section 7(22)(B)(i) (29 U.S.C. 706(22)(B)(i)) is amended by striking “rehabilitation program” and inserting “employment plan”.*
- (4) *Section 107(a)(3)(D) (29 U.S.C. 727(a)(3)(D)) is amended by striking “written rehabilitation programs” and inserting “employment plans”.*
- (5) *Section 101(b)(7)(A)(ii)(II) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2211(b)(7)(A)(ii)(II)) is amended by striking “written rehabilitation program” and inserting “employment plan”.*

SEC. 220. STATE REHABILITATION ADVISORY COUNCIL.

- (a) **IN GENERAL.**—Section 105 (29 U.S.C. 725) is amended—
- (1) in subsection (b)(1)(A)(vi), by inserting before the semicolon the following: “who, to the extent feasible, are individuals involved in the collaborative process described in section 105 of the Workforce and Career Development Act of 1996”; and
- (2) in subsection (c)—

(A) by redesignating paragraphs (3) through (7) as paragraphs (4) through (8), respectively;

(B) by inserting after paragraph (2) the following new paragraph:

“(3) advise the designated State agency and the designated State unit regarding strategies for ensuring that the vocational rehabilitation program established under this title is coordinated with the statewide system of the State;” and

(C) in paragraph (6) (as redesignated in subparagraph (A))—

(i) by striking “6024), and” and inserting “6024);” and

(ii) by striking the semicolon at the end and inserting the following: “, and the individuals and entities involved in the collaborative process described in section 105 of the Workforce and Career Development Act of 1996;”.

(b) **CONFORMING AMENDMENT.**—Subparagraph (B)(iv), and clauses (ii)(I) and (iii)(I) of subparagraph (C), of paragraph (31) (as redesignated in section 218(a)(7)) of section 101(a) (29 U.S.C. 721(a)) are amended by striking “105(c)(3)” and inserting “105(c)(4)”.

SEC. 221. EVALUATION STANDARDS AND PERFORMANCE INDICATORS.

Section 106(a)(1) (29 U.S.C. 726(a)(1)) is amended—

(1) by striking “(1) IN GENERAL.—The Commissioner shall” and inserting the following:

“(1) **EVALUATION STANDARDS AND PERFORMANCE INDICATORS.**—

“(A) **IN GENERAL.**—The Commissioner shall”; and

(2) by adding at the end the following:

“(B) **MODIFICATION OR SUPPLEMENTATION.**—

“(i) **IN GENERAL.**—The Commissioner shall modify or supplement such standards and indicators to ensure that, to the maximum extent appropriate, such standards and indicators are consistent with the State benchmarks established under paragraphs (1) and (2) of section 106(b) of the Workforce and Career Development Act of 1996.

“(ii) **ADDITIONAL PROVISIONS.**—The Commissioner—

“(I) shall, in modifying or supplementing such standards and indicators, comply with the requirements under the timetable for establishing such benchmarks under the Workforce and Career Development Act of 1996; and

“(II) may modify or supplement such standards and indicators, to the extent necessary, to address unique considerations applicable to individuals with disabilities in the vocational rehabilitation program.”.

SEC. 222. EFFECTIVE DATE.

(a) *IN GENERAL.*—Except as provided in subsection (b), the amendments made by this subtitle shall take effect on the date of enactment of this Act.

(b) *STATEWIDE SYSTEM REQUIREMENTS.*—The changes made in the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.) by the amendments made by this subtitle that relate to State benchmarks, or other components of a statewide system, shall take effect on July 1, 1998.

Subtitle C—Job Corps

SEC. 231. DEFINITIONS.

As used in this subtitle:

(1) *ENROLLEE.*—The term “enrollee” means an individual enrolled in the Job Corps.

(2) *GOVERNOR.*—The term “Governor” means the chief executive officer of a State.

(3) *JOB CORPS.*—The term “Job Corps” means the Job Corps described in section 233.

(4) *JOB CORPS CENTER.*—The term “Job Corps center” means a center described in section 233.

(5) *OPERATOR.*—The term “operator” means an entity selected under this subtitle to operate a Job Corps center.

(6) *SECRETARY.*—The term “Secretary” means the Secretary of Labor.

SEC. 232. PURPOSES.

The purposes of this subtitle are—

(1) to maintain a national Job Corps program, carried out in partnership with States and communities, to assist at-risk youth who need and can benefit from an unusually intensive program, operated in a group setting, to become more responsible, employable, and productive citizens;

(2) to set forth standards and procedures for selecting individuals as enrollees in the Job Corps;

(3) to authorize the establishment of Job Corps centers in which enrollees will participate in intensive programs of workforce and career development activities; and

(4) to prescribe various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps.

SEC. 233. ESTABLISHMENT.

There shall be established in the Department of Labor a Job Corps program, to carry out, in conjunction with the activities carried out under section 247, activities described in this subtitle for individuals enrolled in the Job Corps and assigned to a center.

SEC. 234. INDIVIDUALS ELIGIBLE FOR THE JOB CORPS.

To be eligible to become an enrollee, an individual shall be—

(1) not less than age 15 and not more than age 24;

(2) an individual who—

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

(B) had received an income, or is a member of a family that had received a total family income, for the 6-month period prior to application for the program involved (exclusive of unemployment compensation, child support payments, and payments described in subparagraph (A)) that, in relation to family size, does not exceed the higher of—

(i) the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), for an equivalent period; or

(ii) 70 percent of the lower living standard income level, for an equivalent period;

(C) is a member of a household that receives (or has been determined within the 6-month period prior to application for the program involved to be eligible to receive) food stamps pursuant to the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

(D) qualifies as a homeless individual, as defined in subsections (a) and (c) of section 103 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11302);

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

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

(3) an individual who is 1 or more of the following:

(A) Basic skills deficient.

(B) A school dropout.

(C) Homeless or a runaway.

(D) Pregnant or a parent.

(E) An individual who requires additional education, training, or intensive counseling and related assistance, in order to secure and hold employment or participate successfully in regular schoolwork.

SEC. 235. SCREENING AND SELECTION OF APPLICANTS.

(a) **STANDARDS AND PROCEDURES.**—

(1) **IN GENERAL.**—The Secretary shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps, after considering recommendations from the Governors, local boards, and other interested parties.

(2) **METHODS.**—In prescribing standards and procedures under paragraph (1) for the screening and selection of Job Corps applicants, the Secretary shall—

(A) require enrollees to take drug tests within 30 days of enrollment in the Job Corps;

(B) allocate, where necessary, additional resources to increase the applicant pool;

(C) establish standards for outreach to and screening of Job Corps applicants;

(D) where appropriate, take measures to improve the professional capability of the individuals conducting such screening;

(E) require Job Corps applicants to pass background checks, conducted in accordance with procedures established by the Secretary; and

(F) assure that an appropriate number of enrollees are from rural areas.

(3) IMPLEMENTATION.—To the extent practicable, the standards and procedures shall be implemented through arrangements with—

(A) eligible providers of core services described in section 121(e)(2) through one-stop career centers described in section 121(d);

(B) agencies and organizations such as community action agencies, professional groups, and labor organizations; and

(C) agencies and individuals that have contact with youth over substantial periods of time and are able to offer reliable information about the needs and problems of the youth.

(4) CONSULTATION.—The standards and procedures shall provide for necessary consultation with individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers.

(b) SPECIAL LIMITATIONS.—No individual shall be selected as an enrollee unless the individual or organization implementing the standards and procedures determines that—

(1) there is a reasonable expectation that the individual considered for selection can participate successfully in group situations and activities, is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the Job Corps center to which the individual might be assigned and surrounding communities; and

(2) the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe the rules.

SEC. 236. ENROLLMENT AND ASSIGNMENT.

(a) RELATIONSHIP BETWEEN ENROLLMENT AND MILITARY OBLIGATIONS.—Enrollment in the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

(b) ASSIGNMENT.—After the Secretary has determined that an enrollee is to be assigned to a Job Corps center, the enrollee shall be assigned to the center that is closest to the residence of the enrollee, except that the Secretary may waive this requirement for good cause, including to ensure an equitable opportunity for individuals described in section 234 from various sections of the United States to participate in the Job Corps program, to prevent undue delays in assignment of an enrollee, to adequately meet the educational or

other needs of an enrollee, and for efficiency and economy in the operation of the program.

(c) *PERIOD OF ENROLLMENT.*—No individual may be enrolled in the Job Corps for more than 2 years, except—

(1) in a case in which completion of an advanced career training program under section 238(d) would require an individual to participate for more than 2 years; or

(2) as the Secretary may authorize in a special case.

SEC. 237. JOB CORPS CENTERS.

(a) *OPERATORS AND SERVICE PROVIDERS.*—

(1) *ELIGIBLE ENTITIES.*—The Secretary shall enter into an agreement with a Federal, State, or local agency, which may be a State board or agency that operates or wishes to develop an area vocational education school facility or residential vocational school, or with a private organization, for the operation of each Job Corps center. The Secretary shall enter into an agreement with an appropriate entity to provide services for a Job Corps center.

(2) *SELECTION PROCESS.*—Except as provided in subsections (c) and (d), the Secretary shall select an entity to operate a Job Corps center on a competitive basis, after reviewing the operating plans described in section 240. In selecting a private or public entity to serve as an operator for a Job Corps center, the Secretary shall, at the request of the Governor of the State in which the center is located, convene and obtain the recommendation of a selection panel described in section 242(b). In selecting an entity to serve as an operator or to provide services for a Job Corps center, the Secretary shall take into consideration the previous performance of the entity, if any, relating to operating or providing services for a Job Corps center.

(b) *CHARACTER AND ACTIVITIES.*—Job Corps centers may be residential or nonresidential in character, and shall be designed and operated so as to provide enrollees, in a well-supervised setting, with access to activities described in section 238. In any year, no more than 20 percent of the individuals enrolled in the Job Corps may be nonresidential participants in the Job Corps.

(c) *CIVILIAN CONSERVATION CENTERS.*—

(1) *IN GENERAL.*—The Job Corps centers may include Civilian Conservation Centers operated under agreements with the Secretary of Agriculture or the Secretary of the Interior, located primarily in rural areas, which shall provide, in addition to other training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest.

(2) *SELECTION PROCESS.*—The Secretary may select an entity to operate a Civilian Conservation Center on a competitive basis, as provided in subsection (a), if the center fails to meet such national performance standards as the Secretary shall establish.

(d) *INDIAN TRIBES.*—

(1) *GENERAL AUTHORITY.*—The Secretary may enter into agreements with Indian tribes to operate Job Corps centers for Indians.

(2) *DEFINITIONS.*—As used in this subsection, the terms “Indian” and “Indian tribe”, have the meanings given such terms in subsections (d) and (e), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

SEC. 238. PROGRAM ACTIVITIES.

(a) *ACTIVITIES PROVIDED THROUGH JOB CORPS CENTERS.*—Each Job Corps center shall provide enrollees assigned to the center with access to core services described in section 121(e)(2), and such other employment and training activities and at-risk youth activities as may be appropriate to meet the needs of the enrollees. Each Job Corps center shall provide the enrollees with such activities described in sections 121 and 122 as may be appropriate to meet the needs of the enrollees. The activities provided under this subsection shall provide work-based learning throughout the enrollment of the enrollees and assist the enrollees in obtaining meaningful unsubsidized employment, participating successfully in secondary education or postsecondary education programs, enrolling in other suitable training programs, or satisfying Armed Forces requirements, on completion of their enrollment.

(b) *ARRANGEMENTS.*—The Secretary shall arrange for enrollees assigned to Job Corps centers to receive employment and training activities and at-risk youth activities through or in coordination with the statewide system, including employment and training activities and at-risk youth activities provided through local public or private educational agencies, vocational educational institutions, or technical institutes.

(c) *FISCAL AND MANAGEMENT ACCOUNTABILITY INFORMATION SYSTEM.*—The Secretary shall establish a fiscal and management accountability information system for Job Corps centers, and coordinate the activities carried out through the system with activities carried out through the fiscal and management accountability information systems for States described in section 106(e), if such systems are established.

(d) *ADVANCED CAREER TRAINING PROGRAMS.*—

(1) *IN GENERAL.*—The Secretary may arrange for programs of advanced career training for selected enrollees in which the enrollees may continue to participate for a period of not to exceed 1 year in addition to the period of participation to which the enrollees would otherwise be limited.

(2) *POSTSECONDARY EDUCATIONAL INSTITUTIONS.*—The advanced career training may be provided through a postsecondary educational institution for an enrollee who has obtained a secondary school diploma or its recognized equivalent, has demonstrated commitment and capacity in previous Job Corps participation, and has an identified occupational goal.

(3) *COMPANY-SPONSORED TRAINING PROGRAMS.*—The Secretary may enter into contracts with appropriate entities to provide the advanced career training through intensive training in company-sponsored training programs, combined with internships in work settings.

(4) *BENEFITS.*—

(A) *IN GENERAL.*—During the period of participation in an advanced career training program, an enrollee shall be

eligible for full Job Corps benefits, or a monthly stipend equal to the average value of the residential support, food, allowances, and other benefits provided to enrollees assigned to residential Job Corps centers.

(B) *CALCULATION.*—The total amount for which an enrollee shall be eligible under subparagraph (A) shall be reduced by the amount of any scholarship or other educational grant assistance received by such enrollee for advanced career training.

(5) *DEMONSTRATION.*—Each year, any operator seeking to enroll additional enrollees in an advanced career training program shall demonstrate that participants in such program have achieved a reasonable rate of completion and placement in training-related jobs before the operator may carry out such additional enrollment.

SEC. 239. SUPPORT.

The Secretary shall provide enrollees assigned to Job Corps centers with such personal allowances, including readjustment allowances, as the Secretary may determine to be necessary or appropriate to meet the needs of the enrollees.

SEC. 240. OPERATING PLAN.

(a) *IN GENERAL.*—To be eligible to operate a Job Corps center, an entity shall prepare and submit an operating plan to the Secretary for approval. Prior to submitting the plan to the Secretary, the entity shall submit the plan to the Governor of the State in which the center is located for review and comment. The entity shall submit any comments prepared by the Governor on the plan to the Secretary with the plan. Such plan shall include, at a minimum, information indicating—

(1) in quantifiable terms, the extent to which the center will contribute to the achievement of the proposed State goals and State benchmarks identified in the State plan submitted under section 104 for the State in which the center is located;

(2) the extent to which the activities described in section 238 and delivered through the Job Corps center are directly linked to the workforce and career development needs of the region in which the center is located;

(3) an implementation strategy to ensure that all enrollees assigned to the Job Corps center will have access to services through the one-stop delivery of core services described in section 121(e)(2); and

(4) an implementation strategy to ensure that the curricula of all such enrollees is integrated into activities described in section 238(a), including work-based learning, work experience, and career-building activities, and that such enrollees have the opportunity to obtain secondary school diplomas or their recognized equivalent.

(b) *APPROVAL.*—The Secretary shall not approve an operating plan described in subsection (a) for a center if the Secretary determines that the activities proposed to be carried out through the center are not sufficiently integrated with the activities carried out through the statewide system of the State in which the center is located.

SEC. 241. STANDARDS OF CONDUCT.

(a) *PROVISION AND ENFORCEMENT.*—The Secretary shall provide, and directors of Job Corps centers shall stringently enforce, standards of conduct within the centers. Such standards of conduct shall include provisions forbidding the actions described in subsection (b)(2)(A).

(b) DISCIPLINARY MEASURES.—

(1) *IN GENERAL.*—To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees. If such a director determines that an enrollee has committed a violation of the standards of conduct, the director shall dismiss the enrollee from the Job Corps if the director determines that the retention of the enrollee in the Job Corps will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees.

(2) ZERO TOLERANCE POLICY.—

(A) *GUIDELINES.*—The Secretary shall adopt guidelines establishing a zero tolerance policy for an act of violence, for use, sale, or possession of a controlled substance, for abuse of alcohol, or for other illegal or disruptive activity.

(B) DEFINITIONS.—As used in this paragraph:

(i) *CONTROLLED SUBSTANCE.*—The term “controlled substance” has the meaning given the term in section 102 of the Controlled Substances Act (21 U.S.C. 802).

(ii) *ZERO TOLERANCE POLICY.*—The term “zero tolerance policy” means a policy under which an enrollee shall be automatically dismissed from the Job Corps after a determination by the director that the enrollee has carried out an action described in subparagraph (A).

(c) *APPEAL.*—A disciplinary measure taken by a director under this section shall be subject to expeditious appeal in accordance with procedures established by the Secretary.

SEC. 242. COMMUNITY PARTICIPATION.

(a) *ACTIVITIES.*—The Secretary shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers in the State and nearby communities. The activities shall include the use of local boards established in the State to provide a mechanism for joint discussion of common problems and for planning programs of mutual interest.

(b) *SELECTION PANELS.*—The Governor may recommend individuals to serve on a selection panel convened by the Secretary to provide recommendations to the Secretary regarding any competitive selection of an operator for a center in the State. The panel shall have not more than 7 members. In recommending individuals to serve on the panel, the Governor may recommend members of local boards established in the State, or other representatives selected by the Governor. The Secretary shall select at least 1 individual recommended by the Governor.

(c) ACTIVITIES.—Each Job Corps center director shall—

(1) give officials of nearby communities appropriate advance notice of changes in the rules, procedures, or activities of

the Job Corps center that may affect or be of interest to the communities;

(2) afford the communities a meaningful voice in the affairs of the Job Corps center that are of direct concern to the communities, including policies governing the issuance and terms of passes to enrollees; and

(3) encourage the participation of enrollees in programs for improvement of the communities, with appropriate advance consultation with business, labor, professional, and other interested groups, in the communities.

SEC. 243. COUNSELING AND PLACEMENT.

The Secretary shall ensure that enrollees assigned to Job Corps centers receive academic and vocational counseling and job placement services, which shall be provided, to the maximum extent practicable, through the delivery of core services described in section 121(e)(2).

SEC. 244. ADVISORY COMMITTEES.

The Secretary is authorized to make use of advisory committees in connection with the operation of the Job Corps program, and the operation of Job Corps centers, whenever the Secretary determines that the availability of outside advice and counsel on a regular basis would be of substantial benefit in identifying and overcoming problems, in planning program or center development, or in strengthening relationships between the Job Corps and agencies, institutions, or groups engaged in related activities.

SEC. 245. APPLICATION OF PROVISIONS OF FEDERAL LAW.

(a) ENROLLEES NOT CONSIDERED TO BE FEDERAL EMPLOYEES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection and in section 8143(a) of title 5, United States Code, enrollees shall not be considered to be Federal employees and shall not be subject to the provisions of law relating to Federal employment, including such provisions regarding hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

(2) PROVISIONS RELATING TO TAXES AND SOCIAL SECURITY BENEFITS.—For purposes of the Internal Revenue Code of 1986 and title II of the Social Security Act (42 U.S.C. 401 et seq.), enrollees shall be deemed to be employees of the United States and any service performed by an individual as an enrollee shall be deemed to be performed in the employ of the United States.

(3) PROVISIONS RELATING TO COMPENSATION TO FEDERAL EMPLOYEES FOR WORK INJURIES.—For purposes of subchapter I of chapter 81 of title 5, United States Code (relating to compensation to Federal employees for work injuries), enrollees shall be deemed to be civil employees of the Government of the United States within the meaning of the term “employee” as defined in section 8101 of title 5, United States Code, and the provisions of such subchapter shall apply as specified in section 8143(a) of title 5, United States Code.

(4) FEDERAL TORT CLAIMS PROVISIONS.—For purposes of the Federal tort claims provisions in title 28, United States Code, enrollees shall be considered to be employees of the Government.

(b) **ADJUSTMENTS AND SETTLEMENTS.**—Whenever the Secretary finds a claim for damages to a person or property resulting from the operation of the Job Corps to be a proper charge against the United States, and the claim is not cognizable under section 2672 of title 28, United States Code, the Secretary may adjust and settle the claim in an amount not exceeding \$1,500.

(c) **PERSONNEL OF THE UNIFORMED SERVICES.**—Personnel of the uniformed services who are detailed or assigned to duty in the performance of agreements made by the Secretary for the support of the Job Corps shall not be counted in computing strength under any law limiting the strength of such services or in computing the percentage authorized by law for any grade in such services.

SEC. 246. SPECIAL PROVISIONS.

(a) **ENROLLMENT OF WOMEN.**—The Secretary shall immediately take steps to achieve an enrollment of 50 percent women in the Job Corps program, consistent with the need—

(1) to promote efficiency and economy in the operation of the program;

(2) to promote sound administrative practice; and

(3) to meet the socioeconomic, educational, and training needs of the population to be served by the program.

(b) **STUDIES, EVALUATIONS, PROPOSALS, AND DATA.**—The Secretary shall assure that all studies, evaluations, proposals, and data produced or developed with Federal funds in the course of carrying out the Job Corps program shall become the property of the United States.

(c) **GROSS RECEIPTS.**—Transactions conducted by a private for-profit contractor or a nonprofit contractor in connection with the operation by the contractor of a Job Corps center or the provision of services by the contractor for a Job Corps center shall not be considered to be generating gross receipts. Such a contractor shall not be liable, directly or indirectly, to any State or subdivision of a State (nor to any person acting on behalf of such a State or subdivision) for any gross receipts taxes, business privilege taxes measured by gross receipts, or any similar taxes imposed on, or measured by, gross receipts in connection with any payments made to or by such contractor for operating or providing services for a Job Corps center. Such a contractor shall not be liable to any State or subdivision of a State to collect or pay any sales, excise, use, or similar tax imposed on the sale to or use by such contractor of any property, service, or other item in connection with the operation of or provision of services for a Job Corps center.

(d) **MANAGEMENT FEE.**—The Secretary shall provide each operator or entity providing services for a Job Corps center with an equitable and negotiated management fee of not less than 1 percent of the contract amount.

(e) **DONATIONS.**—The Secretary may accept on behalf of the Job Corps or individual Job Corps centers charitable donations of cash or other assistance, including equipment and materials, if such donations are available for appropriate use for the purposes set forth in this subtitle.

SEC. 247. REVIEW OF JOB CORPS CENTERS.

(a) **NATIONAL JOB CORPS REVIEW PANEL.**—

(1) *ESTABLISHMENT.*—The Secretary shall establish a National Job Corps Review Panel (hereafter referred to in this section as the “Panel”).

(2) *MEMBERSHIP.*—The Panel shall be composed of nine individuals selected by the Secretary, of which—

(A) three individuals shall be members of the national office of the Job Corps;

(B) three individuals shall be representatives from the private sector who have expertise and a demonstrated record of success in understanding, analyzing, and motivating at-risk youth; and

(C) three individuals shall be members of the Office of the Inspector General of the Department of Labor.

(3) *DUTIES.*—The Panel shall conduct a review of the activities carried out under part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 *et seq.*), and, not later than July 31, 1997, the Panel shall submit to the Committee on Economic and Educational Opportunities of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report containing the results of the review, including—

(A) information on the amount of funds expended for fiscal year 1996 to carry out activities under such part, for each State and for the United States;

(B) for each Job Corps center funded under such part, information on the amount of funds expended for fiscal year 1996 under such part to carry out activities related to the direct operation of the center, including funds expended for student training, outreach or intake activities, meals and lodging, student allowances, medical care, placement or settlement activities, and administration;

(C) for each Job Corps center, information on the amount of funds expended for fiscal year 1996 under such part through contracts to carry out activities not related to the direct operation of the center, including funds expended for student travel, national outreach, screening, and placement services, national vocational training, and national and regional administrative costs;

(D) for each Job Corps center, information on the amount of funds expended for fiscal year 1996 under such part for facility construction, rehabilitation, and acquisition expenses;

(E) information on the amount of funds required to be expended under such part to complete each new or proposed Job Corps center, and to rehabilitate and repair each existing Job Corps center, as of the date of the submission of the report;

(F) a summary of the information described in subparagraphs (B) through (E) for all Job Corps centers;

(G) an assessment of the need to serve individuals described in section 234 in the Job Corps program, including—

(i) a cost-benefit analysis of the residential component of the Job Corps program;

(ii) the need for residential education and training services for individuals described in section 234, analyzed for each State and for the United States; and

(iii) the distribution of training positions in the Job Corps program, as compared to the need for the services described in clause (ii), analyzed for each State;

(H) an overview of the Job Corps program as a whole and an analysis of individual Job Corps centers, including a 5-year performance measurement summary that includes information, analyzed for the program and for each Job Corps center, on—

(i) the number of enrollees served;

(ii) the number of former enrollees who entered employment, including the number of former enrollees placed in a position related to the job training received through the program and the number placed in a position not related to the job training received;

(iii) the number of former enrollees placed in jobs for 32 hours per week or more;

(iv) the number of former enrollees who entered employment and were retained in the employment for more than 13 weeks;

(v) the number of former enrollees who entered the Armed Forces;

(vi) the number of former enrollees who completed vocational training, and the rate of such completion, analyzed by vocation;

(vii) the number of former enrollees who entered postsecondary education;

(viii) the number and percentage of early dropouts from the Job Corps program;

(ix) the average wage of former enrollees, including wages from positions described in clause (ii);

(x) the number of former enrollees who obtained a secondary school diploma or its recognized equivalent;

(xi) the average level of learning gains for former enrollees; and

(xii) the number of former enrollees that did not—
(I) enter employment or postsecondary education;

(II) complete a vocational education program;

or

(III) make identifiable learning gains;

(I) information regarding the performance of all existing Job Corps centers over the 3 years preceding the date of submission of the report; and

(J) job placement rates for each Job Corps center and each entity providing services to a Job Corps center.

(b) RECOMMENDATIONS OF PANEL.—

(1) RECOMMENDATIONS.—The Panel shall, based on the results of the review described in subsection (a), make recommendations to the Secretary, regarding improvements in the operation of the Job Corps program, including—

(A) closing 5 Job Corps centers by September 30, 1997, and 5 additional Job Corps centers by September 30, 2000;

(B) relocating Job Corps centers described in paragraph (2)(A)(iii) in cases in which facility rehabilitation, renovation, or repair is not cost-effective; and

(C) taking any other action that would improve the operation of a Job Corps center or any other appropriate action.

(2) CONSIDERATIONS.—

(A) IN GENERAL.—In determining whether to recommend that the Secretary close a Job Corps center, the Panel shall consider whether the center—

(i) has consistently received low performance measurement ratings under the Department of Labor or the Office of Inspector General Job Corps rating system;

(ii) is among the centers that have experienced the highest number of serious incidents of violence or criminal activity in the past 5 years;

(iii) is among the centers that require the largest funding for renovation or repair, as specified in the Department of Labor Job Corps Construction/Rehabilitation Funding Needs Survey, or for rehabilitation or repair, as reflected in the portion of the review described in subsection (a)(3)(E);

(iv) is among the centers for which the highest relative or absolute fiscal year 1996 expenditures were made, for any of the categories of expenditures described in subparagraph (B), (C), or (D) of subsection (a)(3), as reflected in the review described in subsection (a);

(v) is among the centers with the least State and local support; or

(vi) is among the centers with the lowest rating on such additional criteria as the Panel may determine to be appropriate.

(B) COVERAGE OF STATES AND REGIONS.—Notwithstanding subparagraph (A), the Panel shall not recommend that the Secretary close the only Job Corps center in a State or a region of the United States.

(C) ALLOWANCE FOR NEW JOB CORPS CENTERS.—Notwithstanding any other provision of this section, if the planning or construction of a Job Corps center that received Federal funding for fiscal year 1994 or 1995 has not been completed by the date of enactment of this Act—

(i) the appropriate entity may complete the planning or construction and begin operation of the center; and

(ii) the Panel shall not evaluate the center under this section sooner than 3 years after the first date of operation of the center.

(3) REPORT.—Not later than August 30, 1997, the Panel shall submit to the Secretary a report that contains—

(A) the results of the review conducted under subsection (a) (as contained in the report submitted under such subsection); and

(B) the recommendations described in paragraph (1).

(c) **IMPLEMENTATION OF PERFORMANCE IMPROVEMENTS.**—The Secretary shall, after reviewing the report submitted under subsection (b)(3), implement improvements in the operation of the Job Corps program, including closing 10 individual Job Corps centers pursuant to subsection (b). In implementing such improvements, the Secretary may close such additional Job Corps centers as the Secretary determines to be appropriate. Funds saved through the implementation of such improvements shall be used to maintain overall Job Corps program service levels, improve facilities at existing Job Corps centers, relocate Job Corps centers, initiate new Job Corps centers with a priority on placing Job Corps centers in States without existing Job Corps centers, and make other performance improvements in the Job Corps program.

(d) **REPORT TO CONGRESS.**—The Secretary shall annually report to Congress the information specified in subparagraphs (H), (I), and (J) of subsection (a)(3) and such additional information relating to the Job Corps program as the Secretary may determine to be appropriate.

SEC. 248. ADMINISTRATION.

The Secretary shall carry out the responsibilities specified for the Secretary in this subtitle, notwithstanding any other provision of this Act.

SEC. 249. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1998 through 2002 to carry out this subtitle.

SEC. 250. EFFECTIVE DATE.

(a) **IN GENERAL.**—Except as provided in subsection (b), this subtitle shall take effect on July 1, 1998.

(b) **REPORT.**—Section 247 shall take effect on the date of enactment of this Act.

Subtitle D—Amendments to the National Literacy Act of 1991

SEC. 261. EXTENSION OF FUNCTIONAL LITERACY AND LIFE SKILLS PROGRAM FOR STATE AND LOCAL PRISONERS.

Paragraph (3) of section 601(i) of the National Literacy Act of 1991 (20 U.S.C. 1211-2(i)) is amended—

(1) by striking “1994, and” and inserting “1994,”; and

(2) by inserting “, and such sums as may be necessary for each of the fiscal years 1997, 1998, 1999, 2000, 2001, and 2002” before the period.

TITLE III—MUSEUMS AND LIBRARIES

SEC. 301. MUSEUM AND LIBRARY SERVICES.

The Museum Services Act (20 U.S.C. 961 et seq.) is amended to read as follows:

“TITLE II—MUSEUM AND LIBRARY SERVICES

“Subtitle A—General Provisions

“SEC. 201. SHORT TITLE.

“This title may be cited as the ‘Museum and Library Services Act’.

“SEC. 202. GENERAL DEFINITIONS.

“As used in this title:

“(1) COMMISSION.—The term ‘Commission’ means the National Commission on Libraries and Information Science established under section 3 of the National Commission on Libraries and Information Sciences Act (20 U.S.C. 1502).

“(2) DIRECTOR.—The term ‘Director’ means the Director of the Institute appointed under section 204.

“(3) INSTITUTE.—The term ‘Institute’ means the Institute of Museum and Library Services established under section 203.

“(4) MUSEUM BOARD.—The term ‘Museum Board’ means the National Museum Services Board established under section 275.

“SEC. 203. INSTITUTE OF MUSEUM AND LIBRARY SERVICES.

“(a) ESTABLISHMENT.—There is established, within the National Foundation on the Arts and the Humanities, an Institute of Museum and Library Services.

“(b) OFFICES.—The Institute shall consist of an Office of Museum Services and an Office of Library Services. There shall be a National Museum Services Board in the Office of Museum Services.

“SEC. 204. DIRECTOR OF THE INSTITUTE.

“(a) APPOINTMENT.—

“(1) IN GENERAL.—The Institute shall be headed by a Director, appointed by the President, by and with the advice and consent of the Senate.

“(2) TERM.—The Director shall serve for a term of 4 years.

“(3) QUALIFICATIONS.—Beginning with the first individual appointed to the position of Director after the date of enactment of the Workforce and Career Development Act of 1996, every second individual so appointed shall be appointed from among individuals who have special competence with regard to library and information services. Beginning with the second individual appointed to the position of Director after the date of enactment of the Workforce and Career Development Act of 1996, every second individual so appointed shall be appointed from among individuals who have special competence with regard to museum services.

“(b) *COMPENSATION.*—The Director shall be compensated at the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code.

“(c) *DUTIES AND POWERS.*—The Director shall perform such duties and exercise such powers as may be prescribed by law, including awarding financial assistance for activities described in this title.

“(d) *NONDELEGATION.*—The Director shall not delegate any of the functions of the Director to any person who is not an officer or employee of the Institute.

“(e) *COORDINATION.*—The Director shall ensure coordination of the policies and activities of the Institute with the policies and activities of other agencies and offices of the Federal Government having interest in and responsibilities for the improvement of museums and libraries and information services.

“SEC. 205. DEPUTY DIRECTORS.

“The Office of Library Services shall be headed by a Deputy Director, who shall be appointed by the Director from among individuals who have a graduate degree in library science and expertise in library and information services. The Office of Museum Services shall be headed by a Deputy Director, who shall be appointed by the Director from among individuals who have expertise in museum services.

“SEC. 206. PERSONNEL.

“(a) *IN GENERAL.*—The Director may, in accordance with applicable provisions of title 5, United States Code, appoint and determine the compensation of such employees as the Director determines to be necessary to carry out the duties of the Institute.

“(b) *VOLUNTARY SERVICES.*—The Director may accept and utilize the voluntary services of individuals and reimburse the individuals for travel expenses, including per diem in lieu of subsistence, in the same amounts and to the same extent as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.

“SEC. 207. CONTRIBUTIONS.

“The Institute is authorized to solicit, accept, receive, and invest in the name of the United States, gifts, bequests, or devises of money and other property or services and to use such property or services in furtherance of the functions of the Institute. Any proceeds from such gifts, bequests, or devises, after acceptance by the Institute, shall be paid by the donor or the representative of the donor to the Director. The Director shall enter the proceeds in a special-interest bearing account to the credit of the Institute for the purposes specified in each case.

“Subtitle B—Library Services and Technology

“SEC. 211. SHORT TITLE.

“This subtitle may be cited as the ‘Library Services and Technology Act’.

“SEC. 212. PURPOSE.

“It is the purpose of this subtitle—

- “(1) to consolidate Federal library service programs;*
- “(2) to stimulate excellence and promote access to learning and information resources in all types of libraries for individuals of all ages;*
- “(3) to promote library services that provide all users access to information through State, regional, national and international electronic networks;*
- “(4) to provide linkages among and between libraries and one-stop career center systems; and*
- “(5) to promote targeted library services to people of diverse geographic, cultural, and socioeconomic backgrounds, to individuals with disabilities, and to people with limited functional literacy or information skills.*

“SEC. 213. DEFINITIONS.

“As used in this subtitle:

“(1) INDIAN TRIBE.—The term ‘Indian tribe’ means any tribe, band, nation, or other organized group or community, including any Alaska native village, regional corporation, or village corporation, as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), which is recognized by the Secretary of the Interior as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

“(2) LIBRARY.—The term ‘library’ includes—

- “(A) a public library;*
- “(B) a public elementary school or secondary school library;*
- “(C) an academic library;*
- “(D) a research library, which for the purposes of this subtitle means a library that—*
 - “(i) makes publicly available library services and materials suitable for scholarly research and not otherwise available to the public; and*
 - “(ii) is not an integral part of an institution of higher education; and*
- “(E) a private library, but only if the State in which such private library is located determines that the library should be considered a library for purposes of this subtitle.*

“(3) LIBRARY CONSORTIUM.—The term ‘library consortium’ means any local, statewide, regional, interstate, or international cooperative association of library entities which provides for the systematic and effective coordination of the resources of school, public, academic, and special libraries and information centers, for improved services for the clientele of such library entities.

“(4) STATE.—The term ‘State’, unless otherwise specified, includes each of the 50 States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

“(5) *STATE LIBRARY ADMINISTRATIVE AGENCY.*—The term ‘State library administrative agency’ means the official agency of a State charged by the law of the State with the extension and development of public library services throughout the State.

“(6) *STATE PLAN.*—The term ‘State plan’ means the document which gives assurances that the officially designated State library administrative agency has the fiscal and legal authority and capability to administer all aspects of this subtitle, provides assurances for establishing the State’s policies, priorities, criteria, and procedures necessary to the implementation of all programs under this subtitle, submits copies for approval as required by regulations promulgated by the Director, identifies a State’s library needs, and sets forth the activities to be taken toward meeting the identified needs supported with the assistance of Federal funds made available under this subtitle.

“SEC. 214. AUTHORIZATION OF APPROPRIATIONS.

“(a) *AUTHORIZATION OF APPROPRIATIONS.*—

“(1) *IN GENERAL.*—There are authorized to be appropriated \$150,000,000 for fiscal year 1997 and such sums as may be necessary for each of the fiscal years 1998 through 2002 to carry out this subtitle.

“(2) *TRANSFER.*—The Secretary of Education shall—

“(A) transfer any funds appropriated under the authority of paragraph (1) to the Director to enable the Director to carry out this subtitle; and

“(B) not exercise any authority concerning the administration of this title other than the transfer described in subparagraph (A).

“(b) *FORWARD FUNDING.*—

“(1) *IN GENERAL.*—To the end of affording the responsible Federal, State, and local officers adequate notice of available Federal financial assistance for carrying out ongoing library activities and projects, appropriations for grants, contracts, or other payments under any program under this subtitle are authorized to be included in the appropriations Act for the fiscal year preceding the fiscal year during which such activities and projects shall be carried out.

“(2) *ADDITIONAL AUTHORIZATION OF APPROPRIATIONS.*—In order to effect a transition to the timing of appropriation action authorized by subsection (a), the application of this section may result in the enactment, in a fiscal year, of separate appropriations for a program under this subtitle (whether in the same appropriations Act or otherwise) for two consecutive fiscal years.

“(c) *ADMINISTRATION.*—Not more than 3 percent of the funds appropriated under this section for a fiscal year may be used to pay for the Federal administrative costs of carrying out this subtitle.

“CHAPTER 1—BASIC PROGRAM REQUIREMENTS

“SEC. 221. RESERVATIONS AND ALLOTMENTS.

“(a) *RESERVATIONS.*—

“(1) *IN GENERAL.*—From the amount appropriated under the authority of section 214 for any fiscal year, the Director—

“(A) shall reserve 1½ percent to award grants in accordance with section 261; and

“(B) shall reserve 4 percent to award national leadership grants or contracts in accordance with section 262.

“(2) SPECIAL RULE.—If the funds reserved pursuant to paragraph (1)(B) for a fiscal year have not been obligated by the end of such fiscal year, then such funds shall be allotted in accordance with subsection (b) for the fiscal year succeeding the fiscal year for which the funds were so reserved.

“(b) ALLOTMENTS.—

“(1) IN GENERAL.—From the sums appropriated under the authority of section 214 and not reserved under subsection (a) for any fiscal year, the Director shall award grants from minimum allotments, as determined under paragraph (3), to each State. Any sums remaining after minimum allotments are made for such year shall be allotted in the manner set forth in paragraph (2).

“(2) REMAINDER.—From the remainder of any sums appropriated under the authority of section 214 that are not reserved under subsection (a) and not allotted under paragraph (1) for any fiscal year, the Director shall award grants to each State in an amount that bears the same relation to such remainder as the population of the State bears to the population of all States.

“(3) MINIMUM ALLOTMENT.—

“(A) IN GENERAL.—For the purposes of this subsection, the minimum allotment for each State shall be \$340,000, except that the minimum allotment shall be \$40,000 in the case of the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

“(B) RATABLE REDUCTIONS.—If the sum appropriated under the authority of section 214 and not reserved under subsection (a) for any fiscal year is insufficient to fully satisfy the aggregate of the minimum allotments for all States for that purpose for such year, each of such minimum allotments shall be reduced ratably.

“(C) SPECIAL RULE.—

“(i) IN GENERAL.—Notwithstanding any other provision of this subsection and using funds allotted for the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau under this subsection, the Director shall award grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau to carry out activities described in this subtitle in accordance with the provisions of this subtitle that the Director determines are not inconsistent with this subparagraph.

“(ii) AWARD BASIS.—The Director shall award grants pursuant to clause (i) on a competitive basis

and pursuant to recommendations from the Pacific Region Educational Laboratory in Honolulu, Hawaii.

“(iii) *TERMINATION OF ELIGIBILITY.*—Notwithstanding any other provision of law, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau shall not receive any funds under this subtitle for any fiscal year that begins after September 30, 2001.

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

“(4) *DATA.*—The population of each State and of all the States shall be determined by the Director on the basis of the most recent data available from the Bureau of the Census.

“SEC. 222. ADMINISTRATION.

“(a) *IN GENERAL.*—Not more than 4 percent of the total amount of funds received under this subtitle for any fiscal year by a State may be used for administrative costs.

“(b) *CONSTRUCTION.*—Nothing in this section shall be construed to limit spending for evaluation costs under section 224(c) from sources other than this subtitle.

“SEC. 223. PAYMENTS; FEDERAL SHARE; AND MAINTENANCE OF EFFORT REQUIREMENTS.

“(a) *PAYMENTS.*—The Director shall pay to each State library administrative agency having a State plan approved under section 224 the Federal share of the cost of the activities described in the State plan.

“(b) *FEDERAL SHARE.*—

“(1) *IN GENERAL.*—The Federal share shall be 66 percent.

“(2) *NON-FEDERAL SHARE.*—The non-Federal share of payments shall be provided from non-Federal, State, or local sources.

“(c) *MAINTENANCE OF EFFORT.*—

“(1) *STATE EXPENDITURES.*—

“(A) *REQUIREMENT.*—

“(i) *IN GENERAL.*—The amount otherwise payable to a State for a fiscal year pursuant to an allotment under this chapter shall be reduced if the level of State expenditures, as described in paragraph (2), for the previous fiscal year is less than the average of the total of such expenditures for the 3 fiscal years preceding that previous fiscal year. The amount of the reduction in allotment for any fiscal year shall be equal to the amount by which the level of such State expenditures for the fiscal year for which the determination is made is less than the average of the total of such expenditures for the 3 fiscal years preceding the fiscal year for which the determination is made.

“(ii) *CALCULATION.*—Any decrease in State expenditures resulting from the application of subparagraph

(B) shall be excluded from the calculation of the average level of State expenditures for any 3-year period described in clause (i).

“(B) DECREASE IN FEDERAL SUPPORT.—If the amount made available under this subtitle for a fiscal year is less than the amount made available under this subtitle for the preceding fiscal year, then the expenditures required by subparagraph (A) for such preceding fiscal year shall be decreased by the same percentage as the percentage decrease in the amount so made available.

“(2) LEVEL OF STATE EXPENDITURES.—The level of State expenditures for the purposes of paragraph (1) shall include all State dollars expended by the State library administrative agency for library programs that are consistent with the purposes of this subtitle. All funds included in the maintenance of effort calculation under this subsection shall be expended during the fiscal year for which the determination is made, and shall not include capital expenditures, special one-time project costs, or similar windfalls.

“(3) WAIVER.—The Director may waive the requirements of paragraph (1) if the Director determines that such a waiver would be equitable due to exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the State.

“SEC. 224. STATE PLANS.

“(a) STATE PLAN REQUIRED.—

“(1) IN GENERAL.—In order to be eligible to receive a grant under this subtitle, a State library administrative agency shall submit a State plan to the Director not later than April 1, 1997.

“(2) DURATION.—The State plan shall cover a period of 5 fiscal years.

“(3) REVISIONS.—If a State library administrative agency makes a substantive revision to its State plan, then the State library administrative agency shall submit to the Director an amendment to the State plan containing such revision not later than April 1 of the fiscal year preceding the fiscal year for which the amendment will be effective.

“(b) CONTENTS.—The State plan shall—

“(1) establish goals, and specify priorities, for the State consistent with the purposes of this subtitle;

“(2) describe activities that are consistent with the goals and priorities established under paragraph (1), the purposes of this subtitle, and section 231, that the State library administrative agency will carry out during such year using such grant;

“(3) describe the procedures that such agency will use to carry out the activities described in paragraph (2);

“(4) describe the methodology that such agency will use to evaluate the success of the activities established under paragraph (2) in achieving the goals and meeting the priorities described in paragraph (1);

“(5) describe the procedures that such agency will use to involve libraries and library users throughout the State in policy decisions regarding implementation of this subtitle; and

“(6) provide assurances satisfactory to the Director that such agency will make such reports, in such form and containing such information, as the Director may reasonably require to carry out this subtitle and to determine the extent to which funds provided under this subtitle have been effective in carrying out the purposes of this subtitle.

“(c) *EVALUATION AND REPORT.*—Each State library administrative agency receiving a grant under this subtitle shall independently evaluate, and report to the Director regarding, the activities assisted under this subtitle, prior to the end of the 5-year plan.

“(d) *INFORMATION.*—Each library receiving assistance under this subtitle shall submit to the State library administrative agency such information as such agency may require to meet the requirements of subsection (c).

“(e) *APPROVAL.*—

“(1) *IN GENERAL.*—The Director shall approve any State plan under this subtitle that meets the requirements of this subtitle and provides satisfactory assurances that the provisions of such plan will be carried out.

“(2) *PUBLIC AVAILABILITY.*—Each State library administrative agency receiving a grant under this subtitle shall make the State plan available to the public.

“(3) *ADMINISTRATION.*—If the Director determines that the State plan does not meet the requirements of this section, the Director shall—

“(A) immediately notify the State library administrative agency of such determination and the reasons for such determination;

“(B) offer the State library administrative agency the opportunity to revise its State plan;

“(C) provide technical assistance in order to assist the State library administrative agency in meeting the requirements of this section; and

“(D) provide the State library administrative agency the opportunity for a hearing.

“CHAPTER 2—LIBRARY PROGRAMS

“SEC. 231. GRANTS TO STATES.

“(a) *IN GENERAL.*—Of the funds provided to a State library administrative agency under section 214, such agency shall expend, either directly or through subgrants or cooperative agreements, at least 96 percent of such funds for—

“(1) establishing or enhancing electronic linkages among or between libraries, library consortia, one-stop career center systems established under section 121(d) of the Workforce and Career Development Act of 1996, and eligible providers as such term is defined in section 4 of such Act, or any combination thereof; and

“(2) targeting library and information services to persons having difficulty using a library and to underserved urban and rural communities, including children (from birth through age 17) from families with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community

Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved.

“(b) SPECIAL RULE.—Each State library administrative agency receiving funds under this chapter may apportion the funds available for the purposes described in subsection (a) between the two purposes described in paragraphs (1) and (2) of such subsection, as appropriate, to meet the needs of the individual State.

“CHAPTER 3—ADMINISTRATIVE PROVISIONS

“Subchapter A—State Requirements

“SEC. 251. STATE ADVISORY COUNCILS.

“Each State desiring assistance under this subtitle may establish a State advisory council which is broadly representative of the library entities in the State, including public, school, academic, special, and institutional libraries, and libraries serving individuals with disabilities.

“Subchapter B—Federal Requirements

“SEC. 261. SERVICES FOR INDIAN TRIBES.

“From amounts reserved under section 221(a)(1)(A) for any fiscal year the Director shall award grants to organizations primarily serving and representing Indian tribes to enable such organizations to carry out the activities described in section 231.

“SEC. 262. NATIONAL LEADERSHIP GRANTS OR CONTRACTS.

“(a) IN GENERAL.—From the amounts reserved under section 221(a)(1)(B) for any fiscal year the Director shall establish and carry out a program awarding national leadership grants or contracts to enhance the quality of library services nationwide and to provide coordination between libraries and museums. Such grants or contracts shall be used for activities that may include—

“(1) education and training of persons in library and information science, particularly in areas of new technology and other critical needs, including graduate fellowships, traineeships, institutes, or other programs;

“(2) research and demonstration projects related to the improvement of libraries, education in library and information science, enhancement of library services through effective and efficient use of new technologies, and dissemination of information derived from such projects;

“(3) preservation or digitization of library materials and resources, giving priority to projects emphasizing coordination, avoidance of duplication, and access by researchers beyond the institution or library entity undertaking the project; and

“(4) model programs demonstrating cooperative efforts between libraries and museums.

“(b) GRANTS OR CONTRACTS.—

“(1) IN GENERAL.—The Director may carry out the activities described in subsection (a) by awarding grants to, or entering into contracts with, libraries, agencies, institutions of higher education, or museums, where appropriate.

“(2) COMPETITIVE BASIS.—Grants and contracts under this section shall be awarded on a competitive basis.

“(c) SPECIAL RULE.—The Director shall make every effort to ensure that activities assisted under this section are administered by appropriate library and museum professionals or experts.”

“SEC. 263. STATE AND LOCAL INITIATIVES.

“Nothing in this subtitle shall be construed to interfere with State and local initiatives and responsibility in the conduct of library services. The administration of libraries, the selection of personnel and library books and materials, and insofar as consistent with the purposes of this subtitle, the determination of the best uses of the funds provided under this subtitle, shall be reserved for the States and their local subdivisions.”

“Subtitle C—Museum Services

“SEC. 271. PURPOSE.

“It is the purpose of this subtitle—

“(1) to encourage and assist museums in their educational role, in conjunction with formal systems of elementary, secondary, and postsecondary education, and with programs of non-formal education for all age groups;

“(2) to assist museums in modernizing their methods and facilities so that the museums are better able to conserve the cultural, historic, and scientific heritage of the United States; and

“(3) to ease the financial burden borne by museums as a result of their increasing use by the public.”

“SEC. 272. DEFINITIONS.

“As used in this subtitle:

“(1) MUSEUM.—The term ‘museum’ means a public or private nonprofit agency or institution organized on a permanent basis for essentially educational or aesthetic purposes, that utilizes a professional staff, owns or utilizes tangible objects, cares for the tangible objects, and exhibits the tangible objects to the public on a regular basis.

“(2) STATE.—The term ‘State’ means each of the 50 States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.”

“SEC. 273. MUSEUM SERVICES ACTIVITIES.

“(a) GRANTS.—The Director, subject to the policy direction of the Museum Board, may make grants to museums to pay for the Federal share of the cost of increasing and improving museum services, through such activities as—

“(1) programs that enable museums to construct or install displays, interpretations, and exhibitions in order to improve museum services provided to the public;

“(2) assisting museums in developing and maintaining professionally trained or otherwise experienced staff to meet the needs of the museums;”

“(3) assisting museums in meeting the administrative costs of preserving and maintaining the collections of the museums, exhibiting the collections to the public, and providing educational programs to the public through the use of the collections;

“(4) assisting museums in cooperating with each other in developing traveling exhibitions, meeting transportation costs, and identifying and locating collections available for loan;

“(5) assisting museums in the conservation of their collections;

“(6) developing and carrying out specialized programs for specific segments of the public, such as programs for urban neighborhoods, rural areas, Indian reservations, and penal and other State institutions; and

“(7) model programs demonstrating cooperative efforts between libraries and museums.

“(b) **CONTRACTS AND COOPERATIVE AGREEMENTS.**—

“(1) **PROJECTS TO STRENGTHEN MUSEUM SERVICES.**—The Director, subject to the policy direction of the Museum Board, is authorized to enter into contracts and cooperative agreements with appropriate entities, as determined by the Director, to pay for the Federal share of enabling the entities to undertake projects designed to strengthen museum services, except that any contracts or cooperative agreements entered into pursuant to this subsection shall be effective only to such extent or in such amounts as are provided in appropriations acts.

“(2) **LIMITATION ON AMOUNT.**—The aggregate amount of financial assistance made available under this subsection for a fiscal year shall not exceed 15 percent of the amount appropriated under this subtitle for such fiscal year.

“(3) **OPERATIONAL EXPENSES.**—No financial assistance may be provided under this subsection to pay for operational expenses.

“(c) **FEDERAL SHARE.**—

“(1) **50 PERCENT.**—Except as provided in paragraph (2), the Federal share described in subsections (a) and (b) shall be not more than 50 percent.

“(2) **GREATER THAN 50 PERCENT.**—The Director may use not more than 20 percent of the funds made available under this subtitle for a fiscal year to make grants under subsection (a), or enter into contracts or agreements under subsection (b), for which the Federal share may be greater than 50 percent.

“(d) **REVIEW AND EVALUATION.**—The Director shall establish procedures for reviewing and evaluating grants, contracts, and cooperative agreements made or entered into under this subtitle. Procedures for reviewing grant applications or contracts and cooperative agreements for financial assistance under this subtitle shall not be subject to any review outside of the Institute.

“**SEC. 274. AWARD.**

“The Director, with the advice of the Museum Board, may annually award a National Award for Museum Service to outstanding museums that have made significant contributions in service to their communities.

“SEC. 275. NATIONAL MUSEUM SERVICES BOARD.

“(a) *ESTABLISHMENT.*—There is established in the Institute a National Museum Services Board.

“(b) *COMPOSITION AND QUALIFICATIONS.*—

“(1) *COMPOSITION.*—The Museum Board shall consist of the Director and 14 members appointed by the President, by and with the advice and consent of the Senate.

“(2) *QUALIFICATIONS.*—The appointive members of the Museum Board shall be selected from among citizens of the United States—

“(A) who are members of the general public;

“(B) who are or have been affiliated with—

“(i) resources that, collectively, are broadly representative of the curatorial, conservation, educational, and cultural resources of the United States; or

“(ii) museums that, collectively, are broadly representative of various types of museums, including museums relating to science, history, technology, art, zoos, and botanical gardens; and

“(C) who are recognized for their broad knowledge, expertise, or experience in museums or commitment to museums.

“(3) *GEOGRAPHIC AND OTHER REPRESENTATION.*—Members of the Museum Board shall be appointed to reflect persons from various geographic regions of the United States. The Museum Board may not include, at any time, more than 3 members from a single State. In making such appointments, the President shall give due regard to equitable representation of women, minorities, and persons with disabilities who are involved with museums.

“(c) *TERMS.*—

“(1) *IN GENERAL.*—Each appointive member of the Museum Board shall serve for a term of 5 years, except that—

“(A) of the members first appointed, 3 shall serve for terms of 5 years, 3 shall serve for terms of 4 years, 3 shall serve for terms of 3 years, 3 shall serve for terms of 2 years, and 2 shall serve for terms of 1 year, as designated by the President at the time of nomination for appointment; and

“(B) any member appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the member was appointed.

“(2) *REAPPOINTMENT.*—No member of the Museum Board who has been a member for more than 7 consecutive years shall be eligible for reappointment.

“(3) *SERVICE UNTIL SUCCESSOR TAKES OFFICE.*—Notwithstanding any other provision of this subsection, a member of the Museum Board shall serve after the expiration of the term of the member until the successor to the member takes office.

“(d) *DUTIES AND POWERS.*—The Museum Board shall have the responsibility to advise the Director on general policies with respect to the duties, powers, and authority of the Institute relating to museum services, including general policies with respect to—

“(1) financial assistance awarded under this subtitle for museum services; and

“(2) projects described in section 262(a)(4).

“(e) CHAIRPERSON.—The President shall designate 1 of the appointive members of the Museum Board as Chairperson of the Museum Board.

“(f) MEETINGS.—

“(1) IN GENERAL.—The Museum Board shall meet—

“(A) not less than 3 times each year, including—

“(i) not less than 2 times each year separately; and

“(ii) not less than 1 time each year in a joint meeting with the Commission, convened for purposes of making general policies with respect to financial assistance for projects described in section 262(a)(4); and

“(B) at the call of the Director.

“(2) VOTE.—All decisions by the Museum Board with respect to the exercise of the duties and powers of the Museum Board shall be made by a majority vote of the members of the Museum Board who are present. All decisions by the Commission and the Museum Board with respect to the policies described in paragraph (1)(A)(ii) shall be made by a $\frac{2}{3}$ majority vote of the total number of the members of the Commission and the Museum Board who are present.

“(g) QUORUM.—A majority of the members of the Museum Board shall constitute a quorum for the conduct of business at official meetings of the Museum Board, but a lesser number of members may hold hearings. A majority of the members of the Commission and a majority of the members of the Museum Board shall constitute a quorum for the conduct of business at official joint meetings of the Commission and the Museum Board.

“(h) COMPENSATION AND TRAVEL EXPENSES.—

“(1) COMPENSATION.—Each member of the Museum Board who is not an officer or employee of the Federal Government shall be compensated at a rate to be fixed by the President, but not to exceed the daily equivalent of the maximum rate authorized for a position above grade GS-15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Museum Board. All members of the Museum Board who are officers or employees of the Federal Government shall serve without compensation in addition to compensation received for their services as officers or employees of the Federal Government.

“(2) TRAVEL EXPENSES.—The members of the Museum Board shall be allowed travel expenses, including per diem in lieu of subsistence, in the same amounts and to the same extent, as authorized under section 5703 of title 5, United States Code, for persons employed intermittently in Federal Government service.

“(i) COORDINATION.—The Museum Board, with the advice of the Director, shall take steps to ensure that the policies and activities of the Institute are coordinated with other activities of the Federal Government.

“SEC. 276. AUTHORIZATION OF APPROPRIATIONS.

“(a) GRANTS.—For the purpose of carrying out this subtitle, there are authorized to be appropriated to the Director \$28,700,000

for the fiscal year 1997, and such sums as may be necessary for each of the fiscal years 1998 through 2002.

“(b) *ADMINISTRATION.*—Not more than 10 percent of the funds appropriated under this section for a fiscal year may be used to pay for the administrative costs of carrying out this subtitle.

“(c) *SUMS REMAINING AVAILABLE.*—Sums appropriated pursuant to subsection (a) for any fiscal year shall remain available for obligation until expended.”.

SEC. 302. NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE.

(a) *FUNCTIONS.*—Section 5 of the National Commission on Libraries and Information Science Act (20 U.S.C. 1504) is amended—

(1) by redesignating subsections (b) through (d) as subsections (d) through (f), respectively; and

(2) by inserting after subsection (a) the following:

“(b) The Commission shall have the responsibility to advise the Director of the Institute of Museum and Library Services on general policies with respect to the duties, powers, and authority of the Institute of Museum and Library Services relating to library services, including—

“(1) general policies with respect to—

“(A) financial assistance awarded under the Museum and Library Services Act for library services; and

“(B) projects described in section 262(a)(4) of such Act;

and

“(2) measures to ensure that the policies and activities of the Institute of Museum and Library Services are coordinated with other activities of the Federal Government.

“(c)(1) The Commission shall meet not less than 1 time each year in a joint meeting with the National Museum Services Board, convened for purposes of providing advice on general policy with respect to financial assistance for projects described in section 262(a)(4) of such Act.

“(2) All decisions by the Commission and the National Museum Services Board with respect to the advice on general policy described in paragraph (1) shall be made by a $\frac{2}{3}$ majority vote of the total number of the members of the Commission and the National Museum Services Board who are present.

“(3) A majority of the members of the Commission and a majority of the members of the National Museum Services Board shall constitute a quorum for the conduct of business at official joint meetings of the Commission and the National Museum Services Board.”.

(b) *MEMBERSHIP.*—Section 6 of the National Commission on Libraries and Information Science Act (20 U.S.C. 1505) is amended—

(1) in subsection (a)—

(A) in the first sentence, by striking “Librarian of Congress” and inserting “Librarian of Congress, the Director of the Institute of Museum and Library Services (who shall serve as an ex officio, nonvoting member),”;

(B) in the second sentence—

(i) by striking “special competence or interest in” and inserting “special competence in or knowledge of”;

and

(ii) by inserting before the period the following: “and at least one other of whom shall be knowledgeable with respect to the library and information service and science needs of the elderly”;

(C) in the third sentence, by inserting “appointive” before “members”; and

(D) in the last sentence, by striking “term and at least” and all that follows and inserting “term.”; and

(2) in subsection (b), by striking “the rate specified” and all that follows through “and while” and inserting “the daily equivalent of the maximum rate authorized for a position above grade GS-15 of the General Schedule under section 5108 of title 5, United States Code, for each day (including traveltime) during which the members are engaged in the business of the Commission. While”.

SEC. 303. TRANSFER OF FUNCTIONS FROM INSTITUTE OF MUSEUM SERVICES.

(a) **DEFINITIONS.**—For purposes of this section, unless otherwise provided or indicated by the context—

(1) the term “Federal agency” has the meaning given to the term “agency” by section 551(1) of title 5, United States Code;

(2) the term “function” means any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and

(3) the term “office” includes any office, administration, agency, institute, unit, organizational entity, or component thereof.

(b) **TRANSFER OF FUNCTIONS FROM THE INSTITUTE OF MUSEUM SERVICES AND THE LIBRARY PROGRAM OFFICE.**—There are transferred to the Director of the Institute of Museum and Library Services established under section 203 of the Museum and Library Services Act—

(1) all functions that the Director of the Institute of Museum Services exercised before the date of enactment of this section (including all related functions of any officer or employee of the Institute of Museum Services); and

(2) all functions that the Director of Library Programs in the Office of Educational Research and Improvement in the Department of Education exercised before the date of enactment of this section and any related function of any officer or employee of the Department of Education.

(c) **DETERMINATIONS OF CERTAIN FUNCTIONS BY THE OFFICE OF MANAGEMENT AND BUDGET.**—If necessary, the Office of Management and Budget shall make any determination of the functions that are transferred under subsection (b).

(d) **DELEGATION AND ASSIGNMENT.**—Except where otherwise expressly prohibited by law or otherwise provided by this section, the Director of the Institute of Museum and Library Services may delegate any of the functions transferred to the Director of the Institute of Museum and Library Services by this section and any function transferred or granted to such Director of the Institute of Museum and Library Services after the effective date of this section to such officers and employees of the Institute of Museum and Library Services as the Director of the Institute of Museum and Library Services

may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate, except that any delegation of any such functions with respect to libraries shall be made to the Deputy Director of the Office of Library Services and with respect to museums shall be made to the Deputy Director of the Office of Museum Services. No delegation of functions by the Director of the Institute of Museum and Library Services under this section or under any other provision of this section shall relieve such Director of the Institute of Museum and Library Services of responsibility for the administration of such functions.

(e) REORGANIZATION.—The Director of the Institute of Museum and Library Services may allocate or reallocate any function transferred under subsection (b) among the officers of the Institute of Museum and Library Services, and may establish, consolidate, alter, or discontinue such organizational entities in the Institute of Museum and Library Services as may be necessary or appropriate.

(f) RULES.—The Director of the Institute of Museum and Library Services may prescribe, in accordance with chapters 5 and 6 of title 5, United States Code, such rules and regulations as the Director of the Institute of Museum and Library Services determines to be necessary or appropriate to administer and manage the functions of the Institute of Museum and Library Services.

(g) TRANSFER AND ALLOCATIONS OF APPROPRIATIONS AND PERSONNEL.—Except as otherwise provided in this section, the personnel employed in connection with, and the assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, used, held, arising from, available to, or to be made available in connection with the functions transferred by this section, subject to section 1531 of title 31, United States Code, shall be transferred to the Institute of Museum and Library Services. Unexpended funds transferred pursuant to this subsection shall be used only for the purposes for which the funds were originally authorized and appropriated.

(h) INCIDENTAL TRANSFERS.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this section, and make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out this section. The Director of the Office of Management and Budget shall provide for the termination of the affairs of all entities terminated by this section and for such further measures and dispositions as may be necessary to effectuate the purposes of this section.

(i) EFFECT ON PERSONNEL.—

(1) IN GENERAL.—Except as otherwise provided by this section, the transfer pursuant to this section of full-time personnel (except special Government employees) and part-time personnel holding permanent positions shall not cause any such employee to be separated or reduced in grade or compensation for 1 year after the date of transfer of such employee under this section.

(2) *EXECUTIVE SCHEDULE POSITIONS.*—*Except as otherwise provided in this section, any person who, on the day preceding the effective date of this section, held a position compensated in accordance with the Executive Schedule prescribed in chapter 53 of title 5, United States Code, and who, without a break in service, is appointed in the Institute of Museum and Library Services to a position having duties comparable to the duties performed immediately preceding such appointment shall continue to be compensated in such new position at not less than the rate provided for such previous position, for the duration of the service of such person in such new position.*

(j) *SAVINGS PROVISIONS.*—

(1) *CONTINUING EFFECT OF LEGAL DOCUMENTS.*—*All orders, determinations, rules, regulations, permits, agreements, grants, contracts, certificates, licenses, registrations, privileges, and other administrative actions—*

(A) that have been issued, made, granted, or allowed to become effective by the President, any Federal agency or official of a Federal agency, or by a court of competent jurisdiction, in the performance of functions that are transferred under this section; and

(B) that were in effect before the effective date of this section, or were final before the effective date of this section and are to become effective on or after the effective date of this section;

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, the Director of the Institute of Museum and Library Services or other authorized official, a court of competent jurisdiction, or by operation of law.

(2) *PROCEEDINGS NOT AFFECTED.*—*This section shall not affect any proceedings, including notices of proposed rulemaking, or any application for any license, permit, certificate, or financial assistance pending before the Institute of Museum Services on the effective date of this section, with respect to functions transferred by this section. Such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken from the orders, and payments shall be made pursuant to the orders, as if this section had not been enacted, and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this paragraph shall be construed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this section had not been enacted.*

(3) *SUITS NOT AFFECTED.*—*This section shall not affect suits commenced before the effective date of this section, and in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this section had not been enacted.*

(4) *NONABATEMENT OF ACTIONS.*—*No suit, action, or other proceeding commenced by or against the Institute of Museum*

Services, or by or against any individual in the official capacity of such individual as an officer of the Institute of Museum Services, shall abate by reason of the enactment of this section.

(5) *ADMINISTRATIVE ACTIONS RELATING TO PROMULGATION OF REGULATIONS.*—Any administrative action relating to the preparation or promulgation of a regulation by the Institute of Museum Services relating to a function transferred under this section may be continued by the Institute of Museum and Library Services with the same effect as if this section had not been enacted.

(k) *TRANSITION.*—The Director of the Institute of Museum and Library Services may utilize—

(1) *the services of such officers, employees, and other personnel of the Institute of Museum Services with respect to functions transferred to the Institute of Museum and Library Services by this section; and*

(2) *funds appropriated to such functions for such period of time as may reasonably be needed to facilitate the orderly implementation of this section.*

(l) *REFERENCES.*—A reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or relating to—

(1) *the Director of the Institute of Museum Services with regard to functions transferred under subsection (b), shall be deemed to refer to the Director of the Institute of Museum and Library Services; and*

(2) *the Institute of Museum Services with regard to functions transferred under subsection (b), shall be deemed to refer to the Institute of Museum and Library Services.*

(m) *ADDITIONAL CONFORMING AMENDMENTS.*—

(1) *RECOMMENDED LEGISLATION.*—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Director of the Institute of Museum and Library Services shall prepare and submit to the appropriate committees of Congress recommended legislation containing technical and conforming amendments to reflect the changes made by this section.

(2) *SUBMISSION TO CONGRESS.*—Not later than 6 months after the effective date of this section, the Director of the Institute of Museum and Library Services shall submit to the appropriate committees of Congress the recommended legislation referred to under paragraph (1).

SEC. 304. SERVICE OF INDIVIDUALS SERVING ON DATE OF ENACTMENT.

Notwithstanding section 204 of the Museum and Library Services Act, the individual who was appointed to the position of Director of the Institute of Museum Services under section 205 of the Museum Services Act (as such section was in effect on the day before the date of enactment of this Act) and who is serving in such position on the day before the date of enactment of this Act shall serve as the first Director of the Institute of Museum and Library Services under section 204 of the Museum and Library Services Act (as added by section 301 of this title), and shall serve at the pleasure of the President.

SEC. 305. CONSIDERATION.

Consistent with title 5, United States Code, in appointing employees of the Office of Library Services, the Director of the Institute of Museum and Library Services shall give strong consideration to individuals with experience in administering State-based and national library and information services programs.

SEC. 306. TRANSITION AND TRANSFER OF FUNDS.

(a) *TRANSITION.*—*The Director of the Office of Management and Budget shall take appropriate measures to ensure an orderly transition from the activities previously administered by the Director of Library Programs in the Office of Educational Research and Improvement in the Department of Education to the activities administered by the Institute for Museum and Library Services under this title. Such measures may include the transfer of appropriated funds.*

(b) *TRANSFER.*—*The Secretary of Education shall transfer to the Director the amount of funds necessary to ensure the orderly transition from activities previously administered by the Director of the Office of Library Programs in the Office of Educational Research and Improvement in the Department of Education to the activities administered by the Institute for Museum and Library Services. In no event shall the amount of funds transferred pursuant to the preceding sentence be less than \$200,000.*

TITLE IV—HIGHER EDUCATION

SEC. 401. REORGANIZATION OF THE STUDENT LOAN MARKETING ASSOCIATION THROUGH THE FORMATION OF A HOLDING COMPANY.

(a) *AMENDMENT.*—*Part B of title IV of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq.) is amended by inserting after section 439 (20 U.S.C. 1087-2) the following new section:*

“SEC. 440. REORGANIZATION OF THE STUDENT LOAN MARKETING ASSOCIATION THROUGH THE FORMATION OF A HOLDING COMPANY.

“(a) ACTIONS BY THE ASSOCIATION’S BOARD OF DIRECTORS.—The Board of Directors of the Association shall take or cause to be taken all such action as the Board of Directors deems necessary or appropriate to effect, upon the shareholder approval described in subsection (b), a restructuring of the common stock ownership of the Association, as set forth in a plan of reorganization adopted by the Board of Directors (the terms of which shall be consistent with this section) so that all of the outstanding common shares of the Association shall be directly owned by a Holding Company. Such actions may include, in the Board of Director’s discretion, a merger of a wholly owned subsidiary of the Holding Company with and into the Association, which would have the effect provided in the plan of reorganization and the law of the jurisdiction in which such subsidiary is incorporated. As part of the restructuring, the Board of Directors may cause—

“(1) the common shares of the Association to be converted, on the reorganization effective date, to common shares of the

Holding Company on a one for one basis, consistent with applicable State or District of Columbia law; and

“(2) Holding Company common shares to be registered with the Securities and Exchange Commission.

“(b) SHAREHOLDER APPROVAL.—The plan of reorganization adopted by the Board of Directors pursuant to subsection (a) shall be submitted to common shareholders of the Association for their approval. The reorganization shall occur on the reorganization effective date, provided that the plan of reorganization has been approved by the affirmative votes, cast in person or by proxy, of the holders of a majority of the issued and outstanding shares of the Association common stock.

“(c) TRANSITION.—In the event the shareholders of the Association approve the plan of reorganization under subsection (b), the following provisions shall apply beginning on the reorganization effective date:

“(1) IN GENERAL.—Except as specifically provided in this section, until the dissolution date the Association shall continue to have all of the rights, privileges and obligations set forth in, and shall be subject to all of the limitations and restrictions of, section 439, and the Association shall continue to carry out the purposes of such section. The Holding Company and any subsidiary of the Holding Company (other than the Association) shall not be entitled to any of the rights, privileges, and obligations, and shall not be subject to the limitations and restrictions, applicable to the Association under section 439, except as specifically provided in this section. The Holding Company and any subsidiary of the Holding Company (other than the Association or a subsidiary of the Association) shall not purchase loans insured under this Act until such time as the Association ceases acquiring such loans, except that the Holding Company may purchase such loans if the Association is merely continuing to acquire loans as a lender of last resort pursuant to section 439(q) or under an agreement with the Secretary described in paragraph (6).

“(2) TRANSFER OF CERTAIN PROPERTY.—

“(A) IN GENERAL.—Except as provided in this section, on the reorganization effective date or as soon as practicable thereafter, the Association shall use the Association’s best efforts to transfer to the Holding Company or any subsidiary of the Holding Company (or both), as directed by the Holding Company, all real and personal property of the Association (both tangible and intangible) other than the remaining property. Subject to the preceding sentence, such transferred property shall include all right, title, and interest in—

“(i) direct or indirect subsidiaries of the Association (excluding special purpose funding companies in existence on the date of enactment of this section and any interest in any government-sponsored enterprise);

“(ii) contracts, leases, and other agreements of the Association;

“(iii) licenses and other intellectual property of the Association; and

“(iv) any other property of the Association.

“(B) CONSTRUCTION.—Nothing in this paragraph shall be construed to prohibit the Association from transferring remaining property from time to time to the Holding Company or any subsidiary of the Holding Company, subject to the provisions of paragraph (4).

“(3) TRANSFER OF PERSONNEL.—On the reorganization effective date, employees of the Association shall become employees of the Holding Company (or any subsidiary of the Holding Company), and the Holding Company (or any subsidiary of the Holding Company) shall provide all necessary and appropriate management and operational support (including loan servicing) to the Association, as requested by the Association. The Association, however, may obtain such management and operational support from persons or entities not associated with the Holding Company.

“(4) DIVIDENDS.—The Association may pay dividends in the form of cash or noncash distributions so long as at the time of the declaration of such dividends, after giving effect to the payment of such dividends as of the date of such declaration by the Board of Directors of the Association, the Association’s capital would be in compliance with the capital standards and requirements set forth in section 439(r). If, at any time after the reorganization effective date, the Association fails to comply with such capital standards, the Holding Company shall transfer to the Association additional capital in such amounts as are necessary to ensure that the Association again complies with the capital standards.

“(5) CERTIFICATION PRIOR TO DIVIDEND.—Prior to any such distribution, the Association shall certify to the Secretary of the Treasury that the payment of the dividend will be made in compliance with this paragraph and shall provide copies of all calculations needed to make such certification.

“(6) RESTRICTIONS ON NEW BUSINESS ACTIVITY OR ACQUISITION OF ASSETS BY ASSOCIATION.—

“(A) IN GENERAL.—After the reorganization effective date, the Association shall not engage in any new business activities or acquire any additional program assets described in section 439(d) other than in connection with—

“(i) student loan purchases through September 30, 2007;

“(ii) contractual commitments for future warehousing advances, or pursuant to letters of credit or standby bond purchase agreements, which are outstanding as of the reorganization effective date;

“(iii) the Association serving as a lender-of-last-resort pursuant to section 439(q); and

“(iv) the Association’s purchase of loans insured under this part, if the Secretary, with the approval of the Secretary of the Treasury, enters into an agreement with the Association for the continuation or resumption of the Association’s secondary market purchase program because the Secretary determines there is inadequate liquidity for loans made under this part.

“(B) AGREEMENT.—The Secretary is authorized to enter into an agreement described in clause (iii) of subparagraph (A) with the Association covering such secondary market activities. Any agreement entered into under such clause shall cover a period of 12 months, but may be renewed if the Secretary determines that liquidity remains inadequate. The fee provided under section 439(h)(7) shall not apply to loans acquired under any such agreement with the Secretary.”

“(7) ISSUANCE OF DEBT OBLIGATIONS DURING THE TRANSITION PERIOD; ATTRIBUTES OF DEBT OBLIGATIONS.—After the reorganization effective date, the Association shall not issue debt obligations which mature later than September 30, 2008, except in connection with serving as a lender-of-last-resort pursuant to section 439(q) or with purchasing loans under an agreement with the Secretary as described in paragraph (6). Nothing in this section shall modify the attributes accorded the debt obligations of the Association by section 439, regardless of whether such debt obligations are incurred prior to, or at any time following, the reorganization effective date or are transferred to a trust in accordance with subsection (d).”

“(8) MONITORING OF SAFETY AND SOUNDNESS.—

“(A) OBLIGATION TO OBTAIN, MAINTAIN, AND REPORT INFORMATION.—The Association shall obtain such information and make and keep such records as the Secretary of the Treasury may from time to time prescribe concerning—

“(i) the financial risk to the Association resulting from the activities of any associated person, to the extent such activities are reasonably likely to have a material impact on the financial condition of the Association, including the Association’s capital ratio, the Association’s liquidity, or the Association’s ability to conduct and finance the Association’s operations; and

“(ii) the Association’s policies, procedures, and systems for monitoring and controlling any such financial risk.”

“(B) SUMMARY REPORTS.—The Secretary of the Treasury may require summary reports of the information described in subparagraph (A) to be filed no more frequently than quarterly. If, as a result of adverse market conditions or based on reports provided pursuant to this subparagraph or other available information, the Secretary of the Treasury has concerns regarding the financial or operational condition of the Association, the Secretary of the Treasury may, notwithstanding the preceding sentence and subparagraph (A), require the Association to make reports concerning the activities of any associated person whose business activities are reasonably likely to have a material impact on the financial or operational condition of the Association.”

“(C) SEPARATE OPERATION OF CORPORATIONS.—

“(i) IN GENERAL.—The funds and assets of the Association shall at all times be maintained separately from the funds and assets of the Holding Company or

any subsidiary of the Holding Company and may be used by the Association solely to carry out the Association's purposes and to fulfill the Association's obligations.

"(ii) **BOOKS AND RECORDS.**—The Association shall maintain books and records that clearly reflect the assets and liabilities of the Association, separate from the assets and liabilities of the Holding Company or any subsidiary of the Holding Company.

"(iii) **CORPORATE OFFICE.**—The Association shall maintain a corporate office that is physically separate from any office of the Holding Company or any subsidiary of the Holding Company.

"(iv) **DIRECTOR.**—No director of the Association who is appointed by the President pursuant to section 439(c)(1)(A) may serve as a director of the Holding Company.

"(v) **ONE OFFICER REQUIREMENT.**—At least one officer of the Association shall be an officer solely of the Association.

"(vi) **TRANSACTIONS.**—Transactions between the Association and the Holding Company or any subsidiary of the Holding Company, including any loan servicing arrangements, shall be on terms no less favorable to the Association than the Association could obtain from an unrelated third party offering comparable services.

"(vii) **CREDIT PROHIBITION.**—The Association shall not extend credit to the Holding Company or any subsidiary of the Holding Company nor guarantee or provide any credit enhancement to any debt obligations of the Holding Company or any subsidiary of the Holding Company.

"(viii) **AMOUNTS COLLECTED.**—Any amounts collected on behalf of the Association by the Holding Company or any subsidiary of the Holding Company with respect to the assets of the Association, pursuant to a servicing contract or other arrangement between the Association and the Holding Company or any subsidiary of the Holding Company, shall be collected solely for the benefit of the Association and shall be immediately deposited by the Holding Company or such subsidiary to an account under the sole control of the Association.

"(D) **ENCUMBRANCE OF ASSETS.**—Notwithstanding any Federal or State law, rule, or regulation, or legal or equitable principle, doctrine, or theory to the contrary, under no circumstances shall the assets of the Association be available or used to pay claims or debts of or incurred by the Holding Company. Nothing in this subparagraph shall be construed to limit the right of the Association to pay dividends not otherwise prohibited under this subparagraph or to limit any liability of the Holding Company explicitly provided for in this section.

“(E) *HOLDING COMPANY ACTIVITIES.*—After the reorganization effective date and prior to the dissolution date, all business activities of the Holding Company shall be conducted through subsidiaries of the Holding Company.

“(F) *CONFIDENTIALITY.*—Any information provided by the Association pursuant to this section shall be subject to the same confidentiality obligations contained in section 439(r)(12).

“(G) *DEFINITION.*—For purposes of this paragraph, the term ‘associated person’ means any person, other than a natural person, who is directly or indirectly controlling, controlled by, or under common control with, the Association.

“(9) *ISSUANCE OF STOCK WARRANTS.*—On the reorganization effective date, the Holding Company shall issue to the Secretary of the Treasury a number of stock warrants that is equal to one percent of the outstanding shares of the Association, determined as of the last day of the fiscal quarter preceding the date of enactment of this section, with each stock warrant entitling the holder of the stock warrant to purchase from the Holding Company one share of the registered common stock of the Holding Company or the Holding Company’s successors or assigns, at any time on or before September 30, 2008. The exercise price for such warrants shall be an amount equal to the average closing price of the common stock of the Association for the 20 business days prior to the date of enactment of this section on the exchange or market which is then the primary exchange or market for the common stock of the Association. The number of shares of Holding Company common stock subject to each warrant and the exercise price of each warrant shall be adjusted as necessary to reflect—

“(A) the conversion of Association common stock into Holding Company common stock as part of the plan of reorganization approved by the Association’s shareholders; and

“(B) any issuance or sale of stock (including issuance or sale of treasury stock), stock split, recapitalization, reorganization, or other corporate event, if agreed to by the Secretary of the Treasury and the Association.

“(10) *RESTRICTIONS ON TRANSFER OF ASSOCIATION SHARES AND BANKRUPTCY OF ASSOCIATION.*—After the reorganization effective date, the Holding Company shall not sell, pledge, or otherwise transfer the outstanding shares of the Association, or agree to or cause the liquidation of the Association or cause the Association to file a petition for bankruptcy under title 11, United States Code, without prior approval of the Secretary of the Treasury and the Secretary of Education.

“(d) *TERMINATION OF THE ASSOCIATION.*—In the event the shareholders of the Association approve a plan of reorganization under subsection (b), the Association shall dissolve, and the Association’s separate existence shall terminate on September 30, 2008, after discharge of all outstanding debt obligations and liquidation pursuant to this subsection. The Association may dissolve pursuant to this subsection prior to such date by notifying the Secretary of

Education and the Secretary of the Treasury of the Association's intention to dissolve, unless within 60 days after receipt of such notice the Secretary of Education notifies the Association that the Association continues to be needed to serve as a lender of last resort pursuant to section 439(q) or continues to be needed to purchase loans under an agreement with the Secretary described in paragraph (6). On the dissolution date, the Association shall take the following actions:

“(1) ESTABLISHMENT OF A TRUST.—The Association shall, under the terms of an irrevocable trust agreement that is in form and substance satisfactory to the Secretary of the Treasury, the Association and the appointed trustee, irrevocably transfer all remaining obligations of the Association to the trust and irrevocably deposit or cause to be deposited into such trust, to be held as trust funds solely for the benefit of holders of the remaining obligations, money or direct noncallable obligations of the United States or any agency thereof for which payment the full faith and credit of the United States is pledged, maturing as to principal and interest in such amounts and at such times as are determined by the Secretary of the Treasury to be sufficient, without consideration of any significant reinvestment of such interest, to pay the principal of, and interest on, the remaining obligations in accordance with their terms. To the extent the Association cannot provide money or qualifying obligations in the amount required, the Holding Company shall be required to transfer money or qualifying obligations to the trust in the amount necessary to prevent any deficiency.

“(2) USE OF TRUST ASSETS.—All money, obligations, or financial assets deposited into the trust pursuant to this subsection shall be applied by the trustee to the payment of the remaining obligations assumed by the trust.

“(3) OBLIGATIONS NOT TRANSFERRED TO THE TRUST.—The Association shall make proper provision for all other obligations of the Association not transferred to the trust, including the repurchase or redemption, or the making of proper provision for the repurchase or redemption, of any preferred stock of the Association outstanding. Any obligations of the Association which cannot be fully satisfied shall become liabilities of the Holding Company as of the date of dissolution.

“(4) TRANSFER OF REMAINING ASSETS.—After compliance with paragraphs (1) and (3), any remaining assets of the trust shall be transferred to the Holding Company or any subsidiary of the Holding Company, as directed by the Holding Company.

“(e) OPERATION OF THE HOLDING COMPANY.—In the event the shareholders of the Association approve the plan of reorganization under subsection (b), the following provisions shall apply beginning on the reorganization effective date:

“(1) HOLDING COMPANY BOARD OF DIRECTORS.—The number of members and composition of the Board of Directors of the Holding Company shall be determined as set forth in the Holding Company's charter or like instrument (as amended from time to time) or bylaws (as amended from time to time) and as permitted under the laws of the jurisdiction of the Holding Company's incorporation.

“(2) *HOLDING COMPANY NAME.*—The names of the Holding Company and any subsidiary of the Holding Company (other than the Association)—

“(A) may not contain the name ‘Student Loan Marketing Association’; and

“(B) may contain, to the extent permitted by applicable State or District of Columbia law, ‘Sallie Mae’ or variations thereof, or such other names as the Board of Directors of the Association or the Holding Company deems appropriate.

“(3) *USE OF SALLIE MAE NAME.*—Subject to paragraph (2), the Association may assign to the Holding Company, or any subsidiary of the Holding Company, the ‘Sallie Mae’ name as a trademark and service mark, except that neither the Holding Company nor any subsidiary of the Holding Company (other than the Association or any subsidiary of the Association) may use the ‘Sallie Mae’ name on, or to identify the issuer of, any debt obligation or other security offered or sold by the Holding Company or any subsidiary of the Holding Company (other than a debt obligation or other security issued to the Holding Company or any subsidiary of the Holding Company). The Association shall remit to the Secretary of the Treasury \$5,000,000 within 60 days of the reorganization effective date as compensation for the right to assign such trademark or service mark.

“(4) *DISCLOSURE REQUIRED.*—Until 3 years after the dissolution date, the Holding Company, and any subsidiary of the Holding Company (other than the Association), shall prominently display—

“(A) in any document offering the Holding Company’s securities, a statement that the obligations of the Holding Company and any subsidiary of the Holding Company are not guaranteed by the full faith and credit of the United States; and

“(B) in any advertisement or promotional materials which use the ‘Sallie Mae’ name or mark, a statement that neither the Holding Company nor any subsidiary of the Holding Company is a government-sponsored enterprise or instrumentality of the United States.

“(f) *STRICT CONSTRUCTION.*—Except as specifically set forth in this section, nothing in this section shall be construed to limit the authority of the Association as a federally chartered corporation, or of the Holding Company as a State or District of Columbia chartered corporation.

“(g) *RIGHT TO ENFORCE.*—The Secretary of Education or the Secretary of the Treasury, as appropriate, may request that the Attorney General bring an action in the United States District Court for the District of Columbia for the enforcement of any provision of this section, or may, under the direction or control of the Attorney General, bring such an action. Such court shall have jurisdiction and power to order and require compliance with this section.

“(h) *DEADLINE FOR REORGANIZATION EFFECTIVE DATE.*—This section shall be of no further force and effect in the event that the reorganization effective date does not occur on or before 18 months after the date of enactment of this section.

“(i) **DEFINITIONS.**—For purposes of this section:

“(1) **ASSOCIATION.**—The term ‘Association’ means the Student Loan Marketing Association.

“(2) **DISSOLUTION DATE.**—The term ‘dissolution date’ means September 30, 2008, or such earlier date as the Secretary of Education permits the transfer of remaining obligations in accordance with subsection (d).

“(3) **HOLDING COMPANY.**—The term ‘Holding Company’ means the new business corporation established pursuant to this section by the Association under the laws of any State of the United States or the District of Columbia for the purposes of the reorganization and restructuring described in subsection (a).

“(4) **REMAINING OBLIGATIONS.**—The term ‘remaining obligations’ means the debt obligations of the Association outstanding as of the dissolution date.

“(5) **REMAINING PROPERTY.**—The term ‘remaining property’ means the following assets and liabilities of the Association which are outstanding as of the reorganization effective date:

“(A) Debt obligations issued by the Association.

“(B) Contracts relating to interest rate, currency, or commodity positions or protections.

“(C) Investment securities owned by the Association.

“(D) Any instruments, assets, or agreements described in section 439(d) (including, without limitation, all student loans and agreements relating to the purchase and sale of student loans, forward purchase and lending commitments, warehousing advances, academic facilities obligations, letters of credit, standby bond purchase agreements, liquidity agreements, and student loan revenue bonds or other loans).

“(E) Except as specifically prohibited by this section or section 439, any other nonmaterial assets or liabilities of the Association which the Association’s Board of Directors determines to be necessary or appropriate to the Association’s operations.

“(6) **REORGANIZATION.**—The term ‘reorganization’ means the restructuring event or events (including any merger event) giving effect to the Holding Company structure described in subsection (a).

“(7) **REORGANIZATION EFFECTIVE DATE.**—The term ‘reorganization effective date’ means the effective date of the reorganization as determined by the Board of Directors of the Association, which shall not be earlier than the date that shareholder approval is obtained pursuant to subsection (b) and shall not be later than the date that is 18 months after the date of enactment of this section.

“(8) **SUBSIDIARY.**—The term ‘subsidiary’ includes one or more direct or indirect subsidiaries.”.

(b) **TECHNICAL AMENDMENTS.**—

(1) **ELIGIBLE LENDER.**—

(A) **AMENDMENTS TO THE HIGHER EDUCATION ACT.**—

(i) **DEFINITION OF ELIGIBLE LENDER.**—Section 435(d)(1)(F) of the Higher Education Act of 1965 (20

U.S.C. 1085(d)(1)(F) is amended by inserting after "Student Loan Marketing Association" the following: "or the Holding Company of the Student Loan Marketing Association, including any subsidiary of the Holding Company, created pursuant to section 440,".

(ii) DEFINITION OF ELIGIBLE LENDER AND FEDERAL CONSOLIDATION LOANS.—Sections 435(d)(1)(G) and 428C(a)(1)(A) of such Act (20 U.S.C. 1085(d)(1)(G) and 1078–3(a)(1)(A)) are each amended by inserting after "Student Loan Marketing Association" the following: "or the Holding Company of the Student Loan Marketing Association, including any subsidiary of the Holding Company, created pursuant to section 440".

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the reorganization effective date as defined in section 440(h) of the Higher Education Act of 1965 (as added by subsection (a)).

(2) ENFORCEMENT OF SAFETY AND SOUNDNESS REQUIREMENTS.—Section 439(r) of the Higher Education Act of 1965 (20 U.S.C. 1087–2(r)) is amended—

(A) in the first sentence of paragraph (12), by inserting "or the Association's associated persons" after "by the Association";

(B) by redesignating paragraph (13) as paragraph (15); and

(C) by inserting after paragraph (12) the following new paragraph:

"(13) ENFORCEMENT OF SAFETY AND SOUNDNESS REQUIREMENTS.—The Secretary of Education or the Secretary of the Treasury, as appropriate, may request that the Attorney General bring an action in the United States District Court for the District of Columbia for the enforcement of any provision of this section, or may, under the direction or control of the Attorney General, bring such an action. Such court shall have jurisdiction and power to order and require compliance with this section."

(3) FINANCIAL SAFETY AND SOUNDNESS.—Section 439(r) of the Higher Education Act of 1965 (20 U.S.C. 1087–2(r)) is further amended—

(A) in paragraph (1)—

(i) by striking "and" at the end of subparagraph

(A);

(ii) by striking the period at the end of subparagraph (B) and inserting "; and"; and

(iii) by adding at the end the following new subparagraph:

"(C)(i) financial statements of the Association within 45 days of the end of each fiscal quarter; and

"(ii) reports setting forth the calculation of the capital ratio of the Association within 45 days of the end of each fiscal quarter.";

(B) in paragraph (2)—

(i) by striking clauses (i) and (ii) of subparagraph

(A) and inserting the following:

“(i) appoint auditors or examiners to conduct audits of the Association from time to time to determine the condition of the Association for the purpose of assessing the Association’s financial safety and soundness and to determine whether the requirements of this section and section 440 are being met; and

“(ii) obtain the services of such experts as the Secretary of the Treasury determines necessary and appropriate, as authorized by section 3109 of title 5, United States Code, to assist in determining the condition of the Association for the purpose of assessing the Association’s financial safety and soundness, and to determine whether the requirements of this section and section 440 are being met.”; and

(ii) by adding at the end the following new subparagraph:

“(D) ANNUAL ASSESSMENT.—

“(i) IN GENERAL.—For each fiscal year beginning on or after October 1, 1996, the Secretary of the Treasury may establish and collect from the Association an assessment (or assessments) in amounts sufficient to provide for reasonable costs and expenses of carrying out the duties of the Secretary of the Treasury under this section and section 440 during such fiscal year. In no event may the total amount so assessed exceed, for any fiscal year, \$800,000, adjusted for each fiscal year ending after September 30, 1997, by the ratio of the Consumer Price Index for All Urban Consumers (issued by the Bureau of Labor Statistics) for the final month of the fiscal year preceding the fiscal year for which the assessment is made to the Consumer Price Index for All Urban Consumers for September 1997.

“(ii) DEPOSIT.—Amounts collected from assessments under this subparagraph shall be deposited in an account within the Treasury of the United States as designated by the Secretary of the Treasury and shall remain available subject to amounts specified in appropriations Acts to carry out the duties of the Secretary of the Treasury under this subsection and section 440.”;

(C) in paragraph (11), by striking “paragraphs (4) and (6)(A)” and inserting “paragraphs (4), (6)(A), and (14)”;

(D) by inserting after paragraph (13) (as added by paragraph (2)(C)) the following new paragraph:

“(14) ACTIONS BY SECRETARY.—

“(A) IN GENERAL.—For any fiscal quarter ending after January 1, 2000, the Association shall have a capital ratio of at least 2.25 percent. The Secretary of the Treasury may, whenever such capital ratio is not met, take any one or more of the actions described in paragraph (7), except that—

“(i) the capital ratio to be restored pursuant to paragraph (7)(D) shall be 2.25 percent; and

“(ii) if the relevant capital ratio is in excess of or equal to 2 percent for such quarter, the Secretary of the Treasury shall defer taking any of the actions set forth in paragraph (7) until the next succeeding quarter and

may then proceed with any such action only if the capital ratio of the Association remains below 2.25 percent.

“(B) APPLICABILITY.—The provisions of paragraphs (4), (5), (6), (8), (9), (10), and (11) shall be of no further application to the Association for any period after January 1, 2000.”.

(4) INFORMATION REQUIRED; DIVIDENDS.—Section 439(r) of the Higher Education Act of 1965 (20 U.S.C. 1087-2(r)) is further amended—

(A) by adding at the end of paragraph (2) (as amended in paragraph (3)(B)(ii)) the following new subparagraph:

“(E) OBLIGATION TO OBTAIN, MAINTAIN, AND REPORT INFORMATION.—

“(i) IN GENERAL.—The Association shall obtain such information and make and keep such records as the Secretary of the Treasury may from time to time prescribe concerning—

“(I) the financial risk to the Association resulting from the activities of any associated person, to the extent such activities are reasonably likely to have a material impact on the financial condition of the Association, including the Association’s capital ratio, the Association’s liquidity, or the Association’s ability to conduct and finance the Association’s operations; and

“(II) the Association’s policies, procedures, and systems for monitoring and controlling any such financial risk.

“(ii) SUMMARY REPORTS.—The Secretary of the Treasury may require summary reports of such information to be filed no more frequently than quarterly. If, as a result of adverse market conditions or based on reports provided pursuant to this subparagraph or other available information, the Secretary of the Treasury has concerns regarding the financial or operational condition of the Association, the Secretary of the Treasury may, notwithstanding the preceding sentence and clause (i), require the Association to make reports concerning the activities of any associated person, whose business activities are reasonably likely to have a material impact on the financial or operational condition of the Association.

“(iii) DEFINITION.—For purposes of this subparagraph, the term ‘associated person’ means any person, other than a natural person, directly or indirectly controlling, controlled by, or under common control with the Association.”; and

(B) by adding at the end the following new paragraph:

“(16) DIVIDENDS.—The Association may pay dividends in the form of cash or noncash distributions so long as at the time of the declaration of such dividends, after giving effect to the payment of such dividends as of the date of such declaration by the Board of Directors of the Association, the Association’s capital would be in compliance with the capital standards set forth in this section.”.

(c) *SUNSET OF THE ASSOCIATION'S CHARTER IF NO REORGANIZATION PLAN OCCURS.*—Section 439 of the Higher Education Act of 1965 (20 U.S.C. 1087-2) is amended by adding at the end the following new subsections:

“(s) *CHARTER SUNSET.*—

“(1) *APPLICATION OF PROVISIONS.*—This subsection applies beginning 18 months and one day after the date of enactment of this subsection if no reorganization of the Association occurs in accordance with the provisions of section 440.

“(2) *SUNSET PLAN.*—

“(A) *PLAN SUBMISSION BY THE ASSOCIATION.*—Not later than July 1, 2007, the Association shall submit to the Secretary of the Treasury and to the Chairman and Ranking Member of the Committee on Labor and Human Resources of the Senate and the Chairman and Ranking Member of the Committee on Economic and Educational Opportunities of the House of Representatives, a detailed plan for the orderly winding up, by July 1, 2013, of business activities conducted pursuant to the charter set forth in this section. Such plan shall—

“(i) ensure that the Association will have adequate assets to transfer to a trust, as provided in this subsection, to ensure full payment of remaining obligations of the Association in accordance with the terms of such obligations;

“(ii) provide that all assets not used to pay liabilities shall be distributed to shareholders as provided in this subsection; and

“(iii) provide that the operations of the Association shall remain separate and distinct from that of any entity to which the assets of the Association are transferred.

“(B) *AMENDMENT OF THE PLAN BY THE ASSOCIATION.*—The Association shall from time to time amend such plan to reflect changed circumstances, and submit such amendments to the Secretary of the Treasury and to the Chairman and Ranking Minority Member of the Committee on Labor and Human Resources of the Senate and Chairman and Ranking Minority Member of the Committee on Economic and Educational Opportunities of the House of Representatives. In no case may any amendment extend the date for full implementation of the plan beyond the dissolution date provided in paragraph (3).

“(C) *PLAN MONITORING.*—The Secretary shall monitor the Association's compliance with the plan and shall continue to review the plan (including any amendments thereto).

“(D) *AMENDMENT OF THE PLAN BY THE SECRETARY OF THE TREASURY.*—The Secretary of the Treasury may require the Association to amend the plan (including any amendments to the plan), if the Secretary of the Treasury deems such amendments necessary to ensure full payment of all obligations of the Association.

“(E) IMPLEMENTATION BY THE ASSOCIATION.—The Association shall promptly implement the plan (including any amendments to the plan, whether such amendments are made by the Association or are required to be made by the Secretary of the Treasury).

“(3) DISSOLUTION OF THE ASSOCIATION.—The Association shall dissolve and the Association’s separate existence shall terminate on July 1, 2013, after discharge of all outstanding debt obligations and liquidation pursuant to this subsection. The Association may dissolve pursuant to this subsection prior to such date by notifying the Secretary of Education and the Secretary of the Treasury of the Association’s intention to dissolve, unless within 60 days of receipt of such notice the Secretary of Education notifies the Association that the Association continues to be needed to serve as a lender of last resort pursuant to subsection (q) or continues to be needed to purchase loans under an agreement with the Secretary described in paragraph (4)(A). On the dissolution date, the Association shall take the following actions:

“(A) ESTABLISHMENT OF A TRUST.—The Association shall, under the terms of an irrevocable trust agreement in form and substance satisfactory to the Secretary of the Treasury, the Association, and the appointed trustee, irrevocably transfer all remaining obligations of the Association to a trust and irrevocably deposit or cause to be deposited into such trust, to be held as trust funds solely for the benefit of holders of the remaining obligations, money or direct noncallable obligations of the United States or any agency thereof for which payment the full faith and credit of the United States is pledged, maturing as to principal and interest in such amounts and at such times as are determined by the Secretary of the Treasury to be sufficient, without consideration of any significant reinvestment of such interest to pay the principal of, and interest on, the remaining obligations in accordance with their terms.

“(B) USE OF TRUST ASSETS.—All money, obligations, or financial assets deposited into the trust pursuant to this subsection shall be applied by the trustee to the payment of the remaining obligations assumed by the trust. Upon the fulfillment of the trustee’s duties under the trust, any remaining assets of the trust shall be transferred to the persons who, at the time of the dissolution, were the shareholders of the Association, or to the legal successors or assigns of such persons.

“(C) OBLIGATIONS NOT TRANSFERRED TO THE TRUST.—The Association shall make proper provision for all other obligations of the Association, including the repurchase or redemption, or the making of proper provision for the repurchase or redemption, of any preferred stock of the Association outstanding.

“(D) TRANSFER OF REMAINING ASSETS.—After compliance with subparagraphs (A) and (C), the Association shall transfer to the shareholders of the Association any remaining assets of the Association.

“(4) RESTRICTIONS RELATING TO WINDING UP.—

“(A) RESTRICTIONS ON NEW BUSINESS ACTIVITY OR ACQUISITION OF ASSETS BY THE ASSOCIATION.—

“(i) IN GENERAL.—Beginning on July 1, 2009, the Association shall not engage in any new business activities or acquire any additional program assets (including acquiring assets pursuant to contractual commitments) described in subsection (d) other than in connection with the Association—

“(I) serving as a lender of last resort pursuant to subsection (q); and

“(II) purchasing loans insured under this part, if the Secretary, with the approval of the Secretary of the Treasury, enters into an agreement with the Association for the continuation or resumption of the Association’s secondary market purchase program because the Secretary determines there is inadequate liquidity for loans made under this part.

“(ii) AGREEMENT.—The Secretary is authorized to enter into an agreement described in subclause (II) of clause (i) with the Association covering such secondary market activities. Any agreement entered into under such subclause shall cover a period of 12 months, but may be renewed if the Secretary determines that liquidity remains inadequate. The fee provided under subsection (h)(7) shall not apply to loans acquired under any such agreement with the Secretary.

“(B) ISSUANCE OF DEBT OBLIGATIONS DURING THE WIND UP PERIOD; ATTRIBUTES OF DEBT OBLIGATIONS.—The Association shall not issue debt obligations which mature later than July 1, 2013, except in connection with serving as a lender of last resort pursuant to subsection (q) or with purchasing loans under an agreement with the Secretary as described in subparagraph (A). Nothing in this subsection shall modify the attributes accorded the debt obligations of the Association by this section, regardless of whether such debt obligations are transferred to a trust in accordance with paragraph (3).

“(C) USE OF ASSOCIATION NAME.—The Association may not transfer or permit the use of the name ‘Student Loan Marketing Association’, ‘Sallie Mae’, or any variation thereof, to or by any entity other than a subsidiary of the Association.”.

(d) REPEALS.—

(1) IN GENERAL.—Sections 439 of the Higher Education Act of 1965 (20 U.S.C. 1087–2) and 440 of such Act (as added by subsection (a) of this section) are repealed.

(2) EFFECTIVE DATE.—The repeals made by paragraph (1) shall be effective one year after—

(A) the dissolution date, as such term is defined in section 440(i)(2) of the Higher Education Act of 1965 (as added by subsection (a)), if a reorganization occurs in accordance with section 440 of such Act; or

(B) *the date the Association is dissolved pursuant to section 439(s) of such Act (as added by subsection (c)), if a reorganization does not occur in accordance with section 440 of such Act.*

(e) **ASSOCIATION NAMES.**—*Upon dissolution in accordance with section 439 of the Higher Education Act of 1965 (20 U.S.C. 1087–2), the names “Student Loan Marketing Association”, “Sallie Mae”, and any variations thereof may not be used by any entity engaged in any business similar to the business conducted pursuant to section 439 of such Act (as such section was in effect on the date of enactment of this Act) without the approval of the Secretary of the Treasury.*

SEC. 402. CONNIE LEE PRIVATIZATION.

(a) **STATUS OF THE CORPORATION AND CORPORATE POWERS; OBLIGATIONS NOT FEDERALLY GUARANTEED.**—

(1) **STATUS OF THE CORPORATION.**—*The Corporation shall not be an agency, instrumentality, or establishment of the United States Government, nor a Government corporation, nor a Government controlled corporation, as such terms are defined in section 103 of title 5, United States Code. No action under section 1491 of title 28, United States Code (commonly known as the Tucker Act) shall be allowable against the United States based on the actions of the Corporation.*

(2) **CORPORATE POWERS.**—*The Corporation shall be subject to the provisions of this section, and, to the extent not inconsistent with this section, to the District of Columbia Business Corporation Act (or the comparable law of another State, if applicable). The Corporation shall have the powers conferred upon a corporation by the District of Columbia Business Corporation Act (or such other applicable State law) as from time to time in effect in order to conduct the Corporation’s affairs as a private, for-profit corporation and to carry out the Corporation’s purposes and activities incidental thereto. The Corporation shall have the power to enter into contracts, to execute instruments, to incur liabilities, to provide products and services, and to do all things as are necessary or incidental to the proper management of the Corporation’s affairs and the efficient operation of a private, for-profit business.*

(3) **LIMITATION ON OWNERSHIP OF STOCK.**—

(A) **SECRETARY OF THE TREASURY.**—*The Secretary of the Treasury, in completing the sale of stock pursuant to subsection (c), may not sell or issue the stock held by the Secretary of Education to an agency, instrumentality, or establishment of the United States Government, or to a Government corporation or a Government controlled corporation, as such terms are defined in section 103 of title 5, United States Code, or to a government-sponsored enterprise as such term is defined in section 622 of title 2, United States Code.*

(B) **STUDENT LOAN MARKETING ASSOCIATION.**—*The Student Loan Marketing Association shall not increase its share of the ownership of the Corporation in excess of 42 percent of the shares of stock of the Corporation outstanding on the date of enactment of this Act. The Student Loan*

Marketing Association shall not control the operation of the Corporation, except that the Student Loan Marketing Association may participate in the election of directors as a shareholder, and may continue to exercise the Student Loan Marketing Association's right to appoint directors under section 754 of the Higher Education Act of 1965 (20 U.S.C. 1132f-3) as long as that section is in effect.

(C) PROHIBITION.—Until such time as the Secretary of the Treasury sells the stock of the Corporation owned by the Secretary of Education pursuant to subsection (c), the Student Loan Marketing Association shall not provide financial support or guarantees to the Corporation.

(D) FINANCIAL SUPPORT OR GUARANTEES.—After the Secretary of the Treasury sells the stock of the Corporation owned by the Secretary of Education pursuant to subsection (c), the Student Loan Marketing Association may provide financial support or guarantees to the Corporation, if such support or guarantees are subject to terms and conditions that are no more advantageous to the Corporation than the terms and conditions the Student Loan Marketing Association provides to other entities, including, where applicable, other monoline financial guaranty corporations in which the Student Loan Marketing Association has no ownership interest.

(4) NO FEDERAL GUARANTEE.—

(A) OBLIGATIONS INSURED BY THE CORPORATION.—

(i) FULL FAITH AND CREDIT OF THE UNITED STATES.—No obligation that is insured, guaranteed, or otherwise backed by the Corporation shall be deemed to be an obligation that is guaranteed by the full faith and credit of the United States.

(ii) STUDENT LOAN MARKETING ASSOCIATION.—No obligation that is insured, guaranteed, or otherwise backed by the Corporation shall be deemed to be an obligation that is guaranteed by the Student Loan Marketing Association.

(iii) SPECIAL RULE.—This paragraph shall not affect the determination of whether such obligation is guaranteed for purposes of Federal income taxes.

(B) SECURITIES OFFERED BY THE CORPORATION.—No debt or equity securities of the Corporation shall be deemed to be guaranteed by the full faith and credit of the United States.

(5) DEFINITION.—The term "Corporation" as used in this section means the College Construction Loan Insurance Association as in existence on the day before the date of enactment of this Act, and any successor corporation.

(b) RELATED PRIVATIZATION REQUIREMENTS.—

(1) NOTICE REQUIREMENTS.—

(A) IN GENERAL.—During the six-year period following the date of enactment of this Act, the Corporation shall include, in each of the Corporation's contracts for the insurance, guarantee, or reinsurance of obligations, and in each

document offering debt or equity securities of the Corporation, a prominent statement providing notice that—

(i) such obligations or such securities, as the case may be, are not obligations of the United States, nor are such obligations or such securities, as the case may be, guaranteed in any way by the full faith and credit of the United States; and

(ii) the Corporation is not an instrumentality of the United States.

(B) **ADDITIONAL NOTICE.**—During the five-year period following the sale of stock pursuant to subsection (c)(1), in addition to the notice requirements in subparagraph (A), the Corporation shall include, in each of the contracts and documents referred to in such subparagraph, a prominent statement providing notice that the United States is not an investor in the Corporation.

(2) **CORPORATE CHARTER.**—The Corporation’s charter shall be amended as necessary and without delay to conform to the requirements of this section.

(3) **CORPORATE NAME.**—The name of the Corporation, or of any direct or indirect subsidiary thereof, may not contain the term “College Construction Loan Insurance Association”, or any substantially similar variation thereof.

(4) **ARTICLES OF INCORPORATION.**—The Corporation shall amend the Corporation’s articles of incorporation without delay to reflect that one of the purposes of the Corporation shall be to guarantee, insure, and reinsure bonds, leases, and other evidences of debt of educational institutions, including Historically Black Colleges and Universities and other academic institutions which are ranked in the lower investment grade category using a nationally recognized credit rating system.

(5) **REQUIREMENTS UNTIL STOCK SALE.**—Notwithstanding subsection (d), the requirements of sections 754 and 760 of the Higher Education Act of 1965 (20 U.S.C. 1132f–3 and 1132f–9), as such sections were in effect on the day before the date of enactment of this Act, shall continue to be effective until the day immediately following the date of closing of the purchase of the Secretary of Education’s stock (or the date of closing of the final purchase, in the case of multiple transactions) pursuant to subsection (c)(1) of this Act.

(c) **SALE OF FEDERALLY OWNED STOCK.**—

(1) **SALE OF STOCK REQUIRED.**—The Secretary of the Treasury shall sell, pursuant to section 324 of title 31, United States Code, the stock of the Corporation owned by the Secretary of Education as soon as possible after the date of enactment of this Act, but not later than six months after such date.

(2) **PURCHASE BY THE CORPORATION.**—In the event that the Secretary of the Treasury is unable to sell the stock, or any portion thereof, at a price acceptable to the Secretary of Education and the Secretary of the Treasury, the Corporation shall purchase, within six months after the date of enactment of this Act, such stock at a price determined by the Secretary of the Treasury and acceptable to the Corporation based on the independent appraisal of one or more nationally recognized financial firms,

except that such price shall not exceed the value of the Secretary of Education's stock as determined by the Congressional Budget Office in House Report 104-153, dated June 22, 1995.

(3) **REIMBURSEMENT OF COSTS OF SALE.**—The Secretary of the Treasury shall be reimbursed from the proceeds of the sale of the stock under this subsection for all reasonable costs related to such sale, including all reasonable expenses relating to one or more independent appraisals under this subsection.

(4) **ASSISTANCE BY THE CORPORATION.**—The Corporation shall provide such assistance as the Secretary of the Treasury and the Secretary of Education may require to facilitate the sale of the stock under this subsection.

(d) **REPEAL OF STATUTORY RESTRICTIONS AND RELATED PROVISIONS.**—Part D of title VII of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) is repealed.

SEC. 403. ELIGIBLE INSTITUTION.

(a) **AMENDMENTS.**—Section 481(b) of the Higher Education Act of 1965 (20 U.S.C. 1088(b)) is amended by inserting after the end of the first sentence the following new sentence: “For the purposes of determining whether an institution meets the requirements of clause (6), the Secretary shall not consider the financial information of any institution for a fiscal year that began on or before April 30, 1994.”

(b) **EFFECTIVE DATE.**—The amendments made by subsection (a) shall apply to any determination made on or after July 1, 1994, by the Secretary of Education pursuant to section 481(b)(6) of the Higher Education Act of 1965 (20 U.S.C. 1088(b)(6)).

TITLE V—REPEALS AND CONFORMING AMENDMENTS

SEC. 501. REPEALS.

(a) **GENERAL IMMEDIATE REPEALS.**—The following provisions are repealed:

(1) Section 204 of the Immigration Reform and Control Act of 1986 (8 U.S.C. 1255a note).

(2) Title II of Public Law 95-250 (92 Stat. 172).

(3) The Library Services and Construction Act (20 U.S.C. 351 et seq.).

(4) Part F of the Technology for Education Act of 1994 (contained in title III of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7001 et seq.)).

(5) The School Dropout Assistance Act (part C of title V of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7261 et seq.)).

(6) The Displaced Homemakers Self-Sufficiency Assistance Act (29 U.S.C. 2301 et seq.).

(7) Section 211 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 211).

(8) Title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.), except subtitle B and section 738 of such title (42 U.S.C. 11431 et seq. and 11448).

(9) Section 201 of the National Literacy Act of 1991 (20 U.S.C. 1211-1).

(10) Section 304 of the National Literacy Act of 1991 (20 U.S.C. 1213c note).

(b) IMMEDIATE REPEAL OF HIGHER EDUCATION ACT OF 1965 PROVISIONS.—The following provisions of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) are repealed:

(1) Part B of title I (20 U.S.C. 1011 et seq.), relating to articulation agreements.

(2) Part C of title I (20 U.S.C. 1015 et seq.), relating to access and equity to education for all Americans through telecommunications.

(3) Title II (20 U.S.C. 1021 et seq.), relating to academic libraries and information services.

(4) Chapter 3 of subpart 2 of part A of title IV (20 U.S.C. 1070a-31 et seq.), relating to presidential access scholarships.

(5) Chapter 4 of subpart 2 of part A of title IV (20 U.S.C. 1070a-41 et seq.), relating to model program community partnerships and counseling grants.

(6) Section 409B (20 U.S.C. 1070a-52), relating to an early awareness information program.

(7) Chapter 8 of subpart 2 of part A of title IV (20 U.S.C. 1070a-81), relating to technical assistance for teachers and counselors.

(8) Subpart 8 of part A of title IV (20 U.S.C. 1070f), relating to special child care services for disadvantaged college students.

(9) Section 428J (20 U.S.C. 1078-10), relating to loan forgiveness for teachers, individuals performing national community service and nurses.

(10) Section 486 (20 U.S.C. 1093), relating to training in financial aid services.

(11) Subpart 1 of part H of title IV (20 U.S.C. 1099a et seq.) relating to State postsecondary review programs.

(12) Part A of title V (20 U.S.C. 1102 et seq.), relating to State and local programs for teacher excellence.

(13) Part B of title V (20 U.S.C. 1103 et seq.), relating to national teacher academies.

(14) Subpart 1 of part C of title V (20 U.S.C. 1104 et seq.), relating to Paul Douglas teacher scholarships.

(15) Subpart 3 of part C of title V (20 U.S.C. 1106 et seq.), relating to the teacher corps.

(16) Subpart 3 of part D of title V (20 U.S.C. 1109 et seq.), relating to class size demonstration grants.

(17) Subpart 4 of part D of title V (20 U.S.C. 1110 et seq.), relating to middle school teaching demonstration programs.

(18) Subpart 1 of part E of title V (20 U.S.C. 1111 et seq.), relating to new teaching careers.

(19) Subpart 1 of part F of title V (20 U.S.C. 1113), relating to the national mini corps programs.

(20) Section 586 (20 U.S.C. 1114), relating to demonstration grants for critical language and area studies.

(21) Section 587 (20 U.S.C. 1114a), relating to development of foreign languages and cultures instructional materials.

(22) *Subpart 3 of part F of title V (20 U.S.C. 1115), relating to small State teaching initiatives.*

(23) *Subpart 4 of part F of title V (20 U.S.C. 1116), relating to faculty development grants.*

(24) *Section 597 and subsection (b) of section 599 (20 U.S.C. 1117a and 1117c), relating to early childhood staff training and professional enhancement.*

(25) *Section 605 (20 U.S.C. 1124a), relating to intensive summer language institutes.*

(26) *Section 607 (20 U.S.C. 1125a), relating to periodicals and other research material published outside the United States.*

(27) *Part A of title VII (20 U.S.C. 1132b et seq.), relating to improvement of academic and library facilities.*

(28) *Title VIII (20 U.S.C. 1133 et seq.), relating to cooperative education programs.*

(29) *Part A of title IX (20 U.S.C. 1134a et seq.), relating to grants to institutions and consortia to encourage women and minority participation in graduate education.*

(30) *Part B of title IX (20 U.S.C. 1134d et seq.), relating to the Patricia Roberts Harris fellowship program.*

(31) *Part E of title IX (20 U.S.C. 1134r et seq.), relating to the faculty development fellowship program.*

(32) *Part F of title IX (20 U.S.C. 1134s et seq.), relating to assistance for training in the legal profession.*

(33) *Subpart 2 of part B of title X (20 U.S.C. 1135c et seq.), relating to science and engineering access programs.*

(34) *Part C of title X (20 U.S.C. 1135e et seq.), relating to women and minorities science and engineering outreach demonstration programs.*

(35) *Part D of title X (20 U.S.C. 1135f), relating to the Dwight D. Eisenhower leadership program.*

(c) **IMMEDIATE REPEAL OF EDUCATION AMENDMENTS OF 1986 PROVISIONS.**—*The following provisions of the Higher Education Amendments of 1986 are repealed:*

(1) *Part D of title XIII (20 U.S.C. 1029 note), relating to library resources.*

(2) *Part E of title XIII (20 U.S.C. 1221–1 note), relating to a National Academy of Science study.*

(3) *Part B of title XV (20 U.S.C. 4441 et seq.), relating to Native Hawaiian and Alaska Native culture and art development.*

(d) **IMMEDIATE REPEAL OF EDUCATION AMENDMENTS OF 1974 PROVISION.**—*Section 519 of the Education Amendments of 1974 (20 U.S.C. 1221i) is repealed.*

(e) **IMMEDIATE REPEAL OF EDUCATION AMENDMENTS OF 1992 PROVISIONS.**—*The following provisions of the Higher Education Amendments of 1992 are repealed:*

(1) *Part F of title XIII (25 U.S.C. 3351 et seq.), relating to American Indian postsecondary economic development scholarships.*

(2) *Part G of title XIII (25 U.S.C. 3371), relating to American Indian teacher training.*

(3) Section 1406 (20 U.S.C. 1221e-1 note), relating to a national survey of factors associated with participation.

(4) Section 1409 (20 U.S.C. 1132a note), relating to a study of environmental hazards in institutions of higher education.

(5) Section 1412 (20 U.S.C. 1101 note), relating to a national job bank for teacher recruitment.

(6) Part B of title XV (20 U.S.C. 1452 note), relating to a national clearinghouse for postsecondary education materials.

(7) Part C of title XV (20 U.S.C. 1101 note), relating to a school-based decisionmakers demonstration program.

(8) Part D of title XV (20 U.S.C. 1145h note), relating to grants for sexual offenses education.

(9) Part E of title XV (20 U.S.C. 1070 note), relating to Olympic scholarships.

(10) Part G of title XV (20 U.S.C. 1070a-11 note), relating to advanced placement fee payment programs.

(f) **SUBSEQUENT REPEALS.**—The following provisions are repealed:

(1) The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

(2) The Adult Education Act (20 U.S.C. 1201 et seq.).

(3) The School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.).

(4) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

SEC. 502. CONFORMING AMENDMENTS.

(a) **REFERENCES TO SECTION 204 OF THE IMMIGRATION REFORM AND CONTROL ACT OF 1986.**—The table of contents for the Immigration Reform and Control Act of 1986 is amended by striking the item relating to section 204 of such Act.

(b) **REFERENCES TO TITLE II OF PUBLIC LAW 95-250.**—Section 103 of Public Law 95-250 (16 U.S.C. 79l) is amended—

(1) by striking the second sentence of subsection (a); and

(2) by striking the second sentence of subsection (b).

(c) **REFERENCES TO LIBRARY SERVICES AND CONSTRUCTION ACT.**—

(1) **TECHNOLOGY FOR EDUCATION ACT OF 1994.**—The Technology for Education Act of 1994 (20 U.S.C. 6801 et seq.) is amended in section 3113(10) by striking “section 3 of the Library Services and Construction Act;” and inserting “section 4 of the Workforce and Career Development Act of 1996;”.

(2) **OMNIBUS EDUCATION RECONCILIATION ACT OF 1981.**—Section 528 of the Omnibus Education Reconciliation Act of 1981 (20 U.S.C. 3489) is amended—

(A) by striking paragraph (12); and

(B) by redesignating paragraphs (13) through (15) as paragraphs (12) through (14), respectively.

(3) **ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.**—Section 3113(10) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6813(10)) is amended by striking “section 3 of the Library Services and Construction Act” and inserting “section 213 of the Library Services and Technology Act”.

(4) *COMMUNITY IMPROVEMENT VOLUNTEER ACT OF 1994.*—Section 7305 of the Community Improvement Volunteer Act of 1994 (40 U.S.C. 276d–3) is amended—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) through (6) as paragraphs (1) through (5), respectively.

(5) *APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965.*—Section 214(c) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 214(c)) is amended by striking “Library Services and Construction Act;”.

(6) *DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966.*—Section 208(2) of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3338(2)) is amended by striking “title II of the Library Services and Construction Act;”.

(7) *PUBLIC LAW 87–688.*—Subsection (c) of the first section of the Act entitled “An Act to extend the application of certain laws to American Samoa”, approved September 25, 1962 (48 U.S.C. 1666(c)) is amended by striking “the Library Services Act (70 Stat. 293; 20 U.S.C. 351 et seq.)”.

(8) *COMMUNICATIONS ACT OF 1934.*—Paragraph (4) of section 254(h) of the Communications Act of 1934 (47 U.S.C. 254(h)(4)) is amended by striking “library not eligible for participation in State-based plans for funds under title III of the Library Services and Construction Act (20 U.S.C. 335c et seq.)” and inserting “library or library consortium not eligible for assistance from a State library administrative agency under the Library Services and Technology Act”.

(d) *REFERENCE TO SCHOOL DROPOUT ASSISTANCE ACT.*—Section 441 of the General Education Provisions Act (42 U.S.C. 1232d), as amended by section 261(f) of the Improving America’s Schools Act of 1994, is further amended by striking “(subject to the provisions of part C of title V of the Elementary and Secondary Education Act of 1965)”.

(e) *REFERENCES TO TITLE VII OF THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.*—

(1) *TABLE OF CONTENTS.*—The table of contents of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 1142 et seq.) is amended by striking the items relating to title VII of such Act, except subtitle B and section 738 of such title.

(2) *TITLE 31, UNITED STATES CODE.*—Section 6703(a) of title 31, United States Code, is amended—

(A) by striking paragraph (15); and

(B) by redesignating paragraphs (16) through (19) as paragraphs (15) through (18), respectively.

(f) *REFERENCES TO INSTITUTE OF MUSEUM SERVICES.*—

(1) *TITLE 5, UNITED STATES CODE.*—Section 5315 of title 5, United States Code, is amended by striking the following:

“Director of the Institute of Museum Services.” and inserting the following:

“Director of the Institute of Museum and Library Services.”.

(2) *DEPARTMENT OF EDUCATION ORGANIZATION ACT.*—Section 301 of the Department of Education Organization Act (20 U.S.C. 3441) is amended—

- (A) in subsection (a)—
 (i) by striking paragraph (5); and
 (ii) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively; and
 (B) in subsection (b)—
 (i) by striking paragraph (4); and
 (ii) by redesignating paragraphs (5) through (7) as paragraphs (4) through (6), respectively.

(3) *ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.*—
 (A) Sections 2101(b), 2205(c)(1)(D), 2208(d)(1)(H)(v), and 2209(b)(1)(C)(vi), and subsections (d)(6) and (e)(2) of section 10401 of the *Elementary and Secondary Education Act of 1965* (20 U.S.C. 6621(b), 6645(c)(1)(D), 6648(d)(1)(H)(v), 6649(b)(1)(C)(vi), and 8091 (d)(6) and (e)(2)) are amended by striking “the Institute of Museum Services” and inserting “the Institute of Museum and Library Services”.

(B) Section 10412(b) of such Act (20 U.S.C. 8102(b)) is amended—

(i) in paragraph (2), by striking “the Director of the Institute of Museum Services,” and inserting “the Director of the Institute of Museum and Library Services,”; and

(ii) in paragraph (7), by striking “the Director of the Institute of Museum Services,” and inserting “the Director of the Institute of Museum and Library Services,”.

(C) Section 10414(a)(2)(B) of such Act (20 U.S.C. 8104(a)(2)(B)) is amended by striking clause (iii) and inserting the following new clause:

“(iii) the Institute of Museum and Library Services.”.

(g) *REFERENCES TO OFFICE OF LIBRARIES AND LEARNING RESOURCES.*—Section 413(b)(1) of the *Department of Education Organization Act* (20 U.S.C. 3473(b)(1)) is amended—

(1) by striking subparagraph (H); and

(2) by redesignating subparagraphs (I) through (M) as subparagraphs (H) through (L), respectively.

(h) *REFERENCES TO STATE POSTSECONDARY REVIEW ENTITY PROGRAMS.*—The *Higher Education Act of 1965* is amended—

(1) in section 356(b)(2) (20 U.S.C. 10696(b)), by striking “II,”;

(2) in section 453(c)(2) (20 U.S.C. 1087c(c)(2))—

(A) by striking subparagraph (E); and

(B) by redesignating subparagraphs (F) through (H) as subparagraphs (E) through (G), respectively;

(3) in section 487(a)(3) (20 U.S.C. 1094(a)(3)), by striking subparagraph (B) and redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively;

(4) in section 487(a)(15) (20 U.S.C. 1094(a)(15)), by striking “the Secretary of Veterans Affairs, and State review entities under subpart 1 of part H” and inserting “and the Secretary of Veterans Affairs”;

(5) in section 487(a)(21) (20 U.S.C. 1094(a)(21)), by striking “, State postsecondary review entities,”;

(6) in section 487(c)(1)(A)(i) (20 U.S.C. 1094(c)(1)(A)(i)), by striking “State agencies, and the State review entities referred to in subpart 1 of part H” and inserting “and State agencies”;

(7) in section 487(c)(4) (20 U.S.C. 1094(c)(4)), by striking “, after consultation with each State review entity designated under subpart 1 of part H,”;

(8) in section 487(c)(5) (20 U.S.C. 1094(c)(5)), by striking “State review entities designated under subpart 1 of part H,”;

(9) in section 496(a)(7) (20 U.S.C. 1099b(a)(7)), by striking “and the appropriate State postsecondary review entity”;

(10) in section 496(a)(8) (20 U.S.C. 1099b(a)(8)), by striking “and the State postsecondary review entity of the State in which the institution of higher education is located”;

(11) in section 498(g)(2) (20 U.S.C. 1099c(g)(2)), by striking everything after the first sentence;

(12) in section 498A(a)(2)(D) (20 U.S.C. 1099c-1(a)(2)(D)), by striking “by the appropriate State postsecondary review entity designated under subpart 1 of this part or”;

(13) in section 498A(a)(2) (20 U.S.C. 1099c-1(a)(2))—

(A) by inserting “and” after the semicolon at the end of subparagraph (E);

(B) by striking subparagraph (F); and

(C) by redesignating subparagraph (G) as subparagraph (F); and

(14) in section 498A(a)(3) (20 U.S.C. 1099c-1(a)(3))—

(A) by inserting “and” after the semicolon at the end of subparagraph (C);

(B) by striking “; and” at the end of subparagraph (D) and inserting a period; and

(C) by striking subparagraph (E).

(i) REFERENCES TO CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—

(1) IMMIGRATION AND NATIONALITY ACT.—Section 245A(h)(4)(C) of the Immigration and Nationality Act (8 U.S.C. 1255a(h)(4)(C)) is amended by striking “Vocational Education Act of 1963” and inserting “Workforce and Career Development Act of 1996”.

(2) NATIONAL DEFENSE AUTHORIZATION ACT.—Section 4461 of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 1143 note) is amended—

(A) by striking paragraph (4); and

(B) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(3) INDIVIDUALS WITH DISABILITIES EDUCATION ACT.—Section 626(g) of the Individuals with Disabilities Education Act (20 U.S.C. 1425(g)) is amended—

(A) by striking “1973,” and inserting “1973 and”; and

(B) by striking “, and the Carl D. Perkins Vocational and Applied Technology Education Act”.

(4) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—The Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) is amended—

- (A) in section 1114(b)(2)(C)(v) (20 U.S.C. 6314(b)(2)(C)(v)), by striking “Carl D. Perkins Vocational and Applied Technology Education Act,” and inserting “Workforce and Career Development Act of 1996”;
- (B) in section 9115(b)(5) (20 U.S.C. 7815(b)(5)), by striking “Carl D. Perkins Vocational and Applied Technology Education Act” and inserting “Workforce and Career Development Act of 1996”;
- (C) in section 14302(a)(2) (20 U.S.C. 8852(a)(2))—
- (i) by striking subparagraph (C); and
 - (ii) by redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively; and
- (D) in the matter preceding subparagraph (A) of section 14307(a)(1) (20 U.S.C. 8857(a)(1)), by striking “Carl D. Perkins Vocational and Applied Technology Education Act” and inserting “Workforce and Career Development Act of 1996”.
- (5) EQUITY IN EDUCATIONAL LAND-GRANT STATUS ACT OF 1994.—Section 533(c)(4)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking “(20 U.S.C. 2397h(3))” and inserting “, as such section was in effect on the day preceding the date of enactment of the Workforce and Career Development Act of 1996”.
- (6) IMPROVING AMERICA’S SCHOOLS ACT OF 1994.—Section 563 of the Improving America’s Schools Act of 1994 (20 U.S.C. 6301 note) is amended by striking “the date of enactment of an Act reauthorizing the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)” and inserting “July 1, 1998”.
- (7) INTERNAL REVENUE CODE OF 1986.—Section 135(c)(3)(B) of the Internal Revenue Code of 1986 (26 U.S.C. 135(c)(3)(B)) is amended—
- (A) by striking “subparagraph (C) or (D) of section 521(3) of the Carl D. Perkins Vocational Education Act” and inserting “subparagraph (C) or (D) of section 4(4) of the Workforce and Career Development Act of 1996”; and
 - (B) by striking “any State (as defined in section 521(27) of such Act)” and inserting “any State or outlying area (as the terms ‘State’ and ‘outlying area’ are defined in section 4 of such Act)”.
- (8) APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965.—Section 214(c) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 214(c)) (as amended by subsection (c)(5)) is further amended by striking “Carl D. Perkins Vocational Education Act” and inserting “Workforce and Career Development Act of 1996”.
- (9) VOCATIONAL EDUCATION AMENDMENTS OF 1968.—Section 104 of the Vocational Education Amendments of 1968 (82 Stat. 1091) is amended by striking “section 3 of the Carl D. Perkins Vocational Education Act” and inserting “the Workforce and Career Development Act of 1996”.
- (10) OLDER AMERICANS ACT OF 1965.—The Older Americans Act of 1965 (42 U.S.C. 3001 et seq.) is amended—

- (A) in section 502(b)(1)(N)(i) (42 U.S.C. 3056(b)(1)(N)(i)), by striking “or the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)”; and
- (B) in section 505(d)(2) (42 U.S.C. 3056c(d)(2))—
- (i) by striking “the Secretary of Education” and inserting “the Secretaries (as defined in section 4 of the Workforce and Career Development Act of 1996)”;
- (ii) by striking “employment and training programs” and inserting “workforce and career development activities”; and
- (iii) by striking “the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)” and inserting “the Workforce and Career Development Act of 1996”.
- (j) REFERENCES TO ADULT EDUCATION ACT.—
- (1) REFUGEE EDUCATION ASSISTANCE ACT.—Subsection (b) of section 402 of the Refugee Education Assistance Act of 1980 (8 U.S.C. 1522 note) is repealed.
- (2) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—
- (A) SECTION 1202 OF ESEA.—Section 1202(c)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(c)(1)) is amended by striking “Adult Education Act” and inserting “Workforce and Career Development Act of 1996”.
- (B) SECTION 1205 OF ESEA.—Section 1205(8)(B) of such Act (20 U.S.C. 6365(8)(B)) is amended by striking “Adult Education Act” and inserting “Workforce and Career Development Act of 1996”.
- (C) SECTION 1206 OF ESEA.—Section 1206(a)(1)(A) of such Act (20 U.S.C. 6366(a)(1)(A)) is amended by striking “an adult basic education program under the Adult Education Act” and inserting “adult education and literacy activities under the Workforce and Career Development Act of 1996”.
- (D) SECTION 3113 OF ESEA.—Section 3113(1) of such Act (20 U.S.C. 6813(1)) is amended by striking “section 312 of the Adult Education Act” and inserting “section 4 of the Workforce and Career Development Act of 1996”.
- (E) SECTION 9161 OF ESEA.—Section 9161(2) of such Act (20 U.S.C. 7881(2)) is amended by striking “section 312(2) of the Adult Education Act” and inserting “section 4 of the Workforce and Career Development Act of 1996”.
- (3) OLDER AMERICANS ACT OF 1965.—Section 203(b)(8) of the Older Americans Act of 1965 (42 U.S.C. 3013(b)(8)) is amended by striking “Adult Education Act” and inserting “Workforce and Career Development Act of 1996”.
- (k) REFERENCES TO SCHOOL-TO-WORK OPPORTUNITIES ACT OF 1994.—
- (1) SECTION 1114 OF ESEA.—Section 1114(b)(2)(C)(v) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6314(b)(2)(C)(v)) (as amended in subsection (i)(4)(A)) is further amended by striking “the School-to-Work Opportunities Act of 1994.”.

(2) *SECTION 5204 OF ESEA.*—Section 5204 of such Act (20 U.S.C. 7234) is amended—

(A) by striking paragraph (4); and

(B) by redesignating paragraphs (5) through (7) as paragraphs (4) through (6), respectively.

(3) *SECTION 9115 OF ESEA.*—Section 9115(b)(5) of such Act (20 U.S.C. 7815(b)(5)) (as amended in subsection (i)(4)(B)) is further amended by striking “the School-to-Work Opportunities Act of 1994 and”.

(4) *SECTION 14302 OF ESEA.*—Section 14302(a)(2) of such Act (20 U.S.C. 8852(a)(2)) (as amended in subsection (i)(4)(C)) is further amended—

(A) in subparagraph (C) (as redesignated in such subsection), by striking the semicolon and inserting “; and”;

(B) by striking subparagraph (D) (as redesignated in such subsection); and

(C) by redesignating subparagraph (E) (as redesignated in such subsection) as subparagraph (D).

(5) *SECTION 14307 OF ESEA.*—Section 14307(a)(1) of such Act (20 U.S.C. 8857(a)(1)) (as amended in subsection (i)(4)(D)) is further amended by striking “, the School-to-Work Opportunities Act of 1994,”.

(6) *SECTION 14701 OF ESEA.*—Section 14701(b)(1) of such Act (20 U.S.C. 8941(b)(1)) is amended—

(A) in subparagraph (B)(ii), by striking “, and the School-to-Work Opportunities Act of 1994, and be coordinated with evaluations of such Acts” and inserting “and be coordinated with evaluations of such Act”; and

(B) in subparagraph (C)(ii), by striking “, the School-to-Work Opportunities Act of 1994,”.

(l) *REFERENCES TO JOB TRAINING PARTNERSHIP ACT.*—

(1) *TITLE 5, UNITED STATES CODE.*—Section 3502(d) of title 5, United States Code, is amended—

(A) in paragraph (3)—

(i) in subparagraph (A), by striking clause (i) and inserting the following:

“(i) the Governor of the appropriate State; and”; and

(ii) in subparagraph (B)(iii), by striking “other services under the Job Training Partnership Act” and inserting “other workforce and career development activities under the Workforce and Career Development Act of 1996”; and

(B) in paragraph (4), in the second sentence, by striking “Secretary of Labor on matters relating to the Job Training Partnership Act” and inserting “the Secretaries (as defined in section 4 of the Workforce and Career Development Act of 1996) on matters relating to such Act”.

(2) *FOOD STAMP ACT OF 1977.*—

(A) *SECTION 5.*—Section 5(l) of the Food Stamp Act of 1977 (7 U.S.C. 2014(l)) is amended by striking “Notwithstanding section 142(b) of the Job Training Partnership Act (29 U.S.C. 1552(b)), earnings to individuals participating in on-the-job training programs under section 204(b)(1)(C) or section 264(c)(1)(A) of the Job Training Partnership Act”

and inserting “Earnings to individuals participating in on-the-job training under the Workforce and Career Development Act of 1996”.

(B) SECTION 6.—Section 6 of the Food Stamp Act of 1977 (7 U.S.C. 2015) is amended—

(i) in subsection (d)(4)(N), by striking “the State public employment offices and agencies operating programs under the Job Training Partnership Act” and inserting “the State public employment offices and other State agencies and providers providing employment and training activities under the Workforce and Career Development Act of 1996”; and

(ii) in subsection (e)(3), by striking subparagraph (A) and inserting the following:

“(A) a program relating to employment and training activities carried out under the Workforce and Career Development Act of 1996;”.

(C) SECTION 17.—The second sentence of section 17(b)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(2)) is amended—

(i) by striking “to accept an offer of employment from a political subdivision or a prime sponsor pursuant to the Comprehensive Employment and Training Act of 1973, as amended (29 U.S.C. 812),” and inserting “to accept an offer of employment from a service provider carrying out employment and training activities through a program carried out under the Workforce and Career Development Act of 1996;” and

(ii) by striking “: Provided, That all of the political subdivision’s” and all that follows and inserting “, if all of the jobs supported under the program have been made available to participants in the program before the service provider providing the jobs extends an offer of employment under this paragraph, and if the service provider, in employing the person, complies with the requirements of Federal law that relate to the program.”.

(3) IMMIGRATION AND NATIONALITY ACT.—Section 245A(h)(4)(F) of the Immigration and Nationality Act (8 U.S.C. 1255a(h)(4)(F)) is amended by striking “The Job Training Partnership Act.” and inserting “The Workforce and Career Development Act of 1996.”.

(4) REFUGEE EDUCATION ASSISTANCE ACT OF 1980.—Section 402(a)(4) of the Refugee Education Assistance Act of 1980 (8 U.S.C. 1522 note) is amended by striking “the Comprehensive Employment and Training Act of 1973” and inserting “the Workforce and Career Development Act of 1996”.

(5) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1993.—

(A) SECTION 3161.—Section 3161(c)(6) of the National Defense Authorization Act for Fiscal Year 1993 (42 U.S.C. 7274h(c)(6)) is amended by striking subparagraph (A) and inserting the following:

“(A) programs carried out by the Secretaries (as defined in section 4 of the Workforce and Career Development Act of 1996) under such Act;”.

(B) SECTION 4461.—Section 4461(1) of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 1143 note) is amended by striking “The Job Training Partnership Act (29 U.S.C. 1501 et seq.)” and inserting “The Workforce and Career Development Act of 1996.”.

(C) SECTION 4471.—Section 4471 of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 2501 note) is amended—

(i) in subsection (d)(2), by striking “the State dislocated” and all that follows through “and the chief” and inserting “the Governor of the appropriate State and the chief”;

(ii) in subsection (e)—

(I) in the first sentence, by striking “for training, adjustment assistance, and employment services” and all that follows through “except where” and inserting “to participate in employment and training activities carried out under the Workforce and Career Development Act of 1996, except in a case in which”; and

(II) by striking the second sentence; and

(iii) in subsection (f)—

(I) in paragraph (3)—

(aa) in subparagraph (B), by striking “the State dislocated” and all that follows through “and the chief” and inserting “the Governor of the appropriate State and the chief”; and

(bb) in subparagraph (C), by striking “grantee under section 325(a) or 325A(a)” and all that follows through “employment services” and inserting “recipient of assistance under the Workforce and Career Development Act of 1996 providing employment and training activities”; and

(II) in paragraph (4), by striking “for training,” and all that follows through “beginning” and inserting “to participate in employment and training activities under the Workforce and Career Development Act of 1996 beginning”.

(D) SECTION 4492.—Section 4492(b) of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 1143 note) is amended by striking “the Job Training Partnership Act” and inserting “the Workforce and Career Development Act of 1996”.

(6) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1991.—Section 4003(5)(C) of the National Defense Authorization Act for Fiscal Year 1991 (10 U.S.C. 2391 note) is amended by inserting before the period the following: “, as in effect on the day before the date of the enactment of the Workforce and Career Development Act of 1996”.

(7) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1994.—Section 1333(c)(2)(B) of the National Defense Authorization Act for Fiscal Year 1994 (10 U.S.C. 2701 note) is amended by striking “Private industry councils (as described in section 102 of the Job Training Partnership Act (29 U.S.C. 1512)).” and inserting “Local workforce development boards established under section 108 of the Workforce and Career Development Act of 1996.”

(8) SMALL BUSINESS ACT.—The fourth sentence of section 7(j)(13)(E) of the Small Business Act (15 U.S.C. 636(j)(13)(E)) is amended by striking “the Job Training Partnership Act (29 U.S.C. 1501 et seq.)” and inserting “the Workforce and Career Development Act of 1996”.

(9) EMPLOYMENT ACT OF 1946.—Section 4(f)(2)(B) of the Employment Act of 1946 (15 U.S.C. 1022a(f)(2)(B)) is amended by striking “and include these in the annual Employment and Training Report of the President required under section 705(a) of the Comprehensive Employment and Training Act of 1973 (hereinafter in this Act referred to as ‘CETA’)” and inserting “and prepare and submit to the President an annual report containing the recommendations”.

(10) FULL EMPLOYMENT AND BALANCED GROWTH ACT OF 1978.—

(A) SECTION 206.—Section 206 of the Full Employment and Balanced Growth Act of 1978 (15 U.S.C. 3116) is amended—

(i) in subsection (b)—

(I) in the matter preceding paragraph (1), by striking “CETA” and inserting “the Workforce and Career Development Act of 1996”; and

(II) in paragraph (1), by striking “(including use of section 110 of CETA when necessary)”;

(ii) in subsection (c)(1), by striking “CETA” and inserting “activities carried out under the Workforce and Career Development Act of 1996”.

(B) SECTION 401.—Section 401(d) of the Full Employment and Balanced Growth Act of 1978 (15 U.S.C. 3151(d)) is amended by striking “include, in the annual Employment and Training Report of the President provided under section 705(a) of CETA,” and inserting “include, in the annual report referred to in section 4(f)(2)(B) of the Employment Act of 1946 (15 U.S.C. 1022a(f)(2)(B)),”.

(11) TITLE 18, UNITED STATES CODE.—Subsections (a), (b), and (c) of section 665 of title 18, United States Code are amended by striking “the Comprehensive Employment and Training Act or the Job Training Partnership Act” and inserting “the Workforce and Career Development Act of 1996”.

(12) TRADE ACT OF 1974.—Section 239(e) of the Trade Act of 1974 (19 U.S.C. 2311(e)) is amended by striking “under title III of the Job Training Partnership Act” and inserting “made available under the Workforce and Career Development Act of 1996”.

(13) HIGHER EDUCATION ACT.—Section 480(b)(14) of the Higher Education Act of 1965 (20 U.S.C. 1087vv(b)(14)) is

amended by striking “Job Training Partnership Act noneducational benefits” and inserting “benefits received through participation in employment and training activities under the Workforce and Career Development Act of 1996”.

(14) *INDIVIDUALS WITH DISABILITIES EDUCATION ACT.*—Section 626 of the Individuals with Disabilities Education Act (20 U.S.C. 1425) is amended—

(A) in the first sentence of subsection (a), by striking “(including the State job training coordinating councils and service delivery area administrative entities established under the Job Training Partnership Act)” and inserting “(including the individuals and entities participating in the State collaborative process under subsection (a) or (b) of section 105 of the Workforce and Career Development Act of 1996 and local workforce development boards established under section 108 of such Act)”;

(B) in subsection (e)—

(i) in paragraphs (3)(C) and (4)(A)(iii), by striking “local Private Industry Councils (PICS) authorized by the Job Training Partnership Act (JTPA),” and inserting “local workforce development boards established under section 108 of the Workforce and Career Development Act of 1996,”; and

(ii) in clauses (iii), (iv), (v), and (vii) of paragraph (4)(B), by striking “PICS authorized by the JTPA” and inserting “local workforce development boards established under section 108 of the Workforce and Career Development Act of 1996”; and

(C) in subsection (g) (as amended by subsection (i)(3)), by striking “the Job Training Partnership Act (JTPA)” and inserting “the Workforce and Career Development Act of 1996”.

(15) *DEPARTMENT OF EDUCATION ORGANIZATION ACT.*—Subsection (a) of section 302 of the Department of Education Organization Act (20 U.S.C. 3443(a)) (as redesignated in section 271(a)(2) of the Improving America’s Schools Act of 1994) is amended by striking “under section 303(c)(2) of the Comprehensive Employment and Training Act” and inserting “relating to such education”.

(16) *NATIONAL SKILL STANDARDS ACT OF 1994.*—

(A) *SECTION 504.*—Section 504(c)(3) of the National Skill Standards Act of 1994 (20 U.S.C. 5934(c)(3)) is amended by striking “the Capacity Building and Information and Dissemination Network established under section 453(b) of the Job Training Partnership Act (29 U.S.C. 1733(b)) and”.

(B) *SECTION 508.*—Section 508(1) of the National Skill Standards Act of 1994 (20 U.S.C. 5938(1)) is amended to read as follows:

“(1) *COMMUNITY-BASED ORGANIZATION.*—The term ‘community-based organization’ means a private nonprofit organization of demonstrated effectiveness that is representative of a community or a significant segment of a community and that provides

workforce and career development activities, as defined in section 4 of the Workforce and Career Development Act of 1996."

(17) *ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.*—

(A) *SECTION 1205.*—Section 1205(8)(B) of the *Elementary and Secondary Education Act of 1965* (20 U.S.C. 6365(8)(B)) (as amended by subsection (j)(2)(B)) is further amended by striking “, the Individuals with Disabilities Education Act, and the Job Training Partnership Act” and inserting “and the Individuals with Disabilities Education Act”.

(B) *SECTION 1414.*—Section 1414(c)(8) of the *Elementary and Secondary Education Act of 1965* (20 U.S.C. 6434(c)(8)) is amended by striking “programs under the Job Training Partnership Act,” and inserting “activities under the Workforce and Career Development Act of 1996,”.

(C) *SECTION 1423.*—Section 1423(9) of the *Elementary and Secondary Education Act of 1965* (20 U.S.C. 6453(9)) is amended by striking “programs under the Job Training and Partnership Act” and inserting “activities under the Workforce and Career Development Act of 1996”.

(D) *SECTION 1425.*—Section 1425(9) of the *Elementary and Secondary Education Act of 1965* (20 U.S.C. 6455(9)) is amended by striking “, such as funds under the Job Training Partnership Act,” and inserting “, such as funds made available under the Workforce and Career Development Act of 1996,”.

(18) *FREEDOM SUPPORT ACT.*—The last sentence of section 505 of the *FREEDOM Support Act* (22 U.S.C. 5855) is amended by striking “, through the Defense Conversion” and all that follows through “or through” and inserting “or through”.

(19) *INTERNAL REVENUE CODE OF 1986.*—

(A) *SECTION 42.*—Section 42(i)(3)(D)(i)(II) of the *Internal Revenue Code of 1986* is amended by striking “assistance under” and all that follows through “or under” and inserting “assistance under the Workforce and Career Development Act of 1996 or under”.

(B) *SECTION 51.*—Section 51(d) of the *Internal Revenue Code of 1986* is amended by striking paragraph (10).

(C) *SECTION 6334.*—Section 6334(d)(12) of the *Internal Revenue Code of 1986* is amended to read as follows:

“(12) *ASSISTANCE UNDER THE WORKFORCE AND CAREER DEVELOPMENT ACT OF 1996.*—Any amount payable to a participant in workforce and career development activities carried out under the Workforce and Career Development Act of 1996 from funds appropriated under such Act.”.

(20) *EMERGENCY JOBS AND UNEMPLOYMENT ASSISTANCE ACT OF 1974.*—

(A) *SECTION 204.*—Section 204(b) of the *Emergency Jobs and Unemployment Assistance Act of 1974* (26 U.S.C. 3304 note) is amended by striking “designate as an area” and all that follows and inserting “designate as an area under this section an area that is a local workforce develop-

ment area under the Workforce and Career Development Act of 1996.”

(B) SECTION 223.—Section 223 of the Emergency Jobs and Unemployment Assistance Act of 1974 (26 U.S.C. 3304 note) is amended—

(i) in paragraph (3), by striking “assistance provided” and all that follows and inserting “assistance provided under the Workforce and Career Development Act of 1996;” and

(ii) in paragraph (4), by striking “funds provided” and all that follows and inserting “funds provided under the Workforce and Career Development Act of 1996;”

(21) REHABILITATION ACT.—Section 612(b) of the Rehabilitation Act of 1973 (29 U.S.C. 795a(b)) is amended by striking “the Job Training Partnership Act” and inserting “the Workforce and Career Development Act of 1996”.

(22) JOB TRAINING REFORM AMENDMENTS OF 1992.—Section 701 of the Job Training Reform Amendments of 1992 (29 U.S.C. 1501 note) is repealed.

(23) PUBLIC LAW 98–524.—Section 7 of Public Law 98–524 (29 U.S.C. 1551 note) is repealed.

(24) VETERANS’ BENEFITS AND PROGRAMS IMPROVEMENT ACT OF 1988.—Section 402 of the Veterans’ Benefits and Programs Improvement Act of 1988 (29 U.S.C. 1721 note) is amended—

(A) in subsection (a), by striking “title III of the Job Training Partnership Act (29 U.S.C. 1651 et seq.)” and inserting “the Workforce and Career Development Act of 1996;”

(B) in subsection (c), by striking “Training, in consultation with the office designated or created under section 322(b) of the Job Training Partnership Act,” and inserting “Training”; and

(C) in subsection (d)—

(i) in paragraph (1), by striking “under—” and all that follows through “the Veterans” and inserting “under the Veterans”; and

(ii) in paragraph (2), by striking “Employment and training” and all that follows and inserting “Employment and training activities under the Workforce and Career Development Act of 1996.”

(25) VETERANS’ JOB TRAINING ACT.—

(A) SECTION 13.—Section 13(b) of the Veterans’ Job Training Act (29 U.S.C. 1721 note) is amended by striking “assistance under the Job Training Partnership Act (29 U.S.C. 1501 et seq.)” and inserting “assistance under the Workforce and Career Development Act of 1996”.

(B) SECTION 14.—Section 14(b)(3)(B)(i)(II) of the Veterans’ Job Training Act (29 U.S.C. 1721 note) is amended by striking “under part C of title IV of the Job Training Partnership Act (29 U.S.C. 1501 et seq.)” and inserting “under the Workforce and Career Development Act of 1996”.

(C) SECTION 15.—Section 15(c)(2) of the Veterans' Job Training Act (29 U.S.C. 1721 note) is amended—

(i) in the second sentence, by striking “part C of title IV of the Job Training Partnership Act (29 U.S.C. 1501 et seq.)” and inserting “the Workforce and Career Development Act of 1996”; and

(ii) in the third sentence, by striking “title III of”.

(26) WORKER ADJUSTMENT AND RETRAINING NOTIFICATION ACT.—Section 3(a)(2) of the Worker Adjustment and Retraining Notification Act (29 U.S.C. 2102(a)(2)) is amended by striking “to the State” and all that follows through “and the chief” and inserting “to the Governor of the appropriate State and the chief”.

(27) TITLE 31, UNITED STATES CODE.—Section 6703(a) of title 31, United States Code, is amended by striking paragraph (4) and inserting the following:

“(4) Activities under the Workforce and Career Development Act of 1996.”.

(28) VETERANS' REHABILITATION AND EDUCATION AMENDMENTS OF 1980.—Section 512 of the Veterans' Rehabilitation and Education Amendments of 1980 (38 U.S.C. 4101 note) is amended by striking “the Comprehensive Employment and Training Act (29 U.S.C. et seq.)” and inserting “the Workforce and Career Development Act of 1996”.

(29) TITLE 38, UNITED STATES CODE.—

(A) SECTION 4102A.—Section 4102A(d) of title 38, United States Code, is amended by striking “the Job Training Partnership Act” and inserting “the Workforce and Career Development Act of 1996”.

(B) SECTION 4103A.—Section 4103A(c)(4) of title 38, United States Code, is amended by striking “(including part C of title IV of the Job Training Partnership Act (29 U.S.C. 1501 et seq.))”.

(C) SECTION 4213.—Section 4213 of title 38, United States Code, is amended by striking “any employment or training program assisted under the Job Training Partnership Act (29 U.S.C. 1501 et seq.)” and inserting “any employment and training activity carried out under the Workforce and Career Development Act of 1996”.

(30) UNITED STATES HOUSING ACT.—Section 23 of the United States Housing Act of 1937 (42 U.S.C. 1437u) is amended—

(A) in subsection (b)(2)(A), by striking “the Job Training” and all that follows through “or the” and inserting “the Workforce and Career Development Act of 1996 or the”;

(B) in the first sentence of subsection (f)(2), by striking “programs under the” and all that follows through “and the” and inserting “activities under the Workforce and Career Development Act of 1996 and the”; and

(C) in subsection (g)—

(i) in paragraph (2), by striking “programs under the” and all that follows through “and the” and inserting “activities under the Workforce and Career Development Act of 1996 and the”; and

(ii) in paragraph (3)(H), by striking “program under” and all that follows through “and any other” and inserting “activity under the Workforce and Career Development Act of 1996 and any other”.

(31) HOUSING ACT OF 1949.—Section 504(c)(3) of the Housing Act of 1949 (42 U.S.C. 1474(c)(3)) is amended by striking “pursuant to” and all that follows through “or the” and inserting “pursuant to the Workforce and Career Development Act of 1996 or the”.

(32) OLDER AMERICANS ACT OF 1965.—

(A) SECTION 203.—Section 203 of the Older Americans Act of 1965 (42 U.S.C. 3013) is amended—

(i) in subsection (a)(2), by striking the last sentence and inserting the following: “In particular, the Secretary of Labor and the Secretary of Education shall consult and cooperate with the Assistant Secretary in carrying out the Workforce and Career Development Act of 1996.”; and

(ii) in subsection (b), by striking paragraph (1) and inserting the following:

“(1) the Workforce and Career Development Act of 1996.”.

(B) SECTION 502.—Section 502 of the Older Americans Act of 1965 (42 U.S.C. 3056) is amended—

(i) in subsection (b)(1)(N)(i) (as amended by subsection (i)(10)(A)), by striking “the Job Training Partnership Act (29 U.S.C. 1501 et seq.)” and inserting “the Workforce and Career Development Act of 1996”; and

(ii) in subsection (e)(2)(C), by striking “programs carried out under section 124 of the Job Training Partnership Act (29 U.S.C. 1534)” and inserting “employment and training activities carried out under the Workforce and Career Development Act of 1996”.

(C) SECTION 503.—Section 503(b)(1) of the Older Americans Act of 1965 (42 U.S.C. 3056a(b)(1)) is amended by striking “the Job Training Partnership Act,” each place it appears and inserting “the Workforce and Career Development Act of 1996,”.

(D) SECTION 510.—Section 510 of the Older Americans Act of 1965 (42 U.S.C. 3056h) is amended by striking “the Job Training Partnership Act, eligible individuals shall be deemed to satisfy the requirements of sections 203 and 204(d)(5)(A) of such Act (29 U.S.C. 1603, 1604(d)(5)(A))” and inserting “the Workforce and Career Development Act of 1996, eligible individuals shall be deemed to satisfy the requirements of such Act”.

(33) OMNIBUS CRIME CONTROL AND SAFE STREETS ACT OF 1968.—Section 1801(b)(3) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796ee(b)(3)) is amended by striking “activities carried out under part B of title IV of the Job Training Partnership Act (relating to Job Corps) (29 U.S.C. 1691 et seq.)” and inserting “activities carried out under subtitle C of title II of the Workforce and Career Development Act of 1996”.

(34) ENVIRONMENTAL PROGRAMS ASSISTANCE ACT OF 1984.—The second sentence of section 2(a) of the Environmental Programs Assistance Act of 1984 (42 U.S.C. 4368a(a)) is amended by striking “and title IV of the Job Training Partnership Act” and inserting “and the Workforce and Career Development Act of 1996”.

(35) DOMESTIC VOLUNTEER SERVICE ACT OF 1973.—

(A) SECTION 103.—The second sentence of section 103(d) of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4953(d)) is amended to read as follows: “Whenever feasible, such efforts shall be coordinated with a local workforce development board established under section 108 of the Workforce and Career Development Act of 1996.”

(B) SECTION 109.—Subsections (c)(2) and (d)(2) of section 109 of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4959) is amended by striking “administrative entities designated to administer job training plans under the Job Training Partnership Act” and inserting “eligible providers of training services, as defined in section 4 of the Workforce and Career Development Act of 1996”.

(36) AGE DISCRIMINATION ACT OF 1975.—Section 304(c)(1) of the Age Discrimination Act of 1975 (42 U.S.C. 6103(c)(1)) is amended by striking “the Comprehensive Employment and Training Act of 1974 (29 U.S.C. 801, et seq.), as amended,” and inserting “the Workforce and Career Development Act of 1996”.

(37) ENERGY CONSERVATION AND PRODUCTION ACT.—Section 414(b)(3) of the Energy Conservation and Production Act (42 U.S.C. 6864(b)(3)) is amended by striking “the Comprehensive Employment and Training Act of 1973” and inserting “the Workforce and Career Development Act of 1996”.

(38) NATIONAL ENERGY CONSERVATION POLICY ACT.—Section 233 of the National Energy Conservation Policy Act (42 U.S.C. 6873) is amended, in the matter preceding paragraph (1), by striking “the Comprehensive Employment and Training Act of 1973” and inserting “the Workforce and Career Development Act of 1996”.

(39) COMMUNITY ECONOMIC DEVELOPMENT ACT OF 1981.—Section 617(a)(3) of the Community Economic Development Act of 1981 (42 U.S.C. 9806(a)(3)) is amended by striking “activities such as those described in the Comprehensive Employment and Training Act” and inserting “employment and training activities described in the Workforce and Career Development Act of 1996”.

(40) STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—Section 103(b)(2) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11302(b)(2)) is amended by striking “the Job Training Partnership Act” and inserting “the Workforce and Career Development Act of 1996”.

(41) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—

(A) SECTION 177.—Section 177(d) of the National and Community Service Act of 1990 (42 U.S.C. 12637(d)) is amended to read as follows:

“(d) TREATMENT OF BENEFITS.—Allowances, earnings, and payments to individuals participating in programs that receive assist-

ance under this title shall not be considered to be income for the purposes of determining eligibility for and the amount of income transfer and in-kind aid furnished under any Federal or federally assisted program based on need, other than as provided under the Social Security Act (42 U.S.C. 301 et seq.).”.

(B) SECTION 198C.—Section 198C of the National and Community Service Act of 1990 (42 U.S.C. 12653c) is amended—

(i) in subsection (b)(1), by striking “a military installation described in section 325(e)(1) of the Job Training Partnership Act (29 U.S.C. 1662d(e)(1)).” and inserting “a military installation being closed or realigned under—

“(A) the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note); and

“(B) title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100–526; 10 U.S.C. 2687 note).”; and

(ii) in subsection (e)(1)(B), by striking clause (iii) and inserting the following:

“(iii) an at-risk youth (as defined in section 4 of the Workforce and Career Development Act of 1996).”.

(C) SECTION 199L.—Section 199L(a) of the National and Community Service Act of 1990 (42 U.S.C. 12655m(a)) is amended by striking “the Job Training Partnership Act (29 U.S.C. 1501 et seq.)” and inserting “the Workforce and Career Development Act of 1996”.

(42) CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT.—

(A) SECTION 454.—Subparagraphs (H) and (M) of subsection (c)(2), and subsection (d)(7), of section 454 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899c) are amended by striking “the Job Training Partnership Act” and inserting “the Workforce and Career Development Act of 1996”.

(B) SECTION 456.—The first sentence of section 456(e) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899e(e)) is amended by inserting “(as in effect on the day before the date of the enactment of the Workforce and Career Development Act of 1996)” after “the Job Training Partnership Act” each place it appears.

(43) VIOLENT CRIME CONTROL AND LAW ENFORCEMENT ACT OF 1994.—Section 31113(a)(4)(C) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 13823(a)(4)(C)) is amended by striking “authorized under the Job Training Partnership Act (29 U.S.C. 1501 et seq.)” and inserting “or employment and training activities authorized under the Workforce and Career Development Act of 1996”.

SEC. 503. EFFECTIVE DATES.

(a) REPEALS.—

(1) IMMEDIATE REPEALS.—The repeals made by subsections (a) through (e) of section 501 shall take effect on the date of the enactment of this Act.

(2) *SUBSEQUENT REPEALS.*—*The repeals made by section 501(f) shall take effect on July 1, 1998.*

(b) *CONFORMING AMENDMENTS.*—

(1) *IMMEDIATELY EFFECTIVE AMENDMENTS.*—*The amendments made by subsections (a) through (h) of section 502 shall take effect on the date of the enactment of this Act.*

(2) *SUBSEQUENTLY EFFECTIVE AMENDMENTS.*—*The amendments made by subsections (i) through (l) of section 502 shall take effect on July 1, 1998.*

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the amendment of the Senate to the title of the bill, insert the following: “An Act to consolidate Federal employment, education, and job training programs and create statewide workforce and career development systems, and for other purposes.”

And the Senate agree to the same.

BILL GOODLING,
STEVE GUNDERSON,
RANDY “DUKE” CUNNINGHAM,
HOWARD P. “BUCK” MCKEON,
FRANK D. RIGGS,
LINDSEY GRAHAM,
MARK SOUDER,

Managers on the Part of the House.

NANCY LANDON KASSEBAUM,
JIM JEFFORDS,
DAN COATS,
JUDD GREGG,
BILL FRIST,
MIKE DEWINE,
JOHN ASHCROFT,
SPENCER ABRAHAM,
SLADE GORTON,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 1617) to consolidate and reform workforce development and literacy programs, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

STATEMENT OF MANAGERS

GENERAL

Short title

1. The House bill is referred to as the CAREERS Act. The Senate amendment is referred to as the Workforce Development Act of 1995.

The House recedes with an amendment naming the bill the "Workforce and Career Development Act of 1996".

Table of contents

2. Both the House bill and the Senate amendment contain a table of contents.

Legislative counsel.

Findings

3. The Senate amendment provides findings on the failures of the existing Federal job training system. The House bill contains no findings, except those for title IV, Adult Education and Literacy Programs. (See next Note.)

The Senate recedes.

3a. The House bill provides findings on the importance of improving literacy.

The House recedes.

Purpose

4. The House bill provides one purpose for the Act—to transform existing programs into a more effective system. The Senate amendment contains three purposes: (1) to create statewide workforce development systems, (2) to improve skills, and (3) to promote economic development.

The Senate recedes with an amendment combining the purposes of both bills.

4a. The House bill contains additional purposes for the youth development and career preparation, adult employment and training, and adult education and literacy titles.

The House recesses.

Authorizations

5. The House bill provides authorizations of (1) \$2,324,600,000 for the youth development grant, (2) \$2,183,000,000 for the adult training grant, and (3) \$280,000,000 for the adult education and literacy grant. The Senate amendment provides for an authorization of \$5,884,000,000 for workforce development for fiscal year 1996 and 1997 (which includes funds made available under the Wagner-Peyser Act). The Senate amendment also provides for an authorization of \$2,100,000,000 for Job Corps and at-risk youth, and \$500,000 for transition to the Federal Partnership.

The Senate recesses with an amendment authorizing “such sums” for a single workforce and career development block grant and “such sums” for Job Corps.

5a. The House bill authorizes funds from fiscal year 1997–2002. The Senate amendment authorizes funds from fiscal year 1998–2001, except that for fiscal years 1996 and 1997, \$500,000 is authorized for the National Board.

The Senate recesses with an amendment authorizing appropriations beginning in fiscal year 1998 through fiscal year 2002.

6. Both the House bill and the Senate amendment provide for program years beginning on July 1 each fiscal year.

The House recesses.

7. Both the House bill and the Senate amendment allow funds obligated for any program year to be expended by the recipient during the program year and 2 years thereafter. However, the House bill requires the Secretary to reallocate a portion of the unexpended funds. Under the Senate amendment, no amount can be deobligated if the rate of expenditure is consistent with the State’s plan.

The House recesses with an amendment authorizing carryover of funds for employment and training and at-risk youth activities for up to two years.

Definitions

8. The House bill, but not the Senate amendment, includes a definition of “administration,” which applies only to the youth grant.

The House recesses.

9. Both the House bill and the Senate amendment definitions of “adult” differ in the calculation of age and whether or not an individual is required to be enrolled in a secondary school. In addition, the Senate amendment’s definition of “adult” applies only to the definition of adult education programs.

The House and Senate recess.

10. The House bill and the Senate amendment have similar definitions of “adult education,” but the House bill includes in the definition instruction for adults who are not enrolled or not required to be enrolled in school and who lack mastery of basic skills.

The Senate recesses with an amendment combining the definition of “adult education” in both bills.

11. The House bill, but not the Senate amendment, includes a definition of “all aspects of the industry,” which applies only to the youth grant.

The Senate recedes with an amendment to modify the definition of “all aspects of the industry”.

12. The Senate amendment, but not the House bill, defines “appropriate Secretary” to mean either the Secretary of Labor, the Secretary of Education, or both Secretaries acting jointly.

The House recedes.

13. Both the House bill and the Senate amendment include similar definitions of “area vocational education school.” The Senate amendment includes technical institutions on vocational schools, but only if the institute or school admits both individuals who have finished secondary school and who have left secondary school. The House bill requires that the department or division of a junior college, community college, or university operate under the policies of the State board.

The Senate recedes with an amendment replacing the reference to “State board” with “eligibility agency”.

14. The House bill, but not the Senate amendment, includes a definition of “articulation agreement,” which applies only to the youth grant.

The House recedes.

15. The House bill and the Senate amendment differ in the definition of “at-risk youth”. For example, the House bill defines “at-risk youth” as including both out-of-school and in-school youth. The Senate amendment defines “at-risk youth” in terms of low income.

The House recedes with an amendment defining “at-risk youth” as an individual who is between the ages of 15 and 21, is low-income, and who has additional barriers to education or employment.

15a. The Senate amendment also defines “at-risk youth” for the purposes of the Job Corps and at-risk youth title.

The Senate recedes.

16. The House bill, but not the Senate amendment, includes a definition of “career grant.”

The Senate recedes with an amendment defining a “career grant” as a voucher or credit used to purchase training services.

17. The House bill, but not the Senate amendment, includes a definition of “case management.”

The House recedes.

18. The House bill and the Senate amendment include similar definitions of “chief elected official,” except that the House bill refers to workforce development areas and the Senate amendment refers to substate areas.

The Senate recedes.

19. The House bill and the Senate amendment include similar definitions of “community-based organization.” However, the Senate bill requires the organization to have demonstrated effectiveness and to provide workforce development activities. The House bill lists the activities.

The House recedes with an amendment defining a “community-based organization” as a private, non-profit organization of demonstrated effectiveness.

While the Managers intend that providers under this system, including community-based organizations, be of “demonstrated effectiveness,” this is in no way intended to limit the ability of new providers to participate in the delivery of services under workforce and career preparation programs. Such providers simply must be able to demonstrate that they can provide services effectively.

20. The House bill, but not the Senate amendment, includes a definition of “comprehensive career guidance and counseling”.

The Senate recedes with an amendment to modify the definition of “career guidance and counseling”.

21. The House bill, but not the Senate amendment, includes a definition of “cooperative education,” which applies only to the youth grant.

The Senate recedes.

22. The House bill, but not the Senate amendment, includes a definition of “correctional education agency,” which applies only to the adult education and family literacy grant.

The House recedes.

23. The House bill, but not the Senate amendment, includes a definition of “cooperative vocational education,” which applies only to the youth grant.

The House recedes.

24. The Senate amendment, but not the House bill, includes a definition of “covered activity,” (programs repealed or amended under this Act).

The House recedes with technical and conforming amendments.

25. The House bill, but not the Senate amendment, includes a definition of “curricula,” which applies only to the youth grant.

The House recedes.

26. The House bill, but not the Senate amendment, includes a definition of “demographic characteristics.”

The House recedes.

27. The House bill and the Senate amendment have similar definitions of “dislocated worker.” However, the Senate amendment includes in the definition a displaced homemaker and an individual unemployed as a result of Federal action limiting the use of marine natural resources.

The Senate recedes with an amendment striking the reference to older workers and inserting references to displaced homemakers and individuals displaced because of Federal action that limits the use of marine natural resources in the definition of “dislocated worker”.

The Managers agreed to strike the specific reference to older workers in the definition because it was determined that older workers who are dislocated from their jobs are implicitly covered under the definition of a dislocated worker. It is still the intent of the Managers, however, that older workers who are in need of employment and training activities, be served fairly and equitably through employment training activities authorized under this Act.

28. The House bill and the Senate amendment contain different definitions of “displaced homemaker.” For example, the House bill includes in the definition an adult dependent on public assistance or a parent whose youngest dependent child is ineligible for assistance. The Senate amendment’s definition requires the Federal Partnership to determine guidelines solely for individuals who were full-time homemakers previously receiving financial support.

The Senate recedes with an amendment modifying the definition of “displaced homemaker”.

29. The House bill, but not the Senate amendment, includes a definition of “earnings.”

The House recedes.

30. The Senate amendment, but not the House bill, includes a definition of “economic development activities.”

The Senate recedes.

31. The House bill, but not the Senate amendment, includes a definition of “economic development agencies.”

The House recedes.

32. The House bill, but not the Senate bill, includes a definition of “economically disadvantaged.”

The Senate recedes with an amendment changing the term “economically disadvantaged” to “low-income individual”, modifying the reference to poverty guidelines, and striking additional State criteria.

33. The House bill and the Senate amendment include similar definitions of “educational service agency.” However, the House bill provides that an educational service agency be recognized as an administrative agency for vocational education.

The House recedes.

34. The House bill, but not the Senate amendment, includes a definition of “educationally disadvantaged adult,” which applies only to the adult education and family literacy grant.

The House recedes.

35. The Senate amendment, but not the House bill, includes a definition of “elementary school; secondary school.” In addition, the Senate amendment includes a definition of “local educational agency.” (See Note 52 for the comparable House definition of local educational agency.)

The House recedes with an amendment striking the definition of “elementary school” and “local educational agency”.

36. The House bill, but not the Senate amendment, includes a definition of “eligible institution,” which applies only to the youth grant.

The Senate recedes with an amendment striking the reference to “intermediate educational agency” and replacing it with “educational service agency”.

37. The House bill, but not the Senate amendment, includes a definition of “employed.”

The House recedes.

38. The House bill, but not the Senate amendment, includes a definition of “English literacy program.”

The Senate recedes with an amendment striking the reference to “adults, out-of-school youth, or both”.

39. The House bill, but not the Senate amendment, includes a definition of “excess number.”

The House recesses.

40. The House bill, but not the Senate amendment, includes a definition of “family and consumer sciences.”

The Senate recesses.

41. The House bill, but not the Senate amendment, includes a definition of “family literacy services,” which applies only to the adult education and family literacy grant.

The Senate recesses.

42. The Senate amendment, but not the House bill, includes a definition of “Federal Partnership.”

The Senate recesses.

43. The Senate amendment, but not the House bill, includes a definition of “flexible workforce activities.”

Legislative counsel.

44. The House bill, but not the Senate amendment, includes a definition of “Governor.”

The House recesses.

45. The House bill, but not the Senate amendment, includes a definition of “individual of limited English proficiency.”

The Senate recesses with an amendment changing “adult or youth” to “individual”.

46. The House bill and the Senate amendment include a definition of “individuals with disabilities.” The Senate amendment also includes a definition of “individual with a disability.” The House bill refers to the Rehabilitation Act of 1973, the Senate amendment refers to section 3 of the Americans with Disabilities Act of 1990.

The House recesses.

47. The House bill, but not the Senate amendment, includes a definition of “institution of higher education.” (See Note 36 for a definition of “eligible institution.”)

The House recesses.

48. The House bill, but not the Senate amendment, includes a definition of “job search assistance.”

The House recesses.

49. The House bill, but not the Senate amendment, includes a definition of “labor market area.”

The Senate recesses with an amendment striking second sentence of House definition.

50. The House bill, but not the Senate amendment, includes a definition of “library.” However, the Senate amendment includes definitions of “library consortia,” “library entity,” and “public library” in the provisions pertaining to Museums and Libraries. (See Note 550a)

The House recesses.

51. The House bill, but not the Senate amendment, includes a definition of “literacy.”

The Senate recesses.

52. Both the House bill and the Senate amendment, include the same definition for “local educational agency.” (See Note 35 for the comparable Senate definition)

The Senate recesses.

53. The Senate amendment, but not the House bill, includes a definition of “local entity.”

Legislative counsel.

54. The Senate amendment, but not the House bill, includes a definition of “local partnership.”

The Senate recesses.

55. The House bill, but not the Senate amendment, includes a definition of “migrant farmworker.”

The House recesses.

56. The Senate amendment, but not the House bill, includes a definition of “National Board.”

The Senate recesses.

57. The House bill, but not the Senate amendment, includes a definition of “Native American.” However, the Senate amendment includes definitions of “Indian,” “Alaska Native,” and “Native Hawaiian” in the provisions pertaining solely to Indian workforce development activities in section 107. (See Note 422)

The House recesses.

58. The House bill, but not the Senate amendment, includes a definition of “nontraditional employment.”

The Senate recesses with an amendment modifying the definition of “nontraditional employment”.

59. The House bill, but not the Senate amendment, includes a definition of “on-the-job training.”

The Senate recesses with an amendment striking the reference to the Occupational Employment Statistics Program Dictionary, and replacing it with criteria limiting the duration of on-the-job training, as appropriate.

60. The Senate amendment, but not the House bill, includes a definition of “outlying area.” (See related Note 76)

The House recesses.

61. The Senate amendment, but not the House bill, includes a definition of “participant.”

The Senate recesses.

62. The House bill, but not the Senate amendment, includes a definition of “partnership” which applies only to the youth grant.

The House recesses.

63. Both the House bill and the Senate amendment include a definition of “postsecondary educational institution.” The House bill refers to eligibility and certification requirements under the Higher Education Act of 1965. The Senate amendment requires two or four year programs of instruction.

The Senate recesses.

64. The House bill, but not the Senate amendment, includes a definition of “preemployment skills training; job readiness skills training.”

The House recesses.

65. The House bill, but not the Senate amendment, includes a definition of “public assistance.” (See related Note 91)

The House recesses.

66. The House bill defines “rapid response.” The Senate amendment defines “rapid response assistance.” The House bill specifies who provides the assistance, when on-site contact should occur, and lists types of assistance. The House bill refers to “sub-

stantial layoff,” the Senate amendment refers to “layoff of 50 or more people.”

The House recedes with an amendment combining the two definitions into a single definition of “rapid response assistance”.

67. The House bill, but not the Senate amendment, includes a definition of “registered apprenticeship.”

The House recedes.

68. The House bill, but not the Senate amendment, includes a definition of “school dropout.”

The Senate recedes with an amendment replacing “youth” with “individual” and striking the reference to a certificate of a secondary school equivalency program.

69. The Senate amendment, but not the House bill, includes a definition of “school-to-work activities.”

The Senate recedes.

70. The House bill, but not the Senate amendment, includes a definition of “seasonal farmworker.”

The House recedes.

71. The House bill, but not the Senate amendment, includes a definition of “Secretary,” which applies to both the youth grant and adult education and family literacy grant.

The House recedes.

72. The House bill, but not the Senate amendment, includes a definition of “sequential course of study,” which applies only to the youth grant.

The Senate recedes with an amendment striking “youth” and inserting “individuals.”

73. The House bill, but not the Senate amendment, includes a definition of “single parent,” which applies only to the youth grant.

The House recedes.

74. The House bill, but not the Senate amendment, includes a definition of “skill certificate.”

The House recedes.

75. The House bill, but not the Senate amendment, includes a definition of “special populations,” which applies only to the youth grant.

The House recedes.

76. Both the House bill and the Senate amendment include a definition of “State,” however, the House bill includes in the definition the Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands.

The House recedes.

77. The Senate amendment, but not the House bill, includes a definition of “State benchmarks.”

The House recedes with conforming amendments.

78. The House bill and the Senate amendment include different definitions of “State Educational Agency.” The House bill includes the same definition as the Elementary and Secondary Education Act. The Senate amendment’s definition differs from the Elementary and Secondary Education Act by including the State board of education or other officer, and by adding the clause “or, if there is no such officer or agency, an officer or agency designated by the Governor or by State law.”

The Senate recedes.

79. The Senate amendment, but not the House bill, includes a definition of “State goals.”

The House recesses.

80. Both the House bill and the Senate amendment include a definition of “State library administrative agency.” However, the Senate amendment definition is included in the provisions pertaining to Museums and Libraries. (See Note 550b)

The Senate recesses. (Definition moves to libraries section.)

81. The Senate amendment, but not the House bill, includes a definition of “statewide system.”

The House recesses with an amendment including employment and training activities, vocational education activities, adult education and literacy activities, at-risk youth activities, and activities carried out pursuant to the Wagner-Peyser Act in the definition of “statewide system”.

82. The Senate amendment, but not the House bill, includes a definition of “substate area.”

The Senate recesses.

83. The House bill, but not the Senate amendment, includes a definition of “supportive services.”

The Senate recesses with an amendment streamlining the definition of “supportive services”.

84. Both the House bill and the Senate amendment include similar definitions of “tech-prep.” The House bill defines “tech-prep education program,” the Senate amendment defines “tech-prep program.”

The House recesses.

84a. The Senate amendment refers to State law.

The House recesses with an amendment striking “sequence” and inserting “sequential course of study.”

84b. The Senate amendment includes work-site learning.

The House recesses.

84c. The House bill provides technical preparation in at least 1 field. The Senate amendment includes applied economics.

The House recesses.

84d. The Senate amendment includes economics.

The House recesses.

84e. The House bill refers to careers meeting labor market needs.

The House recesses.

85. The House bill, but not the Senate amendment, includes a definition of “unemployed.”

The House recesses.

86. The House bill, but not the Senate amendment, includes a definition of “unit of general local government.”

The Senate recesses.

87. Both the House bill and the Senate amendment definitions are the same, except for a technical difference.

The House recesses.

88. Both the House bill and the Senate amendment include different definitions of “vocational education.”

The House recesses.

89. The House bill, but not the Senate amendment, includes a definition of “vocational student organizations,” which applies only to the youth grant.

The Senate recedes with an amendment striking all after the word “units”.

90. The Senate amendment, but not the House bill, includes a definition of “vocational rehabilitation program.”

The House recedes.

91. The Senate amendment, but not the House bill, includes a definition of “welfare assistance.” (See related Note 65)

The Senate recedes.

92. The Senate amendment, but not the House bill, includes a definition of “welfare recipient.”

The Senate recedes.

93. The House bill, but not the Senate amendment, includes a definition of “work experience.”

The House recedes.

94. The Senate amendment, but not the House bill, includes a definition of “workforce development activities.”

The House recedes with an amendment striking “workforce development activities” and inserting “workforce and career development activities.”

95. The Senate amendment, but not the House bill, includes a definition of “workforce education activities.”

The House recedes with an amendment referencing “vocational education activities” and “adult education and literacy activities” instead of “workforce education activities.”

96. The Senate amendment, but not the House bill, includes a definition of “workforce employment activities.”

The House recedes with an amendment referencing “employment and training activities” instead of “workforce employment activities.”

97. The Senate amendment, but not the House bill, includes a definition of “workforce preparation activities for at-risk youth.”

The House recedes with an amendment referencing “at-risk youth activities” instead of “workforce preparation activities for at-risk youth.”

98. The House bill, but not the Senate amendment, includes a definition of “workplace mentor.”

The House recedes.

99. The House bill, but not the Senate amendment, includes a definition of “youth.”

The House recedes.

STATE ROLE

Description of system

100. The House bill, but not the Senate amendment, uses title I to establish an infrastructure for the workforce development and literacy system, composed of three block grants.

The House recedes.

101. The Senate amendment, but not the House bill, provides for the Secretaries to make an allotment to each State to establish a statewide workforce development system.

The House recedes with an amendment conforming the reference to the Secretary of Education and the Secretary of Labor to the “Secretaries” as defined in this title.

102. Under the House bill, grants for programs are provided under four separate titles, known as Workforce Development and Literacy Programs. (The House bill no longer contains a separate title for vocational rehabilitation.) Under the Senate amendment, a State must allocate its allotment as follows: 25% for workforce employment, 25% for workforce education, and the remaining 50% for the flex account.

The House recedes with an amendment apportioning a State’s block grant funds as follows: 32 percent for employment and training activities, 26 percent for vocational education activities, 16 percent for at-risk youth activities, and 6 percent for adult education and literacy activities.

102(a). The Senate amendment, but not the House bill, provides that 50% of the allotment be used for the flex account for workforce employment or workforce education activities, as a State may decide. In addition, a State would be required to spend a portion of the flex account on school-to-work activities. (See Note 350) A State may also use a portion of the flex account for economic development activities, if certain conditions are met. (See Note 352)

The House recedes with an amendment apportioning 20 percent for the flex account.

103. The House, but not the Senate amendment, allows the Governor to transfer up to 10% of the funds between title II (youth) and title III (adult training).

The House recedes.

104. Under the Senate amendment, but not the House bill, the Secretaries are directed to make payments to the Governor for workforce employment and to the State educational agency for workforce education.

The House recedes with an amendment providing that block grant funds allotted to a State will be distributed to the Governor for employment and training and at-risk youth activities, and to the eligible agency for vocational education and adult education and literacy activities. The amendment further provides for a definition for the term “eligible agency.”

The Managers intend that the reference to “State law” in determining the individual, entity or agency in a State responsible for administering or setting policies for vocational education or adult education and literacy includes State statutes or the State constitution. The term “State law” does not include regulations by the Governor. The Managers do not intend to prohibit States from redesignating the agency or agencies responsible for these activities by State statute.

Collaborative process/State boards

105. The House bill, but not the Senate amendment, requires a Governor to certify to the Secretaries that a collaborative process has occurred where required under the Act.

The House recedes.

106. Under the House bill, the collaborative process is a process for making the key decisions at the State level, including devel-

opment of the State plan. The collaborative process under the Senate amendment is used solely for developing the State's strategic plan. The State provides a description of the process in its plan.

The Senate recedes with an amendment clarifying that the collaborative process is to be used for the development of the State plan.

107. The House bill and the Senate amendment list the participants in the collaborative process.

The Senate recedes with an amendment combining and modifying the lists of participants in the collaborative process from both bills.

In determining who should participate in each State's collaborative process, the Managers intentionally limited the number of individuals and entities who are required by the legislation to participate in such effort. However, this was in no way intended to be an exhaustive list. The Managers encourage the participation of employment and training providers, especially private providers such as outplacement firms and for-profit training companies, whose private sector perspective and expertise should prove valuable to a State's comprehensive workforce preparation efforts.

108. The House bill, but not the Senate amendment, allows States to use existing processes, including State councils, that are substantially the same as those described in section 103(a) and (b), outlining the collaborative process.

The Senate recedes with an amendment allowing an existing State board, council or other entity to serve as the State's collaborative process, and describing the functions of such a State board.

109. The Senate amendment permits the Governor to establish a State workforce development board to assist in the development of the statewide workforce development system. The House bill permits existing State boards under section 103(c) (See previous Note).

The Senate recedes.

110. Both the House bill and the Senate amendment allow the Governor to act, if he or she is unable to obtain the support of the participants in the collaborative process. However, comments from participants must be included in the State plan. The House bill specifically gives the Governor final authority to submit the State plan, and to make decisions for all programs authorized under the Act, except where State law provides such authority to an individual or agency other than the Governor.

The Senate recedes with an amendment clarifying that the Governor shall have final authority for the content of the State plan relating to employment and training and at-risk youth activities, and the eligible agency shall have final authority for the content of the State plan relating to vocational education and adult education and literacy activities. The amendment further clarifies that the Governor has final authority to submit the State plan, including comments submitted by participants in the collaborative process. If the eligible agency disagrees with the portion of the State plan in its jurisdiction, the eligible agency's comments shall be considered to be the State's plan for those activities.

111. The House bill and the Senate amendment provide that neither shall be construed to supersede State law or authority, although the Senate amendment applies only to education activities.

The Senate recedes with an amendment combining the provisions of both bills that provides that nothing in this title should supersede State law.

It was important to the Managers that nothing in this Act supersede or negate the authority of any State official, agency, or entity over programs under that official's, agency's, or entity's jurisdiction. The Managers wish to clarify that this protection is also extended to any existing authority or jurisdiction granted by State law to State Legislatures.

State allotments

(Workforce Development/At-Risk Youth)

112. The Senate amendment, but not the House bill, provides that funds be expended in accordance with the State's laws and procedures.

The Senate recedes.

113. Under the Senate amendment, funds for workforce development activities will be distributed according to a formula based on the following factors: 60% of the funds based on each State's percentage share of the population aged 15 to 65 years, 20% of the funds based on each State's percentage share of individuals aged 18 to 64 years who are at or below the official poverty line, 10% of the funds based on each State's percentage share of the average unemployment rate for the previous 2 years; and 10% based on each State's percentage share of adult recipients of welfare assistance. The House bill has no comparable allotment requirement for a single grant to States, but does provide allotments to States under the three separate block grants. (See Notes 115, 116, & 117)

The House recedes with an amendment changing the age range of individuals in poverty to ages 16 to 64, and making other conforming changes in the State allotments.

113a. Under the Senate amendment, in addition to the factors described in the previous Note, there is a provision for a State minimum allocation, so that no State receives less than 0.5% of the total allocation. However, the application of the minimum grant provision cannot result in an allotment that is larger than 150% of the product of a State's population times the national per capita payment under the formula (which is the total allocation divided by the total population). The House bill also includes State minimums in its separate grant allotments. (See Notes 115, 116, & 117)

The House recedes with an amendment striking any references to the Federal Partnership.

113b. Notwithstanding any other provision of the formula in the Senate amendment, no State would receive an increase or decrease of more than 5% in its share of funds from the previous year.

The House recedes with an amendment striking "0.95" and inserting "0.98"; and striking "1.05" and inserting "1.02".

114. The Senate amendment provides funding for Job Corps and at-risk youth through an allotment based on 1996 appropriations for Job Corps, and the remainder distributed by formula for workforce preparation activities for at-risk youth. The House bill

provides funding for at-risk youth under the youth grant. (See Note 115). The House bill retains current law for Job Corps.

The Senate recesses.

114a. Under the Senate amendment, the Secretaries provide funds for the operation of Job Corps centers based on the amounts appropriated in fiscal year 1996 and such additional amounts as are necessary for the construction of new centers.

The Senate recesses.

114b. Under the Senate amendment, the Secretaries may reserve at-risk youth funds for Indians and Native Hawaiians.

The Senate recesses.

114c. Remaining funds for at-risk youth are allocated in the Senate amendment based on the following factors: 33 $\frac{1}{3}$ % of the funds based on each State's percentage share of the average unemployment rate for the previous two years, 33 $\frac{1}{3}$ % of the funds based on each State's percentage share of individuals aged 18 to 64 years who are at or below the official poverty line, and 33 $\frac{1}{3}$ percent of the funds based on each State's percentage share of at-risk youth.

The Senate recesses.

(Youth)

115. Under the House bill's grant for youth (which includes in-school and at-risk youth), States are provided an amount of funding which bears the same ratio as the average of funds they received in fiscal year 1995 under sections 101 and 101A of the Perkins Act (basic State and tech prep grants) and sections 252 and 262 of JTPA (Title II-B Summer Youth and Title II-C Youth Training). A small State minimum of $\frac{1}{4}$ of 1% is provided. For a description of the Senate allotment for workforce development (which includes youth) and the allotment for at-risk youth. (See Notes 113 and 114).

The House recesses.

(Employment and Training Activities)

116. Under the House bill's grant for adult employment and training, States are provided funds based on each State's share of fiscal year 1995 appropriations under JTPA Title II-A (Adult Training) and Title III (Dislocated Workers). In addition, no State would receive less than 0.25% of the amount made available for these activities. For a description of the Senate allotment which includes employment and training, see Note 113.

The House recesses.

(Adult Education)

117. Under the House bill's grant for adult education and literacy, States are provided an allotment of \$250,000. Funds remaining after these allotments are made would be distributed to States in proportion to the adult population who are: at least 16 years of age but less than 61 years, beyond the age of compulsory school attendance, do not have a high school diploma (or the equivalent), and who are not currently enrolled in school. For a description of the Senate allotment which includes adult education, see Note 113.

The House recesses.

*State responsibilities**(State plan / General)*

118. Under the House bill, the Governor must submit a single State plan (to the Secretaries of Education and Labor) for the workforce development and literacy programs under the Act. Under the Senate amendment, the Governor must submit a single, comprehensive 3-year plan to the Federal Partnership.

The Senate recedes with an amendment clarifying that the State plan will cover a 3-year period.

119. Under the House bill, but not the Senate amendment, the plan remains in effect for 6 years, unless the State modifies the plan.

The Senate recedes with an amendment clarifying that a State may submit modifications to its State plan during the 3-year period.

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120. Under the Senate amendment, but not the House bill, the plan contains three components: (1) the strategic plan, (2) the description of workforce employment activities, and (3) the description of workforce education activities. The strategic plan, developed through the collaborative process, describes the statewide strategy and the allocation of funds in the flex account.

The Senate recedes.

121. Both the House bill and the Senate amendment require that State plans include various elements. To the extent both the House bill and the Senate amendment contain comparable requirements, there are differences in content.

The Senate recedes with an amendment changing the title to "State Plan" and striking "workforce development and literacy".

121a. Both the House bill and the Senate amendment require a description of the collaborative process. The House bill and the Senate amendment differ in the use of the collaborative process. The Senate amendment also requires a demonstration of support by the participants. (See Note 106)

The House recedes with an amendment requiring the State plan to describe the collaborative process, and to demonstrate the support of participants for the plan and the agreement of the eligible agencies for the plan.

121b. Both the House bill and the Senate amendment require a description of the State goals (and in the Senate amendment, State benchmarks) for workforce development and how to achieve them.

The House recedes with an amendment requiring the State plan to describe State goals and benchmarks and how workforce and career activities will be coordinated to reach them.

121c. Both the House bill and the Senate amendment require a description of the current and future workforce development needs of each State.

The Senate recedes with an amendment requiring the State plan to describe workforce and career development needs in the State.

121d. Both the House bill and the Senate amendment require a description of performance indicators to measure and continuously improve upon the performance of the statewide system. The House bill requires the identification of progress indicators. (See Notes 123c and 125b for comparable Senate provisions)

The House and Senate recede.

121e. The House bill, but not the Senate amendment, requires a description of how the State will comply with the requirements for (1) the designation of workforce development areas, (2) the establishment of local boards, (3) integrated career center system, and (4) identification of eligible education and training providers, as required by the Act.

The Senate recedes with an amendment requiring the identification of local workforce development areas in the State plan, with an exception for small States, and the development and inclusion of criteria to identify effective and ineffective at-risk youth providers and programs.

Under the conference agreement, local workforce development areas are to be identified as a part of the collaborative planning process in each State, with such identification included in the State plan. As such, it is the intent of the Managers that individuals involved in the collaborative process, including representatives of local chief elected officials, local educational agencies, postsecondary institutions (including community colleges), and business, as well as others, be involved in the identification of these local areas. In addition, as part of the broader requirement that the State plan must be made available to the public for comment, it is intended that the designation of these areas is truly a participatory process.

Regarding identification of the actual geographic boundaries of local workforce development areas, in addition to labor market areas, the Managers encourage States to take into consideration existing service areas (including service delivery areas established under the Job Training Partnership Act, areas served by postsecondary institutions and area vocational education schools, areas served by local educational agencies and intermediate educational agencies, and units of general local government). The Managers also encourage States to take into account the distance that individuals must travel for receipt of services in making such determinations.

The Managers also intend for the identification of effective and ineffective providers of at-risk youth activities to provide States and local workforce development boards with useful information regarding “best practices” and “failed practices” in addressing the employment and training needs of at-risk youth.

121f. Both the House bill and the Senate amendment require a description of how the State will participate in the national labor market information system.

The Senate recedes with an amendment requiring the State plan to describe the statewide labor market information system.

121g. The House bill, but not the Senate amendment, requires additional plan elements outlined in titles II–IV.

The House recedes.

121h. Both the House bill and the Senate amendment require a description of how the State will eliminate duplication among

services, including a description of common data collection and reporting processes.

The Senate recedes.

121i. The House bill, but not the Senate amendment, requires a description of the process for public comment.

The Senate recedes.

121j. Both the House bill and the Senate amendment require a description of business participation.

The House recedes with an amendment clarifying participation of labor, as appropriate.

121k. The House bill, but not the Senate amendment, requires assurance that the State will be accountable for funds distributed under the Act.

The Senate recedes.

121l. The House bill, but not the Senate amendment, requires a description of the sanctions which may be imposed for actions contrary to the Act.

The House recedes.

121m. The Senate amendment, but not the House bill, requires a description of how funds in the flex account will be allocated among workforce activities.

The Senate recedes.

121n. The Senate amendment, but not the House bill, requires information regarding the participation of local partnerships.

The Senate recedes.

121o. The Senate amendment, but not the House bill, requires information regarding other public and private resources for workforce development activities.

The House recedes with an amendment including a reference to the Wagner-Peyser Act and clarifying the participation of employees in the statewide system.

121p. The Senate amendment, but not the House bill, requires information regarding how Veterans' employment activities will be coordinated with the statewide system.

The House recedes.

121q. The Senate amendment, but not the House bill, requires an assurance that funds under the Act will supplement and not supplant other public funds for workforce development activities.

The House recedes.

121r. The Senate amendment, but not the House bill, requires information regarding economic development activities, if any.

The House recedes with an amendment striking the reference to "labor organizations" and replacing it with a reference to "labor, as appropriate".

122. Under the House bill, but not the Senate amendment, States must provide additional information regarding adult employment and training activities.

The House recedes.

122a. The House bill, but not the Senate amendment, requires a description of how the State will serve the employment and training needs of various segments of the population, and how it will provide rapid response assistance to dislocated workers.

The Senate recedes with an amendment requiring the State plan to describe how the State will serve dislocated workers and other unemployed individuals.

123. Under the Senate amendment, but not the House bill, the second part of the plan, developed by the Governor, describes workforce employment activities.

The Senate recedes.

123a. The Senate amendment requires an identification of sub-state areas. The House bill requires a description of how the State will designate local workforce development areas. (See Note 129 and 121e).

The Senate recedes.

123b. The Senate amendment requires a description of the basic features of the State's one-stop career center system. The House bill requires a description of how the State will establish integrated career center systems. (See Note 121e)

The House recedes with an amendment requiring the State plan to describe the strategy for developing the one-stop career center system in the State.

123c. The Senate amendment requires an identification of performance indicators relating to the State goals and benchmarks for workforce employment activities. The House bill requires an identification of progress indicators. (See related Note 121d for comparable House provision)

The Senate recedes.

123d. The Senate amendment requires a description of the workforce employment activities to be carried out. The House bill contains no such specific plan requirement.

The House recedes with an amendment requiring the State plan to describe how the State will provide rapid response assistance to dislocated workers.

123e. The Senate amendment requires a description of the steps the State will take over three years to establish a statewide labor market information system. The House bill requires a description of the State's participation in the labor market information system (See Note 121f for comparable House provision)

The Senate recedes.

123f. The Senate amendment, but not the House bill, requires a description of the steps the State will take over three years to establish a job placement accountability system.

The House recedes.

123g. The Senate amendment requires a description of the process the State will use to approve training providers. The House bill requires a description of how the State will identify education and training providers. (See Note 121e)

The House recedes with an amendment requiring the State plan to describe the process the State will use to identify eligible providers of training services.

124. In order to receive funds for youth, under the House bill, but not the Senate amendment, a State must submit additional information describing activities for youth.

The House recedes with an amendment inserting "With respect to vocational education activities, information—".

124a. The House bill, but not the Senate amendment, requires a description of the State's plan to develop the academic and occupational skills of youth and provide the attainment of challenging vocational-technical education standards. (See Notes 125g and 125k for Senate plan requirements regarding workforce education activities to improve education and performance measures)

The Senate recedes with an amendment requiring the State plan to describe how the State will develop the academic and occupational skills of students participating in vocational education activities.

124b. The House bill, but not the Senate amendment, requires a description of how the State will improve comprehensive career guidance and counseling. Both the House bill and the Senate amendment require a description of how the State will address professional development needs. (See related Note 125I)

The Senate recedes with an amendment requiring the State plan to describe how the State will improve career guidance and counseling.

124c. The House bill, but not the Senate amendment, requires a description of the State's strategy for integrating academic, vocational, and work-based learning. Both the House bill and the Senate amendment require collaborative efforts. (See related Note 125)

The House recedes.

124d. Both the House bill and the Senate amendment require a description of how the State will encourage the participation of parents (and under the House bill—businesses), in education and youth development activities.

The Senate recedes with an amendment requiring the State plan to describe the involvement of parents and business in vocational education activities.

124e. The House bill, but not the Senate amendment, requires a description of how the State will serve single parents, displaced homemakers, and single pregnant women and promote the elimination of sex bias without mandating a set-aside.

The House recedes.

125. Under the Senate amendment, but not the House bill, the third part of the plan, developed by representatives of education, describes workforce education activities.

The Senate recedes.

125a. The Senate amendment, but not the House bill, requires a description of how the funds will be allocated among adult education, and among secondary and postsecondary vocational education programs. [Note: The House bill has separate grants for youth and for adult education and literacy.]

The House recedes with an amendment requiring the State plan to describe how vocational education funds will be allocated among secondary and postsecondary and adult vocational education.

125b. In the House bill, goals and progress indicators for adult education and family literacy must be described in the plan as a condition of receiving funds. In the Senate amendment, performance indicators for workforce education activities must be identified in the plan.

The House recedes with an amendment moving the reference to performance indicators from this section to a single reference following the description of the State goals and benchmarks included in the State plan.

125c. The Senate amendment, but not the House bill, requires a description of the workforce education activities to be carried out.

The House recedes with technical amendments.

125d. The Senate amendment requires a description of how the State will address the adult education needs of the State. The House bill includes an assessment of adult education needs in section 104(b)(2)(B). (See Note 121c)

The Senate recedes.

125e. The Senate amendment, but not the House bill, requires a description of how the State will disaggregate data relating to at-risk youth.

The Senate recedes.

125f. The Senate amendment, but not the House bill, requires a description of how the State will adequately address the needs of at-risk youth in alternative education programs.

The Senate recedes.

125g. The Senate amendment, but not the House bill, requires a description of how the workforce education funds and activities are an integral part of State efforts to improve education.

The House recedes with an amendment requiring the State plan to describe how the State will address the needs of students participating in vocational education activities to be taught to the same challenging academic proficiencies as all students.

125h. The Senate amendment, but not the House bill, requires a description of how the State will annually evaluate the effectiveness of the workforce education plan.

The House recedes with technical amendments.

125i. The Senate amendment requires a description of how the State will address the professional development needs for workforce education activities. (See Note 124b for related House provision)

The House recedes with technical amendments.

125j. The Senate amendment, but not the House bill, requires a description of how the State will provide technical assistance to local educational agencies.

The House recedes.

125k. The Senate amendment, but not the House bill, requires a description of how the State will assess its progress in implementing student performance measures.

The Senate recedes.

126. Under the Senate amendment, a State must provide additional information in the plan to be eligible for funds for at-risk youth. However, a State is not required to provide such information in order to be eligible for funds for other workforce development activities.

The House recedes with an amendment requiring a description to be included in the State plan of the State's at-risk youth activities and adult education and literacy activities.

127. The Senate amendment provides that the Governor may develop the entire plan with the consent of certain representatives

of education. The House bill provides for the Governor, through the collaborative process, (which includes representatives of education) to develop the plan. (See Notes 118 and 121a)

The Senate recesses.

Conditions

128. Under the House bill, in order for a State to receive a grant under one or more of the programs, it must: establish a collaborative process, develop a plan, and comply with the requirements of the Act. Additional requirements must be satisfied in order to receive an adult education and literacy grant. The Senate amendment provides that a State plan will be approved if the State has: included the required information in the plan, developed the strategic plan through the collaborative process, and negotiated the State benchmarks.

The House recesses with an amendment providing that in order to receive funds, a State must submit a State plan containing all required elements and prepared through the collaborative process.

128a. The House bill requires States to meet additional grant requirements, including establishing goals, progress indicators, and performance measures, in order to receive funds for adult education and literacy.

The House recesses.

Provisions regarding local Workforce Development Area / Boards

129. Under the House bill, the Governor is required to designate local workforce development areas through the collaborative process, after consultation with local chief elected officials, and after considering comments received through public participation. The Senate amendment requires plan information on substate areas. (See Note 123a)

The House recesses.

Criteria for selection

130. Under the House bill, a State is required to establish a local workforce development board in each local workforce development area. Under the Senate amendment, a State may elect to have local workforce development boards in substate areas, but is not required to do so. (See Note 182)

The House and Senate recess.

131. Both the House bill and the Senate amendment allow the Governor to establish criteria for use by local chief elected officials in the selection of members of local boards. The House bill requires the Governor to determine the criteria through the collaborative process. (See Note 183)

The House and Senate recess.

Certification

132. Under the Senate amendment, but not the House bill, if a State elects to establish State and local workforce development boards, or elects to offer services through vouchers beginning in program year 2000, it may use up to 50% of the funds in the flex account for economic development.

The Senate recesses.

133. Under the House bill, but not the Senate amendment, the Governor is authorized to certify biennially one board for each workforce development area. If a workforce development area is a State, the collaborative process may serve as the local workforce development board.

The House recesses.

One-stops/integrated career center systems

134. The House bill, but not the Senate amendment, requires the Governor to ensure the establishment of an integrated career center system by local workforce development boards within each local workforce development area. The Senate amendment requires the Governor to establish a statewide approach to integrating employment and training activities. (See Note 321)

The House recesses.

135. The House bill, but not the Senate amendment, requires the Governor, through the collaborative process, to establish statewide criteria for selecting career center providers. (See Note 322)

The House recesses.

136. Both the House bill and the Senate amendment require States to implement a statewide approach to the delivery of employment and training, based on the concept of integrated or one-stop career centers, although the requirements of each bill differ. (See Note 323)

The House and Senate recess.

136a. The House bill requires a system where common intake, assessment, and job search are provided. The Senate amendment provides as an option a system where core services are provided, regardless of point of entry. (See Note 323a)

The House and Senate recess.

136b. Both the House bill and the Senate amendment allow for access points that are electronically or computer linked. The House bill further provides for the availability of labor market information and common management information across the system. (See Note 323b)

The House and Senate recess.

136c. The House bill requires at least one physical, co-located career center (to the extent practicable), but encourages a network of such centers combined with affiliated sites. The Senate amendment provides as an option, that there be core services available at not less than one physical location in each substate area, and also allows for a combination of the options listed above.

The House and Senate recess.

137. The House bill, not the Senate amendment, permits the Governor, through the collaborative process, to develop alternatives to the integrated career center system, subject to approval by the Secretaries. (See Note 328)

The House recesses.

Identification of education/training providers

138. The House bill requires an identification process for determining which service providers are eligible to receive funds for adult training or vocational rehabilitation programs through vouchers, skill grants, or otherwise. The Senate amendment has no such

requirement, other than to identify in the State plan the criteria for eligible providers, if a State chooses to offer services through vouchers. (See Note 339)

The Senate recedes with an amendment providing that certain programs of postsecondary educational institutions are automatically eligible to be providers of training services.

The Managers recognize the demonstrated effectiveness of the Center for Employment and Training (CET) in providing employment education, training, and placement services to low income individuals. While it is recognized that States and local boards require flexibility in choosing the most appropriate training models to meet their individual needs, it is the Managers' intent, where possible, that exemplary models of demonstrated effectiveness such as CET be replicated on the State and local levels.

139. The House bill, but not the Senate amendment, establishes an alternative eligibility procedure for service providers that are not eligible to participate in title IV of the Higher Education Act of 1965. (See Note 340)

The Senate recedes with an amendment requiring the Governor to establish an alternative procedure to determine the eligibility of other public and private providers of training services that are not determined to be automatically eligible.

The Managers recognize that both private non-profit and for-profit providers of training services should be encouraged to participate fully as providers of training services. Since 1980, private sector professional firms have developed extensive programs to serve the growing training needs of our rapidly changing economy and workforce. Research indicates that the training market in the information technology training industry alone totaled \$2 billion in 1994, most of this provided by commercial firms. This section of the legislation will enable States to authorize a wide variety of training providers to participate in training programs. This expanded provider involvement will allow program participants to access the training through both public and private providers that will best enable them to enter or re-enter the workforce. By ensuring that one provider is not favored over another, this section provides maximum consumer choice and easy access to services.

140. The House bill requires the State to identify performance-based information to be submitted by service providers. The Senate amendment has no such requirement, other than to identify in the State plan information related to ensuring the accountability of service providers, if a State chooses to offer services through vouchers. (See Note 341)

The Senate recedes with an amendment describing the information that is required to be submitted by providers seeking eligibility under the alternative procedure, and additional information that the Governor may also require.

141. Under the House bill, but not the Senate amendment, the Governor must designate a State agency to collect, verify, and disseminate performance-based information relating to service providers, along with a list of eligible providers, to local workforce development boards and integrated career center systems. (See Note 342)

The Senate recedes with an amendment requiring the Governor to designate a State agency to collect and disseminate the required information, receive applications from providers, and publish a list of eligible providers of training services.

The conference agreement allows States to accept from service providers offering programs not automatically eligible for participation in training programs, performance information consistent with requirements for eligibility under Title IV of the Higher Education Act.

The Managers note that regulations implementing Title IV include provisions regarding the calculation of completion rates (34 CFR 668.8(f)) and of placement rates (34 CFR 668.8(g)). The regulations permit Title IV eligibility only for those programs with substantiated completion rates of at least 70 percent and with substantiated placement rates of at least 70 percent (34 CFR 668.8(e)). States are encouraged to adopt similar standards in establishing their performance information requirements.

142. Under the House bill, but not the Senate amendment, a service provider who provides inaccurate, performance-based information will be disqualified from receiving funds under this Act for two years, unless upon an appeal the provider can demonstrate that the information was provided in good faith. (See Note 343)

The Senate recedes with an amendment providing that providers who intentionally supply inaccurate information shall have their eligibility terminated for at least two years. Providers who fail to meet required performance criteria or otherwise materially violate the provisions of the title may also have their eligibility terminated. The Governor is required to establish an appeals process.

The provision of inaccurate information to the designated State agency is grounds for disqualification of a provider from program participation for two years or longer. The purpose of this provision is to penalize providers that intentionally and fraudulently misrepresent program performance to obtain eligibility. The Managers do not intend that providers be disqualified on the basis of minor errors in information submitted to the designated State agency, such as small errors in math.

143. Under the House bill, but not the Senate amendment, on-the-job training providers are exempt from this section, except that performance-based information on such providers must be collected and disseminated. (See note 344)

The Senate recedes with an amendment stating that providers of on-the-job training are exempt from these requirements. The Governor may require one-stop career centers to collect and disseminate performance information about on-the-job training providers.

144. The House bill, but not the Senate amendment, provides that nothing in this section prohibits a State from providing services. (See Note 345)

The House recedes.

Accountability

145. Both the House bill and the Senate amendment require States to submit a performance report each year. The House bill, but not the Senate amendment, requires reporting on performance

of local areas and local entities; and public disclosure of such reports. The Senate amendment, but not the House bill, requires the results of any on-going State evaluations of workforce development activities. (See Note 163)

The House recesses with an amendment requiring States to submit an annual report on their progress toward meeting their goals and benchmarks.

146. The House bill, but not the Senate amendment, requires States to submit a report for adult education and literacy.

The House recesses.

147. The Senate amendment, but not the House bill, allows States to submit a consolidated workforce development and welfare assistance report to the Federal Partnership, the Secretary of Agriculture, and the Secretary of Health and Human Services.

The Senate recesses.

Core indicators/goals and benchmarks

148. The Senate amendment establishes two principal goals for each statewide system: (1) providing meaningful employment and (2) improving skills.

The House recesses.

149. The House bill, but not the Senate amendment, requires each State to develop a statewide performance accountability system. The Senate amendment requires a job placement accountability system. (See Note 165)

The House recesses.

150. Under the House bill each State must identify indicators of performance, consistent with State goals, which at a minimum must include core indicators as provided under this section. The Senate amendment required benchmarks. (See Note 152)

The House recesses.

151. The House bill, but not the Senate amendment, requires the Secretaries of Labor and Education to collaborate with States, representatives of business and others to develop technical definitions of core indicators.

The House recesses.

152. The House bill requires common core indicators for adults, with additional indicators specifically for adult employment and training, adult education and literacy, and vocational rehabilitation. The House bill also requires core performance indicators for youth. The Senate amendment requires States to develop benchmarks for attaining the goals of meaningful employment and improved skills.

The House recesses with an amendment combining the core indicators for adults in the House bill with the employment benchmarks in the Senate bill and combining the core indicators for youth development and career preparation in the House bill with the education benchmarks in the Senate bill. The amendment also clarifies that employment benchmarks apply to employment and training activities and, where appropriate, to at-risk youth activities and adult education and literacy activities. The education benchmarks apply to vocational education activities, at-risk youth activities and where appropriate, adult education and literacy activities.

152(a) While certain of the House bill's core indicators are similar to the Senate amendment's benchmarks, the House bill's indicators are organized around youth and adults. The Senate amendment's benchmarks correspond to employment and education.

The House recedes with an amendment requiring States to develop minimum measures for certain specific populations, to measure how these populations are meeting the State's employment and education goals and benchmarks. States may also develop such measures for additional populations.

153. The House bill, but not the Senate amendment, also requires, through the collaborative process, the establishment of goals for improving literacy and progress indicators to evaluate local providers receiving literacy funds.

The House recedes.

154. The Senate amendment, but not the House bill, allows States to use existing performance measures for skills attainment.

The House recedes with an amendment clarifying that the special rule applies to a State that adopts performance indicators, attainment levels, or assessments.

The Managers intend that if a State has already implemented a system of evaluation, that State may use this system rather than developing a new system of measures. The Managers recognize many States have already established rigorous State academic measures for both vocational and non-vocational students and the Managers do not want to duplicate the efforts of these States. The Managers want to make sure however, that if a State desires to change these measures, the Special Rule does not preclude any State from revising their State academic or other standards. The Managers also want to clarify that the decision of whether or not to use existing State measures is a State decision and is not mandated by this bill.

155. Under the House bill, but not the Senate amendment, each State must identify expected levels of performance for local areas, which may be adjusted by the Governor through the collaborative process.

The House recedes.

156. Under the House bill, the Secretaries, through collaboration with States, representatives of business, and others, must identify challenging levels of performance with respect to core indicators. Under the Senate amendment, the Federal Partnership must establish model benchmarks based on existing State efforts.

The House recedes with an amendment providing that the Secretaries shall provide technical assistance to States that request such assistance in the development of State benchmarks, which may include the development of model benchmarks.

If the Secretaries of Education and Labor decide to develop model benchmarks in order to provide effective technical assistance to the States, the Secretaries must do so in collaboration with the States and with other appropriate parties. The Managers intend that this collaborative process include Governors, leading representatives of business and industry, representatives of employees, leaders in education and training, parents, and other interested parties for the identification of challenging benchmarks

which States may use as models in development of their own State benchmarks. Such process may also include the development of technical definitions for use by the States in measuring the benchmarks, in order to encourage nationwide comparability of data.

157. The Senate amendment, but not the House bill, provides a process through which States negotiate with the Federal Partnership to determine appropriate benchmark levels.

The Senate recesses.

Incentives

158. Both the House bill and Senate amendment provide incentive grants based on performance. The House bill provides incentive grants and grants for exemplary statewide system design, funded through the adult and employment training grant. [Note: State to local incentive grants are discussed under the heading "Uses of Funds"]

The House and Senate recesses.

159. The Senate amendment, but not the House bill, provides incentive grants of up to \$15 million annually to States that (1) reach or exceed their benchmarks, (2) reduce the number of welfare recipients, or (3) choose to offer services through vouchers.

The House recesses with an amendment providing that the Secretaries may award incentive grants of not more than \$15 million per year to States that reach, exceed, or demonstrate continuing progress toward reaching State benchmarks. In order for a State to be eligible to receive an incentive grant, the Governor and eligible agency must agree on all contents of the State plan. If the State is not eligible for receipt of an incentive grant, the Secretaries shall provide technical assistance to the State upon request. A State that is initially determined ineligible for an incentive grant will have 30 days to revise its benchmarks.

Sanctions

160. The Senate amendment, but not the House bill, allows the Federal Partnership to determine the imposition of sanctions of States that have failed to demonstrate progress toward reaching their benchmarks over three years.

The House recesses with an amendment providing that a State that fails to meet its benchmarks for the 3-years covered by a State plan, may be sanctioned by the Secretaries by up to 10 percent of its total block grant allotment.

161. Both the House bill and the Senate amendment permit the Secretaries to reduce funding for poor performance. The House bill provides for a reduction of 5% based on the State's degree of failure. The House bill also provides for technical assistance.

The Senate recesses with an amendment providing that the Secretaries may determine whether the State's failure to meet its benchmarks was attributable to one or more categories of activities authorized under this title. If so, the Secretaries may provide technical assistance or reduce the portion of the allotment for the responsible category not more than 10 percent.

161a. Under the Senate amendment, but not the House bill, if a State has submitted an integrated plan under section 105(b)(5), the Secretaries may reduce only the portion of funding (up to 5%)

for the category of activities—workforce employment or workforce education—to which the failure is attributable. States would also be required to transfer an equal percentage of funds from such reduced category of activities to the other category and spend such amount in accordance with the integrated plan.

The Senate recesses.

161b. Under the Senate amendment, but not the House bill, funds returned by the Secretaries as a result of a reduction may be used to award incentive grants.

The House recesses with technical amendments.

Local sanctions and consequences

162. The House bill, but not the Senate amendment, allows the Governor, through the collaborative process, to establish criteria for determining poor performance of local entities.

The House recesses.

162a. The House bill, but not the Senate amendment, allows the Governor, through the collaborative process, to provide technical assistance to local workforce development areas that perform poorly. Continued poor performance may result in a reduction of funds or other corrective action.

The House recesses.

Evaluations

163. Both the House bill and the Senate amendment provide for ongoing evaluations of employment-related activities, including the use of controlled experiments using groups chosen by random assignment. In the House bill, the Secretary of Labor performs the evaluations, and in the Senate amendment the States perform the evaluations. (See Note 417a)

The House recesses with an amendment requiring States to conduct ongoing evaluations of employment and training activities through the use of controlled experiments. Such evaluations would determine, at a minimum, whether employment and training activities effectively raise the hourly wage rates of participants. States would be required to conduct at least 1 evaluation during any period in which the State is receiving funding, but could enter into an agreement with another State to share the costs of such evaluation.

164. The House bill, but not the Senate amendment, also allows the Secretary of Labor to conduct evaluations of other Federal employment-related programs to determine their effectiveness. (See Note 417b)

The House recesses.

Job placement accountability system

165. The Senate amendment, but not the House bill, requires each State to establish a job placement accountability system to provide a uniform set of data to measure progress of the State toward reaching its benchmarks.

The Senate recesses.

Management information system

166. The House bill, but not the Senate amendment, authorizes each State to design a unified management information system for reporting and monitoring programs and workforce development expenditures. Such system must ensure privacy protections.

The Senate recedes with an amendment authorizing States to operate fiscal and management accountability information systems that streamline reporting and monitoring of Federal funds for employment and training activities and at-risk youth activities. In addition, States are authorized to utilize quarterly wage records available through the unemployment insurance system to facilitate reporting on employment benchmarks. The State is required to protect the confidentiality of any information obtained pursuant to the fiscal and management accountability information system through the use of recognized security procedures and shall also comply with the provisions of the Family Education Rights and Privacy Act under Section 444 of the General Education Provisions Act.

Other

167. The Senate amendment, but not the House bill, provides that States monitor the participation of individuals who are engaged in workforce activities as a condition of receiving welfare assistance.

The Senate recedes.

General State provisions

168. Both the House bill and the Senate amendment include provisions for disallowed costs. Under the House bill, expenditures disallowed by either Secretary for adult employment and training, at-risk youth, or vocational rehabilitation, may be repaid from funds allocated for such grants in subsequent years. Under the Senate amendment, the Governor may deduct workforce employment funds allocated to substate areas in subsequent program years.

The House recedes with an amendment providing that if the Secretaries require a State to repay funds because a local eligible provider of employment and training activities or at-risk youth activities has expended funds in a manner contrary to the objectives of the block grant, and such expenditure does not constitute fraud, embezzlement, or other criminal activity, the Governor may deduct an equal amount from a subsequent program year allocation to the local workforce development area from funds available for administration of such activities in the local area, for such repayment.

Workers' rights

169. The Senate amendment, but not the House bill, contains limitations on the uses of funds.

The House recedes.

169a. The Senate amendment prohibits funds from being used to pay the wages of incumbent workers.

The House recedes.

169b. The Senate amendment restricts the use of funds in connection with the relocation of businesses.

The House recedes with an amendment clarifying that the business which has relocated was originally located within the United States.

170. Both the House bill and the Senate amendment prohibit the displacement of currently employed workers, although the House bill applies only to the adult employment and training and youth grants.

The House recedes.

171. Both the House bill and the Senate amendment prohibit the impairment of existing contracts. However, the House bill further requires that any program inconsistent with such an agreement must have the approval of the labor organization and the employer.

The Senate recedes with technical amendments.

172. Both the House bill and the Senate amendment prohibit the replacement of terminated employees, although there are several differences in content.

The Senate recedes with technical amendments.

173. Both the House bill and the Senate amendment address health and safety with different standards. The Senate amendment also requires standards for workers' compensation.

The House recedes with an amendment clarifying that to the extent workers' compensation law is applicable in a State, then workers' compensation shall be provided to participants on the same basis as the compensation is provided to other individuals in the State engaged in similar employment.

174. The Senate amendment, but not the House bill, provides standards for employment conditions for subsidized employment.

The House recedes.

175. Both the House bill and the Senate amendment address anti-discrimination through different means.

The Senate recedes with an amendment stating that nothing in this Act shall be construed to modify or affect any Federal or State law prohibiting discrimination on the basis of race, color, religion, sex, national origin, age, or disability and that except as otherwise permitted in law, no individual may be discriminated against with respect to participation in certain workforce and career development activities. In addition, nothing in this Act shall be construed to provide an individual with an entitlement to a service or to establish a right for an individual to bring any action for a violation of a requirement of this section or to obtain services, except through the grievance procedure specified in this section.

The phrase "Except as otherwise permitted in law" is intended to bring Federal workforce and career development activities within the scope of relevant civil rights provisions which recognize specific exceptions to general prohibitions against discrimination. For example, Title IX of the Education Amendments Act of 1972, which prohibits discrimination based on sex in any education program receiving Federal financial assistance, exempts certain institutions, associations and activities from its terms. Since workforce and career development activities may include "education programs" within the meaning of Title IX, institutions, associations and activities that are exempt from Title IX are likewise exempt from this provision's proscription against sex-based discrimination.

176. The Senate amendment, but not the House bill, provides for a grievance procedure and remedies for violations under this section.

The House recedes with an amendment requiring States to establish a grievance procedure for resolving complaints alleging violations of any of the prohibitions or requirements described in this section.

176a. The Senate amendment, but not the House bill, provides remedies that may be imposed under this paragraph for violations of the prohibitions and requirements described in this subsection.

The House recedes with an amendment providing that the Secretary of Labor shall require a State to repay funds expended in violation of the prohibition against business relocation.

GED requirements

177. The Senate amendment, but not the House bill, prohibits participation in certain workforce employment activities until an individual has obtained a diploma or its equivalent, or is enrolled in a program to obtain the same.

The House recedes with an amendment prohibiting an individual from participating in training services until such individual has obtained a secondary school diploma or its recognized equivalent, or is enrolled in a program or course of study to obtain a secondary school diploma or its recognized equivalent. An individual would not be denied such training services, however, if the requirement is determined to be inappropriate after an interview, evaluation or assessment, and counseling. Funds made available for training services may be used to provide State-approved adult education and literacy activities to help individuals meet the requirement.

Drug testing

178. The Senate amendment, but not the House bill, requires local providers to administer a drug test to applicants, on a random basis, and to participants, upon reasonable suspicion of drug use.

The House recedes with an amendment providing additional safeguards to the mandatory requirement that States conduct drug testing of participants in training services. Such safeguards include voluntary guidelines based upon the Mandatory Guidelines for Federal Workplace Drug Testing Programs, immunity from liability, prohibition against the use of drug test results in criminal actions, and reporting requirements to prevent unnecessary multiple tests.

American made

179. The House bill, but not the Senate amendment, includes a provision encouraging the purchase of American-made products.

The Senate recedes with an amendment striking the notice requirement with respect to the purchase of American-made products.

No entitlement to services

180. The House bill prohibits private rights of action for services under the adult employment and training title. The Senate amendment provides that no individual is entitled to services under the Act.

The House and Senate recede.

LOCAL ROLE

Establishment of local workforce development boards

182. The House bill requires the Governor to ensure the establishment of workforce boards within each workforce development area. The Senate amendment allows, but does not require, the State to establish local workforce boards in each substate area. (See Note 130)

The Senate recedes with an amendment requiring the establishment of a local workforce development board in each local workforce development area in a State.

183. Both the House bill and the Senate amendment allow the Governor to establish criteria for use by local chief elected officials in the selection of members of local boards. The House bill requires the Governor to determine the criteria through the collaborative process. (See Note 131)

The House recedes with an amendment requiring the Governor of a State to establish criteria for the appointment of members to local boards, which criteria shall be included in the State plan.

184. Both the House bill and the Senate amendment include minimum requirements for representation on local workforce boards.

The Senate recedes with an amendment requiring a majority of business representatives on the local board.

184a. Both the House bill and the Senate amendment require a majority business representation. The House bill further specifies the types of representatives.

The Senate recedes with an amendment inserting "a majority of members who are representatives of business and industry in the workforce development area appointed from among nominations submitted by local business organizations and trade associations;"

184b. Both the House bill and the Senate amendment require representation of one or more individuals with disabilities.

The House and Senate recede.

184c. Both the House bill and the Senate amendment include representatives of education. The House bill further specifies the types of representatives, including training providers.

The House recedes with an amendment requiring representatives of education on the local board.

184d. Both the House bill and the Senate amendment include representatives of community-based organizations, employees, and veterans. The Senate amendment includes a minimum 25% representation requirement for this category of representatives excluding veterans.

The Senate recedes with an amendment requiring representatives of employees, which may include labor, on the local board. Additional members of the board may include individuals with disabilities, parents, veterans, and community-based organizations.

185. The House bill requires that the local board elect its chairperson from among the members of its board, and allows the board to adopt its operating procedures. The Senate amendment re-

quires that each local board select a chairperson from its business members.

The Senate recedes with an amendment requiring the local board to elect its own chairperson from among the members of the board.

186. The House bill includes provisions governing the selection of members of local workforce boards, including provisions governing the appointment of board members by locally-elected officials, in areas with multiple jurisdictions. The Senate amendment contains similar provisions governing selection of representatives of local partnerships, but not of local boards (See Note 199c).

The Senate recedes with an amendment authorizing the chief local elected official to appoint the members of the local board. Where a local workforce development area is comprised of more than one unit of local government, the chief elected officials of such units are authorized to enter into an agreement defining their respective roles. If the chief elected officials are unable to reach agreement, the Governor is authorized to appoint the members of the local board.

187. The House bill, but not the Senate amendment, authorizes the Governor to biennially certify one local workforce board for each workforce development area. (See Note 133)

The Senate recedes with an amendment authorizing the Governor to annually certify one local board in each local workforce development area. Such certification shall be based on criteria outlined in the State plan and for a second or subsequent certification the extent to which the local board has ensured that local programs have met expected levels of performance. Failure to achieve certification shall result in reappointment of another local board pursuant to the requirements of this section. A Governor may decertify a local board at any time for fraud, abuse, or failure to perform its required duties (with the exception of the duty of negotiate with the Governor on local benchmarks and on the designation of one-stop career centers).

The references to Governor in the certification process shall mean that the Governor or the Governor's designee is authorized to certify local workforce development boards.

188. Under the House bill, if the workforce development area is a State, the State collaborative process may serve as the local workforce development board. (See Note 133). The Senate amendment contains a comparable provision for the local partnership. (See Note 201)

The Senate recedes with an amendment providing an exception for small States that may designate the members of the collaborative process at the State level to carry out the required activities in this section.

189. The House bill and the Senate amendment list certain duties/functions of local workforce boards.

Legislative counsel.

189a. Both the House bill and the Senate amendment require local workforce boards to develop, and submit to the Governor, a local workforce development plan. The House bill requires a biennial plan, and a local approval process. If the board is unable to obtain the approval of local officials, the plan may be submitted di-

rectly to the Governor, with the comments of such officials. The Senate amendment requires a 3-year plan, but contains no comparable local approval process, but does require that the board consult with chief elected officials. (See Note 193)

The Senate recedes with an amendment requiring local boards to conduct the following activities: (1) develop and submit to the Governor a local workforce development plan, outlining the employment and training activities and at-risk youth activities to be carried out in the local area; (2) designate or certify one-stop career center eligible providers in the local area, award competitive grants to at-risk youth eligible providers, and conduct oversight with respect to local programs; and (3) make recommendations to the Governor identifying eligible providers of training services.

190. The Senate amendment, but not the House bill, requires the local board to enter into local agreement with the Governor including how funds shall be spent for workforce development activities. (See Note 199).

The Senate recedes.

191. The House bill requires the local board to identify and assess the needs of the local workforce development area. A similar provision is included in the Senate amendment under the local plan.

The House recedes.

192. The House bill and the Senate amendment contain budget and oversight duties for the local board. (See related Note 192b)

The House recedes.

192a. The House bill requires the local board to develop a budget for the adult training and the at-risk youth programs, and the integrated career center system, subject to the approval of the local elected official(s). (See related Note 192b)

The House recedes.

192b. The House bill requires the local board (in partnership with the local elected official(s)) to conduct oversight of the above-listed programs. The Senate amendment requires the local board to oversee the operation of the one-stop delivery system, including the designation of local entities and approval of annual budgets. (See related Note 192a)

The House recedes with an amendment requiring the local board and the Governor to negotiate and reach agreement on local benchmarks to measure the performance of employment and training activities and at-risk youth activities and the process to be used by the local board to designate or certify one-stop career center eligible providers. The Governor and the local board may agree to certify a one-stop career center provider that was established prior to the date of enactment of this Act.

192c. The Senate amendment, but not the House bill, also requires the local board to submit annual progress reports to the Governor.

The Senate recedes.

193. The Senate amendment requires that the local board's functions be conducted in consultation with the local chief elected official(s). (See Notes 189a, 192a and 192b for related House provisions)

The House recesses with an amendment requiring the local board to consult with the chief local elected official in developing the local plan, to provide copies of the local plan to such official, and to include any recommendations submitted by such official with the local plan submitted to the Governor.

194. The House bill provides that the local board may receive and disburse funds for adult training and at-risk youth programs, or may designate a fiscal agent (which may include the State through a mutual agreement between the local board and the State). The Senate amendment contains no comparable provision.

The House recesses.

194a. The House bill allows the local board to employ its own staff. The Senate amendment contains no comparable provisions.

The House recesses.

The Managers agree that statutory language authorizing local boards to employ staff is not necessary, as such authority is implicit in the legislation. Up to 10 percent of employment and training funds and at-risk youth distributed to local workforce development areas may be spent on administrative expenses. While local workforce development boards may use a portion of these administrative funds to employ necessary staff (limited to 4 percent under the at-risk youth provisions), the Managers intend that such administrative, and in particular staff expenses of local boards be limited. Because local boards will no longer be involved in the operation of programs (with limited exceptions), as well as the significant reduction of paperwork and reporting requirements as a result of this legislation, the administrative expenses of local boards should be significantly reduced from those currently spent by private industry councils under the Job Training Partnership Act.

195. The House, but not the Senate amendment, specifies that the local board may not operate programs established under this Act. The House bill further allows Governors to prohibit employees of agencies from providing staff support to local boards.

The Senate recesses with an amendment prohibiting local boards from carrying out employment and training activities, unless granted a waiver by the Governor.

Although the conference agreement allows a Governor to waive restrictions that prohibit a local workforce development board from directly providing services, the Managers believe this authority should be exercised only on rare occasions. One example would be in a rural area where a competitive selection process has produced no other qualified service provider with demonstrated expertise. The workforce development board should be the service provider of last resort.

Clearly, a key element of this Act is the reliance on the provision of services by entities who meet certain qualification standards and are able to achieve specified positive outcomes. This, the Managers believe, is best accomplished through an open, fair and competitive process to select entities to provide services to eligible individuals.

196. The House bill and the Senate amendment contain similar conflict of interest provisions. Under the House bill, the Governor is authorized to enforce more rigorous standards. The Senate amendment allows the Governor to determine activities that con-

stitute a conflict of interest. The Senate amendment also prohibits local board members from voting on matters that would benefit immediate family members.

The Senate recedes with an amendment prohibiting the local board from engaging in activities that constitute a conflict of interest and requiring the local board to make available to the public information regarding the board's activities in the local area.

197. The House bill allows the Governor, through the collaborative process, to require local boards to carry out other duties as determined appropriate.

The House recedes.

198. Under the Senate amendment, but not the House bill, if a State elects to establish State and local boards, or elects to offer services through vouchers (starting in the year 2000), it may use up to 50% of its flex account funds for economic development. (See Note 132)

The Senate recedes.

Local agreements

199. The Senate amendment, but not the House bill, requires the Governor to enter into agreements with local partnerships (or where established, local boards), regarding workforce development activities in each substate area.

The Senate recedes.

199a. Under the Senate amendment, the local partnership (or local board) may make recommendations on the allocation of funds for, or administration of, workforce education activities, in accordance with the Act.

The Senate recedes.

199b. The Senate amendment requires that local partnerships be established by the chief local elected official and includes representation requirements.

The Senate recedes.

199c. The Senate amendment provides for the appointment of the partnership, by local elected officials, in areas with multiple jurisdictions. (See Note 186 for comparable House provision).

The Senate recedes.

199d. The Senate amendment includes required representation of business in the partnership, and a requirement that business representatives have a lead role in the partnership's activities.

The Senate recedes.

199e. The Senate amendment lists the contents of the local partnership agreement.

The Senate recedes.

200. Under the Senate amendment, but not the House bill, if the Governor is unable to reach agreement with the local partnership (or board), The Governor shall provide the local partnership (or board) an opportunity to comment on fund allocation.

The Senate recedes.

201. The Senate amendment allows a State to be treated as a substate area for purposes of the partnership and local board requirements. (See Note 188 for comparable House provision.)

The Senate recedes.

USE OF FUNDS

Education / youth

202. Both the House bill and the Senate amendment reserve funds for State activities.

The House bill grants general authority to States to conduct State programs and activities using not more than 8% of funds allotted to the State. The Senate amendment requires the State educational agency to carry out statewide workforce education activities using 20% of funds made available to the State. (See Note 218a)

The Senate recedes with a technical amendment providing that the eligible agency shall conduct State programs and activities.

203. The House bill specifically lists 12 permissible activities for which the 8% of State funds may be used. The Senate amendment lists 3 broad categories of permissible activities for which 20% of the State funds may be used.

The Senate recedes with an amendment providing a list of permissible State uses of funds.

203a. The House bill, but not the Senate amendment, allows a State to use money from their 8% State held funds to make performance awards to local communities who have exceeded their performance goals, implemented exemplary youth programs at the local level, or provided exemplary education services and activities for at-risk youth.

The House recedes.

204. The House bill, but not the Senate amendment, requires institutions receiving funds at the local level under the youth development and career preparation grant to use the monies to improve youth development and career-related education programs.

The House recedes with a technical amendment.

205. Both the House bill and the Senate amendment have required uses of funds. The House bill requires that funds received by eligible institutions at the local level for in-school youth programs shall be used for specific programs. The Senate amendment requires that funds received by the State educational agency shall be used for specific workforce education activities.

The Senate recedes with a technical amendment.

The Managers intend that activities such as purchasing, leasing or upgrading equipment, including instructional material; in-service training of vocational and academic instructors; apprenticeship programs; and those activities which provide strong experience in, and understanding of, all aspects of the industry students are preparing to enter not be precluded from funding at the local level. The bill's list of required activities is not meant to limit schools and school districts' ability to find creative ways to meet their education goals.

205a. Both the House bill and the Senate amendment require integration of academic and vocational education, linkages of secondary and postsecondary education, and career guidance and counseling. In addition, the Senate amendment requires tech-prep to be implemented as part of linking secondary and postsecondary education.

The House recedes with an amendment modifying the list of required local uses of funds for vocational education activities.

205b. Both the House bill and the Senate amendment have additional required uses of funds.

The Senate recedes with an amendment with additional required local activities for vocational education.

206. The House bill, but not the Senate amendment, lists eleven additional permissible uses of funds by eligible institutions at the local level for in-school youth programs.

The House recedes.

At-risk-youth

207. The House bill, but not the Senate amendment, grants general authority for local workforce development boards to subgrant to providers for programs that serve at-risk and out-of-school youth. (See Note 283)

The House recedes.

208. The Senate amendment, but not the House bill, grants authority to the Secretary of Labor and Secretary of Education, acting jointly on the advice of the Federal Partnership, to make allotments to States to enable the Secretary of Labor and the States to carry out at-risk youth programs. (See Note 284)

The Senate recedes.

209. The Senate amendment, but not the House bill, requires the Secretary of Labor to continue funding for Job Corps centers who received assistance under part B of title IV JTPA in FY 1996 and which were not closed under section 156. (See Note 285)

The Senate recedes.

210. The Senate amendment, but not the House bill, requires States to use a portion of the funds reserved for Indians and Native Hawaiians to make grants to eligible entities to run summer job programs that provide work-based learning opportunities that are directly linked to year-round school-to-work activities. The Senate amendment further requires that no funds shall be used to displace employed workers. (See Note 286)

[Statutory cite to subsection (c)(3) is incorrect. Statutory cite should be subsection (c)(4) which is the allotment for at-risk youth.]

The Senate recedes.

211. The House bill, but not the Senate amendment, lists 8 program elements which local workforce development boards are required to provide for at-risk and out-of-school youth. (See Note 210 for the Senate amendment's required activities.)

The House recedes.

212. The House bill lists additional permissible uses of funds by eligible providers at the local level for at-risk/out-of-school youth programs. (See Note 288). The Senate amendment permits States to make grants to eligible entities to carry out alternative programs or other activities for at-risk youth. The activities are not specifically listed.

The House and Senate recede.

213. The House bill, but not the Senate amendment, limits administrative funds used by a local workforce development board to no more than 10%. (See Note 289)

The House recedes.

214. The House bill, but not the Senate amendment, does not permit local workforce boards to operate programs (See Note 195), and requires that they subcontract to eligible providers. (See Note 290)

The House recesses.

215. The House bill, but not the Senate amendment, lists eligible providers to receive contracts from the local workforce development board including: (1) eligible institutions including local educational agencies, area vocational schools, intermediate educational agencies; postsecondary institutions including community colleges, State corrections educational agency and any consortia of the aforementioned list; (2) local government entities; (3) private, nonprofit organizations including community based organizations; (4) private, for-profit entities; or (5) other organizations or entities that have a demonstrated effectiveness and have been approved by the local workforce development board. (See Note 291)

The House recesses.

Maintenance of effort

216. The Senate amendment, but not the House bill, requires that States expend the same amount of money, or more, for workforce education activities as they did the preceding fiscal year in order to receive Federal funds. The Senate amendment further provides that the Federal Partnership may grant a waiver to a State for a 95% maintenance-of-effort requirement for 1 year only.

The House recesses with an amendment which provides that if the Federal share for a State decreases, then the fiscal effort required of the State shall be decreased by the same percentage as the percentage decrease in the overall amount made available to the State. The amendment also corrects a previous calculation of maintenance of effort.

LIMITATIONS

Supplement not supplant

217. Both the House bill and the Senate amendment provide that funds used by a State shall supplement and not supplant other public funds for workforce education and youth development and career preparation programs. The House requirement applies to youth development programs, not adult education. The Senate amendment applies to workforce education programs.

The House recesses with a technical amendment.

Allocation for State / Local programs

218. Both the House bill and the Senate amendment have a within State allocation. (See related Note 293)

Legislative counsel.

218a. The House bill provides that the Governor, through the collaborative process, allocate not less than 90% of funds to the local level. The Senate amendment provides that the State educational agency distribute 80% of funds to eligible local entities.

The Senate recesses with a technical amendment.

218b. The House bill requires not less than 90% of a State's funds for the youth block grant go to the local level to serve in-

school and at-risk/out-of-school youth, not more than 8% for State programs and not more than 2% for administration. The Senate amendment requires that 80% of a State's funds for workforce education go to the local level, and 20% for State activities (with no more than 5% of such 20%) for administration.

The Senate recedes with an amendment providing that not less than 85 percent of funds be distributed to the local level, not more than 11 percent for State programs, and not more than 4 percent for administrative expenses.

219. The Senate amendment provides that the State educational agency shall determine how workforce education funds are allocated among secondary vocational education, postsecondary vocational education and adult education programs. The House bill provides separate funding streams for a youth development and career preparation grant and for an adult education and literacy grant.

The House recedes with an amendment requiring the eligible agency to determine how vocational education funds will be allocated between secondary vocational education and postsecondary and adult vocational education.

220. The House bill, but not the Senate amendment, requires that of the 90% of funds sent to the local level, not less than 40% of the funds must be used for programs serving in-school youth and not less than 40% of the funds must be used for programs to serve at-risk and out-of-school youth. Of the remaining 20% of funds, the Governor, through the collaborative process, can distribute one-half of the remaining funds by formula and one-half by either discretionary grant or formula.

The House recedes.

Within State formula

221. Both the House bill and the Senate amendment provide for a within State formula.

Legislative counsel.

221a. The House bill requires the Governor, through the collaborative process, to develop a formula taking into account local poverty rates, the proportion of the State's youth population residing within local communities and other factors considered appropriate. In establishing the formula, the Governor shall ensure that funds are equitably distributed throughout the State and that the factors described above do not receive disproportionate weighting.

The House recedes with a technical amendment.

221b. The Senate amendment requires distribution of funds for secondary school vocational education to be distributed according to the current Perkins law formula—70% allocated on Title I ESEA formula, 20% allocated based on the number of children served under IDEA, and 10% allocated on the total number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of local educational agencies.

The House recedes with an amendment providing that the formula for distribution of funds for secondary school vocational education be distributed as follows: 70 percent based on the number of children aged 5 to 17 living in poor families; and 30 percent based on the overall number of students within the local edu-

cational agency. The amendment also allows an eligible agency to develop an alternative formula if such formula distributes more funds to local educational agencies with the highest number or percentage of poor students.

The Managers recognize that States are in a better position to know their needs and have therefore provided a waiver which allows the eligible agency the option to develop an alternative formula which would better target poor areas—both those with high populations of poor and those with high percentages of poor. The Managers intend that providing a waiver for high percentages of poor will enable more funds to flow to poor, rural areas. The requirement that an alternative formula target more dollars to school districts that serve the “highest” number or “greatest” percentage of poor children is meant to include a group of such districts, not a single district. A State may determine the range of poor districts that it will target with an alternative formula.

222. Both the House bill and the Senate amendment establish minimum grant awards of \$15,000 for a local educational agency or consortium of such agencies.

The House recedes.

223. Both the House bill and the Senate amendment permit a State to grant a waiver for the minimum grant amount in cases where the eligible recipient is located in a rural, sparsely populated area; and demonstrates that they are unable to enter into a consortium for purposes of providing services.

The House recedes with a technical amendment.

224. The Senate amendment, but not the House bill, requires that any funds not allocated by reason of minimum grant award for secondary school vocational education shall be redistributed to local educational agencies.

The House recedes with an amendment allowing an eligible agency to redistribute funds to rural, poor areas.

The Managers are concerned that not enough of the Federal dollars are reaching rural, poor areas. Language is included which creates a source of funds for eligible agencies to distribute to high poverty rural areas which are often in greater need. Funds for this purpose would come from funds not distributed to districts which failed to qualify for the minimum grant. These funds would be distributed only to poor, rural areas that were ineligible to receive formula funds.

225. The Senate amendment, but not the House bill, retains current Perkins law prohibiting funds from being allocated to a local educational agency that serves only elementary schools.

The House recedes.

226. The Senate amendment retains current Perkins law in allocating funds to area vocational education schools or educational service agencies. The House bill provides funding for area vocational education schools and educational service agencies in the within State formula. (See Note 221a)

The House recedes with an amendment striking the requirement that area vocational schools serve more low-income or disabled students than the LEA.

227. The Senate amendment, but not the House bill, retains current Perkins law which provides that funds for postsecondary

and adult vocational education shall be distributed according to the formula in current Perkins law which gives priority to institutions serving Pell Grant and Bureau of Indian Affairs recipients. The House bill provides funding for postsecondary education in the within State formula. (See Note 221a)

The House recedes with an amendment striking the reservation for corrections vocational education.

227a. The Senate amendment, but not the House bill, allows the Federal Partnership to waive the postsecondary and adult vocational education formula in favor of a more equitable distribution of funds upon application from the State educational agency.

The House recedes with an amendment striking the additional criteria for the alternative formula.

228. Both the House bill and the Senate amendment establish minimum grant awards of \$50,000 to postsecondary institutions or consortium of such institutions.

The House recedes.

229. The House bill, but not the Senate amendment, allows secondary-postsecondary institutions to form consortia to receive grant funds with a minimum award of \$50,000.

The House recedes.

230. The Senate amendment, but not the House bill, requires that any funds not allocated by reason of minimum grant awards for postsecondary and adult vocational education shall be redistributed to eligible institutions.

The House recedes.

231. The House bill, but not the Senate amendment, prevents consortium from forming to receive funds and then separate immediately after and divide the funds. The House bill further requires that consortia must form for the purposes established under the youth development and career preparation title and to stay in a consortia arrangement for purposes of delivering services to youth.

The Senate recedes with conforming amendments.

232. The House bill, but not the Senate amendment, establishes minimum grant awards of \$15,000 for local workforce development boards to serve at-risk/out-of-school youth. (Section repeated. See Note 295)

The House recedes.

233. The Senate amendment requires States to reserve an amount of funds from the amount they receive for postsecondary and adult vocational education to distribute to State corrections agencies. The House bill allows States to use funds from their 8% of State monies for corrections education. (See Note 203)

The House recedes with an amendment providing that corrections institutions may receive funds for any of the four authorized activities.

234. The Senate amendment, but not the House bill, includes definitions for "eligible institution," "low-income," and "Pell Grant recipient" that only apply to the within State formula.

The House recedes with an amendment striking the references to "eligible institutions" and "low-income" and moving the definition of "Pell Grant recipient" to the general definitions section.

Local process for receipt of funds

235. The house bill, but not the Senate amendment, states that in order to receive a grant at the local level, the local workforce development board and eligible institution(s) must form a partnership. The purpose of the partnership is to allow for collaborative planning, coordination of programs serving in-school and at-risk/out-of-school youth and allow for effective public participation. (See Note 296)

The House recesses.

236. Both the House bill and the Senate amendment provide for a local application. (The Senate amendment has a separate at-risk application. See related Note 297b)

The House recesses with an amendment requiring local entities to submit an application to the eligible agency for vocational educational funds.

236a. The House bill states that the partnership must develop and submit for approval to the Governor, through the State collaborative process, a comprehensive plan outlining how they are planning to serve both in-school and at-risk/out-of-school youth.

The House recesses.

236b. The Senate amendment requires each eligible entity to submit an application to the State educational agency for funding of workforce education activities (including vocational education activities for youth and adults). The Senate amendment further includes a list of items to be included in the application.

The House recesses with an amendment modifying the local application for vocational education funds.

237. The House bill, but not the Senate amendment, requires the partnership assure the involvement of parents, teachers and the local community in the planning process. (See Note 298)

The House recesses.

238. The House bill, but not the Senate amendment, provides that the Governor, through the collaborative process, is authorized to develop procedures for the resolution of issues in dispute. (See Note 299).

The House recesses.

239a. The House bill outlines that funds directed to the local level from the State to serve in-school youth must go to schools and eligible institutions. Funds directed to the local level from the State to serve at-risk youth will be sent to the local workforce development board to be subgranted to eligible entities for programs to serve at-risk and out-of-school youth.

The House recesses.

239b. The Senate amendment distributes secondary and post-secondary workforce education funds by formula to schools. (See Notes 221, 226, & 227). At-risk youth funds are distributed by competitive grants to local entities. (See Note 300).

The House recesses.

Adult education and literacy

240. The House bill and the Senate amendment provide funds for adult education and literacy. The House bill provides a separate Adult Education and Family Literacy Block Grant. The Senate amendment provides that the State educational agency shall deter-

mine how workforce education funds are allocated among secondary vocational education, postsecondary vocational education and adult education and literacy programs. (See Note 219).

The Senate recedes on the requirement that the State educational agency allocate workforce education funds.

241. The House bill, but not the Senate amendment, requires States to use 3% off the top of their Adult Education Block Grant to provide funds, on a competitive basis to local service providers that have provided adult education or family literacy services to certain target populations.

The House recedes.

242. The House bill provides that States may use no more than 12% of funds received under the Adult Education Block Grant, after the deduction of the 3% for target populations, for a variety of specified activities. The Senate amendment lists 3 broad categories of permissible activities for which 20% of workforce education funds reserved at the State level may be used.

The Senate recedes with an amendment providing that not more than 10 percent of adult education and literacy funds may be spent for a variety of State activities, including professional development, technical assistance, technology assistance, regional literacy networks, and evaluation.

Matching

243. The House bill, but not the Senate amendment, requires that a State receiving a grant shall spend, from non-Federal funds, an amount equal to 25% of the State's initial and additional allotments of the year for adult education and family literacy services.

The Senate recedes with technical amendments.

244. The House bill, but not the Senate amendment, provides that States may use no more than 3% of their block grant, or \$50,000, whichever is greater, for planning, administration, interagency coordination and support for integrated career center systems. The Senate amendment requires that 80% of a State's funds for workforce education go to the local level, and 20% for State activities (with no more than 5% of such 20%) for administration. (See Note 218a)

The Senate recedes with an amendment providing that not more than 5 percent or \$50,000 (whichever is greater) of adult education and literacy funds shall be spent on administrative expenses.

245. The Senate amendment, but not the House bill, sets a local administrative cost limit of 5% on agencies, organizations, institutions or consortiums which provide adult education instructional activities. Such funds may be used for planning, administration, personnel development and interagency coordination.

The Senate amendment further allows the State educational agency to negotiate with grant recipients in cases where cost limits would be too restrictive to permit them from carrying out allowable activities.

The House recedes with an amendment substituting the references to "State educational agency" with "eligible agency."

Distribution

246. The House bill and the Senate amendment provide for the distribution of funds to local providers.

Legislative counsel.

246a. The House bill provides that States are to use 85% of funds under the block grant to make grants, on a competitive basis, to local service providers. The Senate amendment provides that a State educational agency shall award grants for adult education, on a competitive basis to eligible entities and/or a consortia of such entities.

The House recedes with an amendment requiring that 85 percent of the adult education and literacy funds be allocated to local providers, and lists the entities eligible for assistance.

246b. The House bill and the Senate amendment have similar lists of eligible entities, but the House provision is contained under its "equitable access" provisions. (See Note 247a)

The House recedes with an amendment adding "family literacy services" to a list of eligible entities.

247. Both the House bill and the Senate amendment provide a list of grant requirements.

Legislative counsel.

247a. Both the House bill and the Senate amendment include a provision requiring direct and equitable access to all eligible entities.

The House recedes with an amendment substituting the reference to "State educational agency" with "eligible agency" and restricting the use of adult education and literacy funds for programs that serve non-adult populations, unless such programs are related to family literacy services.

247b. The House bill, but not the Senate amendment, requires a State to give priority to local service providers which demonstrate joint planning with local workforce development boards and integrated career center systems.

The House recedes.

247c. The Senate amendment, but not the House bill, requires States to consider the past effectiveness of applicants in providing services, the degree to which the applicant will coordinate and utilize other literacy and social services available in the community and the commitment of the applicant to serve those in the community who are most in need of literacy services.

The House recedes with technical amendments.

248. The Senate amendment, but not the House bill, allows a State educational agency under certain circumstances to award a grant to a consortium that includes an eligible entity and a for-profit agency, organization or institution.

The House recedes with a technical amendment.

249. The House bill, but not the Senate amendment, allows a local service provider which receives a grant from a State under this subtitle to negotiate with a local workforce development board with respect to receipt of payments for adult education and literacy services provided by a provider to adults referred to the provider by a program supported by other titles of the House bill.

The House recedes.

250. The House bill, but not the Senate amendment, authorizes a local service provider receiving a grant under this block grant to receive payment for adult education and literacy services provided to an adult participating in programs authorized under other titles of the House bill, either in the form of a career grant or by some other means.

The House recesses.

251. The Senate amendment, but not the House bill, requires each eligible entity to submit an application to the State educational agency for funding of workforce education activities (including adult education activities). (See Note 236b)

The Senate recesses.

Use of funds

252. The House bill requires that local services providers which receive a grant must use such grant to establish or operate one or more programs that provide instruction or services within one or more of the following categories: adult basic education, adult secondary education, English literacy instruction, and family literacy services.

The Senate amendment lists literacy and basic education services for adults and out-of-school youth, including adults and out-of-school youth in correctional institutions and programs for adults and out-of-school youth to complete their secondary education among their list of Workforce Education Activities. (See Senate Section 106(b)(4)(5))

The Senate recesses with an amendment requiring that adult education and literacy funds at the local level be used for adult education services, English literacy services, and family literacy services.

National Literacy Act

253. Both the House bill and the Senate amendment allocate funds for the National Institute of Literacy.

The House bill reserves \$4.5 million in each fiscal year for the National Institute for Literacy. Such funds are reserved at the Federal level before distribution to the States.

The Senate amendment reserves 0.15% of the \$5,884,000,000 authorization (\$8,830,000) for four programs, including funds for the National Institute for Literacy.

The Senate recesses with an amendment authorizing the appropriation of \$10 million for fiscal year 1997 and such sums through fiscal year 2002 for the National Institute for Literacy.

254. Both the House bill and the Senate amendment establish the National Institute for Literacy.

The House bill requires the Institute to be administered under the terms of an interagency agreement entered into by the Secretary of Education with the Secretaries of Labor and Health and Human Services (the Interagency Group).

The Senate amendment requires the Institute to be administered by the Federal Partnership established under the Workforce Development Act of 1995.

The Senate recesses.

255. Both the House bill and the Senate amendment allow the inclusion in the Institute of any research and development center, institute or clearinghouse whose purpose is related to the purpose of the Institute.

Legislative counsel.

256. The Senate amendment, but not the House bill, requires the Institute to have offices separate from the offices of the Department of Education or the Department of Labor.

The House recedes.

257. Both the House bill and the Senate amendment require the Interagency Group (Federal Partnership) to consider recommendations of the National Institute for Literacy Advisory Board (National Institute Council) in planning the goals of the Institute and implementing programs to achieve such goals. Both the House bill and the Senate amendment require the daily operations to be carried out by the Director of the Institute.

The Senate amendment, but not the House bill, requires the Federal Partnership to provide a written explanation to the Council if it does not follow the Council's recommendations and allows the Council to request a meeting to discuss the Council's recommendations.

The Senate recedes.

258. Both the House bill and the Senate amendment set forth the duties and activities of the Institute, with differences.

The Senate recedes with an amendment listing the activities for the National Institute for Literacy.

259. Both the House bill and the Senate amendment permit the Institute to award fellowships with stipends and allowances which the Director considers necessary to outstanding individuals pursuing careers in adult education or literacy.

Legislative counsel.

260. Both the House bill and the Senate amendment provide that such fellowships be used to engage in research, education, training, technical assistance or other activities to advance the field of adult education or literacy.

Legislative counsel.

261. The Senate amendment, but not the House bill requires individuals receiving fellowships to be called "Literacy Leader Fellows."

The Senate recedes.

262. The House bill, but not the Senate amendment, allows the Institute to award paid and unpaid internships to individuals seeking to help the Institute. The House bill allows the Institute to accept and use voluntary and uncompensated services as they deem necessary.

The Senate recedes.

263. The House bill establishes the National Institute for Literacy Advisory Board. The Senate amendment establishes the National Institute Council.

The Senate recedes.

263a. Both entities serve in an advisory capacity and consist of ten individuals appointed by the President with the advice and consent of the Senate.

The Senate recedes.

263b. Both the House bill and the Senate amendment require that such individuals may not otherwise be officers or employees of the Federal Government and be representative of entities or groups described in Note 264.

The Senate recesses.

263c. The Senate amendment requires such individuals to be chosen from recommendations made to the President by individuals who represent such entities or groups.

The Senate recesses.

264. Both the House bill and the Senate amendment describe the entities or groups from which members are to be chosen. The only differences are that: (a) the House bill, but not the Senate amendment, includes providers of programs and services involving English language instruction; and (b) the House bill refers to “representatives of employees” and the Senate amendment refers to “organized labor.”

The Senate recesses.

265. Both the House bill and the Senate amendment contain a list of duties for the Board (Council). The duties are the same.

The Senate recesses.

266. The Senate amendment, but not the House bill, requires the Council to be subject to the provisions of the Federal Advisory Committee Act.

The House recesses with an amendment substituting the reference to “Council” with “Board.”

267. Both the House bill and the Senate amendment limit the term of members of the Board (Council) to three years. The Senate amendment prohibits a member from being appointed for not more than two consecutive terms. The House bill requires that initial terms for members may be one, two or three years in order to establish a rotation in which one-third of the members are selected each year.

The Senate recesses with an amendment requiring that any member of the Board may not be appointed for more than 2 consecutive terms.

268. Both the House bill and Senate amendment contain the same provisions for appointing members to fill a vacancy which occurs before the expiration of the term for which a member was appointed.

The Senate recesses.

269. Both the House bill and the Senate amendment contain provisions regarding the number of members required to constitute a quorum but allow a lesser number to hold hearings. Both the House bill and Senate amendment require that recommendations be passed only by a majority of its members.

The Senate recesses.

270. Both the House bill and Senate amendment provide for the election of a chairperson and vice chairperson. The House bill provides that each shall serve for a term of one year. The Senate amendment permits such individuals to serve for two years.

The House recesses.

271. Both the House bill and the Senate amendment provide that the Board (Council) shall meet at the call of the chairperson or a majority of its members.

The Senate recesses.

272. Both the House bill and the Senate amendment provide for gifts, bequests and devises.

The House bill allows the Institute to accept, administer and use gifts or donations of services, money or property, both real and personal.

The Senate amendment allows the Institute and the Council to accept (but not solicit), use, and dispose of gifts, bequests or devices of services or property for the purpose of aiding or facilitating the work of the Institute or Council. The Senate amendment requires such gifts, bequests or devices of money and proceeds from sales of other property to be deposited in the Treasury and be available for disbursement upon order of the Institute or the Council.

The Senate recesses.

273. Both the House bill and the Senate amendment permit the Board (Council) and the Institute to use the mails in the same manner as other departments and agencies.

The Senate recesses.

274. Both the House bill and the Senate amendment provide that the Interagency Group (Federal Partnership), after considering recommendations of the Board (Council) is to appoint and fix the pay of the Director. The Senate amendment provides that the Director of the Federal Partnership is also to appoint and fix the pay of the staff of the Institute.

The Senate recesses.

275. Both the House bill and the Senate amendment contain provisions regarding the applicability of certain Civil Service laws.

Legislative counsel.

276. Both the House bill and the Senate amendment contain identical provisions with respect to experts and consultants.

The Senate recesses.

277. Both the House bill and the Senate amendment require the Institute to submit a biennial report.

The House recesses.

277a. The House bill requires the report be submitted to the Interagency Group and the Congress. The Senate amendment requires the report be submitted to the appropriate committees of Congress.

The House recesses.

277b. The Senate amendment also includes a list of items which must be included in such report.

The House recesses with technical amendments.

278. The Senate amendment, but not the House bill, provides that funds appropriated to the Federal Partnership, the Secretary of Education, the Secretary of Labor, or the Secretary of Health and Human Services for purposes that the Institute is authorized to perform, may be provided to the Institute.

The House recesses with an amendment striking the reference to "the Federal Partnership."

279. Both the House bill and the Senate amendment address State or Regional Adult Literacy Resources Centers.

The Senate amendment specifically provides for the establishment of a network of State or regional adult literacy resource centers to assist State and local public and private nonprofit efforts to

eliminate illiteracy. The House bill allows States and the Department of Education to fund these activities. (See Notes 242 & 282)

The House and Senate recede.

280. The House bill repeals the National Workforce Literacy Assistance Collaborative. (See Note 449a.) The Senate amendment repeals the authorization of appropriations for the National Workforce Literacy Assistance Collaborative.

The Senate recedes.

280a. Both the House bill and the Senate amendment repeal the Family Literacy Public Broadcasting Program. (See Note 449a for House repeal)

The Senate recedes.

281. The Senate amendment, but not the House bill, extends through the year 2001 the separate program providing literacy for incarcerated individuals. The House bill repeals this program. (See Note 449a for House repeal)

The House recedes.

282. The House bill, but not the Senate amendment, requires the Secretary of Education to carry out a program of national leadership and evaluation activities to enhance the quality of adult education and family literacy programs nationwide. The House bill outlines the list of authorized activities, includes the information to be received from a national evaluation, and allows the Secretary to carry out activities directly or through grants, contracts and cooperative agreements.

The House recedes.

At-risk youth

283. The House bill, but not the Senate amendment, grants general authority for local workforce development boards to subgrant to providers for programs that serve at-risk and out-of-school youth. (See Note 207)

The Senate recedes with an amendment providing authority to carry out at-risk youth activities.

284. The Senate amendment, but not the House bill, grants authority to the Secretary of Labor and Secretary of Education, acting jointly on the advice of the Federal Partnership, to make allotments to States to enable the Secretary of Labor and the States to carry out at-risk youth programs. (See Note 208)

The Senate recedes.

285. The Senate amendment, but not the House bill, requires the Secretary of Labor to continue funding for Job Corps centers who received assistance under part B of title IV JTPA in FY 1996 and which were not closed under section 156. (See Note 209)

The Senate recedes.

286. The Senate amendment, but not the House bill, requires States to use a portion of the funds reserved for Indians and Native Hawaiians to make grants to eligible entities to run summer job programs and provide work-based learning opportunities that are directly linked to year-round school-to-work activities. Senate amendment requires that no funds shall be used to displace employed workers. (See Note 210)

[Statutory cite to subsection (c)(3) is incorrect. Statutory cite should be subsection (c)(4) which is the allotment for at-risk youth.]

The Senate recedes.

287. The House bill, but not the Senate amendment, lists 8 program elements which local workforce development boards are required to provide for at-risk and out-of-school youth. (See Note 286 for the Senate amendment's required activities)

The Senate recedes with an amendment providing required program elements for at-risk youth activities.

288. The House bill lists additional permissible uses of funds by eligible providers at the local level for at-risk and out-of-school youth programs. (See Note 212). The Senate amendment permits States to make grants to eligible entities to carry out alternative programs or other activities for at-risk youth programs. The activities are not specifically listed.

The Senate recedes with an amendment providing additional program elements for at-risk youth activities.

289. The House bill, but not the Senate amendment, limits administrative funds used by local workforce development boards to no more than 10%. (See Note 213)

The House recedes.

290. The House bill, but not the Senate amendment, does not permit local workforce boards to operate programs (See Note 195), and requires that they subcontract to eligible providers. (See Note 214)

The Senate recedes with an amendment prohibiting a local workforce development board from operating programs, but allowing the local board to contract with eligible providers of at-risk youth activities of demonstrated effectiveness.

291. The House bill, but not the Senate amendment, lists eligible providers to receive contracts from the local workforce development board including: (1) eligible institutions including local educational agencies; postsecondary institutions including community colleges, State corrections educational agency and any consortia of the aforementioned list; (2) local government entities; (3) private, nonprofit organizations including community based organizations; (4) private, for-profit entities; or (5) other organizations or entities that have a demonstrated effectiveness and have been approved by the local workforce development board. (See Note 215)

The Senate recedes with an amendment allowing Governors or local workforce development boards to approve other organizations or entities of demonstrated effectiveness as eligible providers of at-risk youth activities.

The Managers recognize the demonstrated effectiveness of the Center for Employment and Training (CET), the Youth Build Program, the Employability program developed at North Omaha's Sacred Heart School (which helps students in a low-income minority district with high unemployment to obtain skills needed to retain meaningful employment), and the Opportunities Industrialization Centers of America in providing employment education, training, and placement services to at-risk youth. While it is recognized that States and local workforce development boards require flexibility in choosing the most appropriate training models to meet their individual needs, it is the Managers' intent, where possible, that exemplary models of demonstrated effectiveness such as CET be replicated on the State and local levels.

292. The Senate amendment, but not the House bill, provides that at-risk youth funds be expended in accordance with the State's laws and procedures. (See Note 112)

The Senate recesses.

Allocations for State/local programs

293. Both the House bill and the Senate amendment have a within State allocation. (See related Note 218)

The House recesses with a technical amendment.

293a. The House bill requires that not less than 90% of a State's funds for the youth grant go to the local level to serve in-school and at-risk/out-of-school youth, not more than 8% for State programs and not more than 2% for administration. The Senate amendment requires that 85% of a State's funds for at-risk youth activities go to the local level and 15% for State activities.

The House recesses with an amendment distributing funds for at-risk youth activities and outlining the development of a within State formula that must take into account certain factors for the distribution of local funds. The amendment further outlines the awarding of grants. Funds are distributed as follows: 75 percent to local workforce development areas; 21 percent to the Governor; and 4 percent for administrative purposes at the State level.

294. The House bill, but not the Senate amendment, requires that of the 90% of funds sent to the local level, not less than 40% of the funds must be used for programs to serve at-risk and out-of-school youth. Of the remaining 20% of funds, the Governor, through the collaborative process, can distribute one-half of the remaining funds by formula and one-half by either discretionary grant or formula. (See Note 220)

The House recesses.

295. The House bill, but not the Senate amendment, establishes minimum grant awards of \$15,000 for local workforce development boards to serve at-risk/out-of-school youth. (See Note 232)

The House recesses.

296. The House bill, but not the Senate amendment, states that in order to receive a grant at the local level, the local workforce development board and eligible institution(s) must form a partnership. The purpose of the partnership is to allow for collaborative planning, coordination of programs serving in-school and at-risk/out-of-school youth and allow for effective public participation. (See Note 235)

The House recesses.

297. Both the House bill and the Senate amendment provide for a local application.

The House recesses.

297a. The House bill states that the partnership must develop and submit for approval to the Governor, through the State collaborative process, a comprehensive plan outlining how they are planning to serve both in-school and at-risk/out-of-school youth. (See Note 236)

The House recesses.

297b. The Senate amendment requires eligible entities to submit an application to the Governor for funding of certain at-risk youth activities.

The House recedes with an amendment requiring entities to submit a local application in order to receive funding.

298. The House bill, but not the Senate amendment, requires the partnership to assure the involvement of parents, teachers and the local community in the planning process. (See Note 237)

The House recedes.

299. The House bill, but not the Senate amendment, provides that the Governor, through the collaborative process, is authorized to develop procedures for the resolution of issues in dispute. (See Note 238)

The House recedes.

300. The House bill outlines that funds directed to the local level from the State to serve at-risk and out-of-school youth will be sent to the local workforce development board to be subgranted to eligible entities. The Senate amendment distributes funds for at-risk youth programs to local entities in part by competitive grants. (See Note 239b for House provision, and Note 297 for Senate provision.)

The House recedes.

Job Corps

301. The Senate amendment contains provisions regarding Job Corps. The House bill has no comparable provisions, but retains Job Corps under current law.

The House recedes.

302. The Senate amendment, but not the House bill, provides for definitions relating to Job Corps which includes a definition for "at-risk youth". (See Note 15 for House definition of "at-risk youth".)

The House recedes with an amendment striking the definition of at-risk youth.

303. The Senate amendment, but not the House bill, provides specific purposes for Job Corps.

The House recedes.

304. The Senate amendment, but not the House bill, establishes a Job Corps program in the Department of Labor.

The House recedes with an amendment striking the reference to the "National Board".

305. Under the Senate amendment, but not the House bill, only at-risk youth are eligible for Job Corps.

The House recedes with an amendment providing requirements to be eligible to become an enrollee of the Job Corps program.

306. The Senate amendment, but not the House bill, requires the Secretary of Labor to prescribe procedures for screening and selecting applicants, after consultation with States and localities.

The House recedes with an amendment striking the references to State workforce development boards and local partnerships.

306a. The Senate amendment, but not the House bill, lists requirements for such screening and selection, provides for their implementation, and requires consultation with individuals and organizations.

The House recedes with an amendment requiring that in addition to other factors, the Secretary of Labor assure that Job Corps

enrollees include an appropriate number of candidates selected from rural areas.

306b. The Senate amendment, but not the House bill, contains special limitations on enrollees.

The House recesses.

307. The Senate amendment, but not the House bill, provides requirements for the enrollment in, and assignment to, Job Corps centers.

The House recesses.

308. The Senate amendment, but not the House bill, provides for the eligibility and selection of operators of Job Corps Centers, the character and activities of those centers, and special provisions for Civilian Conservation Centers and centers operated by Indian Tribes.

The House recesses.

309. The Senate amendment, but not the House bill, requires Job Corps centers to provide workforce development activities to meet the needs of enrollees through or in coordination with the statewide system. The Senate amendment also requires the Secretary of Labor to establish a job placement accountability system for Job Corps Centers.

The House recesses with an amendment requiring the Secretary of Labor to establish a fiscal and management accountability system for Job Corps centers and to coordinate its activities, carried out through the fiscal and management accountability systems for States, if any.

309a. The Senate amendment, but not the House bill, provides for advance career training programs for certain Job Corps enrollees.

The House recesses.

309b. The Senate amendment, but not the House bill, provides for full benefits or a monthly stipend for participants in an advanced training program.

The House recesses.

310. The Senate amendment, but not the House bill, provides for personal allowances for Job Corps enrollees.

The House recesses.

311. The Senate amendment, but not the House bill, requires center operators to submit a plan to the Secretary of Labor for approval. The Senate amendment lists the requirements for such plan.

The House recesses with conforming and technical changes.

312. The Senate amendment, but not the House bill, requires the Secretary of Labor to provide standards of conduct, including a zero tolerance policy for violence and drug abuse, to be enforced by the center directors.

The House recesses.

313. The Senate amendment, but not the House bill, directs the Secretary of Labor to encourage community participation and establishes a selection panel for center operators. The Senate amendment also requires each center director to engage in certain community outreach efforts.

The House recesses with conforming and technical changes.

314. The Senate amendment, but not the House bill, directs the Secretary of Labor to ensure that Job Corps enrollees receive counseling and placement.

The House recedes.

315. The Senate amendment, but not the House bill, authorizes the Secretary of Labor to use advisory committees to assist Job Corps activities.

The House recedes.

316. The Senate amendment, but not the House bill, provides that Job Corps enrollees are not to be considered Federal employees except with respect to the Internal Revenue Code, the Social Security Act, Federal workers' compensation, and Federal tort claims.

The House recedes.

317. The Senate amendment, but not the House bill, contains special provisions relating to Job Corps, including directing the Secretary of Labor to take steps to achieve an enrollment of 50% women, State tax exemptions, and minimum management fee requirements.

The House recedes.

318. The Senate amendment, but not the House bill, provides for a review of all Job Corps Centers by March 31, 1997, and lists the requirements for such review.

The House recedes with an amendment requiring the Secretary of Labor to establish a National Job Corps Review Panel consisting of nine persons to conduct a review of Job Corps activities to be completed not later than July 31, 1997.

318a. The Senate amendment, but not the House bill, requires the National Board to make recommendations to the Secretary of Labor on how to improve Job Corps, including the closure of 5 centers by September 30, 1997 and 5 centers by September 30, 2000.

The House recedes with an amendment striking all references to the "National Board" and inserting "National Job Corps Review Panel".

318b. The Senate amendment, but not the House bill, provides that the National Board take into account specific considerations in recommending the closure of centers.

The House recedes with an amendment striking all references to the "National Board" and inserting "National Job Corps Review Panel".

318c. The Senate amendment, but not the House bill, requires the National Board to submit a report of its findings not later than June 30, 1997.

The House recedes with an amendment striking all references to the "National Board" and inserting "National Job Corps Review Panel", and changing the date the report must be submitted from June 30 to August 30, 1997.

318d. The Senate amendment, but not the House bill, requires the Secretary to implement improvements in Job Corps, including the closure of 10 centers, and report annually to Congress.

The House recedes with an amendment requiring the Secretary of Labor, if initiating a new Job Corps center, to make it a priority on placing Job Corps centers in those States without existing Job Corps centers.

The Managers intend that the States without existing Job Corps Centers receive a priority, but that the quality of applications continue to be a primary consideration.

319. The Senate amendment, but not the House bill, provides for the Secretary of Labor to carry out his responsibilities, notwithstanding other provisions of the title.

The House recedes.

320. The Senate amendment, but not the House bill, has an effective date of July 1, 1998 for the Job Corps provisions, except for the report, which will begin immediately.

The House recedes.

EMPLOYMENT AND TRAINING ACTIVITIES

One-Stops/integrated career center system

321. The House bill requires the Governor to ensure the establishment of an integrated career center system by local workforce boards within each workforce development area. The Senate amendment has no comparable provisions. (See Note 134)

The Senate recedes with an amendment requiring States to establish one-stop career center systems.

322. The House bill, but not the Senate amendment, requires the Governor, through the collaborative process, to establish statewide criteria for selecting career center providers. (See Note 135)

The House recedes.

323. Both the House bill and the Senate amendment require States to implement a statewide approach to the delivery of employment and training, based on the concept of integrated or one-stop career centers, although the requirements of each bill differ. (See Note 136)

The Senate recedes with conforming amendments.

323a. The House bill requires a system where common intake, assessment, and job search are provided. The Senate amendment provides as an option, a system where core services are provided, regardless of point of entry.

The House recedes with an amendment providing that core services may be provided through a network that assures participants that such services will be available regardless of where the participants initially enter the statewide system, including through multiple, connected access points, linked electronically or technologically.

323b. Both the House bill and Senate amendment allow for access points that are electronically or computer linked. The House bill further provides for the availability of labor market information and common management information across the system.

The House and Senate recede.

323c. The House bill requires at least one physical, co-located career center (to the extent practicable), but encourages a network of such centers combined with affiliated sites. The Senate amendment provides as an option, that there are core services available at not less than one physical location in each substate area, and also allows for a combination of the options listed above.

The House recedes with an amendment providing that core services may be provided through a network of career centers

which can provide core services and services authorized under the Wagner-Peyser Act to individuals; at not less than one physical, co-located center in each workforce development area of the State, which provides comprehensive core services to individuals seeking such services; or through some combination of the options described in this section.

323d. The House bill requires that labor market information compiled pursuant to title II of the Wagner-Peyser Act be available through all career centers and affiliated sites. The Senate amendment has no comparable provision.

The Senate recedes with an amendment providing that labor market information, shall be available through the one-stop career center system.

323e. The House bill, but not the Senate amendment, provides that an entity or consortium of entities in a local workforce area may be designated by the local board to operate a career center, and lists certain eligible entities.

The Senate recedes with an amendment listing public and private eligible providers that may be designated or certified to operate a one-stop career center. The amendment also includes an exception providing that elementary and secondary schools shall not be eligible to operate a one-stop career center.

324. Both the House bill and Senate amendment list core services to be provided through integrated career centers or one-stop delivery systems.

The House recedes.

324a. The House bill requires that core services be provided on a universal and non-discriminatory basis, with reasonable accommodations for individuals with disabilities. The Senate amendment contains no such specific provision, but also does not restrict eligibility for core services.

The House recedes with an amendment providing that core services shall be available to all individuals seeking such services.

324b. Both the House bill and Senate amendment require that outreach and intake for services be available, and the Senate amendment includes orientation to services available through the one-stop.

The House recedes.

324c. Both the House bill and Senate amendment include initial assessment of skill levels, service needs, and need for supportive services. However, the two bills differ in what is to be specifically assessed.

The House recedes.

324d. Both the House bill and Senate amendment require job search assistance (the Senate amendment also specifies placement assistance), and career counseling, although the Senate amendment provides for career counseling where appropriate. The House bill also includes career planning based on a preliminary assessment.

The House recedes.

324e. Both the House bill and Senate amendment provide for information related to the local labor market. However the language differs as to what is required.

The Senate recedes with an amendment providing that one-stop career center systems shall provide accurate labor market information relating to local and State, and if appropriate, to regional or national occupations in demand and skill requirements for such occupations, where available.

324f. The Senate amendment provides for information on the quality and availability of other workforce employment, education, and vocational rehabilitation activities, and for referral to such programs. The House bill also provides such information and referral to programs, but refers to specific programs.

The House recedes with an amendment providing that one-stop career centers shall provide accurate information relating to the quality and availability of workforce and career development activities and vocational rehabilitation activities; referrals to such programs; and the provision of information related to adult education and literacy activities through cooperative efforts with eligible providers of such activities.

324g. The House bill requires that information on eligibility for Federal education and training programs be provided. The Senate amendment requires such information on forms of public financial assistance.

The Senate recedes with an amendment requiring one-stop career centers to provide eligibility information relating to unemployment compensation, publicly-funded education and training programs, and forms of public financial assistance, such as student aid programs, that may be available in order to enable individuals to participate in workforce and career development activities.

324h. The House bill, but not the Senate amendment, requires that information on the performance of programs be available through career centers.

The Senate recedes with an amendment requiring one-stop career centers to provide performance information on eligible training providers.

324i. The Senate amendment, but not the House bill, requires that customized screening and referral be provided.

The Senate recedes.

324j. The Senate amendment, but not the House bill, requires information on performance of the substate area with respect to the State benchmarks.

The House recedes with an amendment requiring one-stop career centers to provide information on how the local workforce development areas are performing on their local benchmarks, and any additional performance information provided by the local boards.

324k. The House bill, but not the Senate amendment, requires career centers to accept applications for unemployment compensation. The Senate amendment allows States to co-locate with unemployment compensation services. (See Note 327)

The House recedes.

325. The House bill, but not the Senate amendment, specifies that career centers or affiliated sites may serve as the point of distribution of career grants.

The Senate recedes with an amendment providing that a one-stop career center may serve as the point of distribution of career grants for the purchase of training services.

326. The House bill, but not the Senate amendment, allows career center systems to contract out for core services for individuals with severe disabilities.

The House recedes.

327. Both the House bill and Senate amendment contain different permissible or additional services that may be provided through the integrated career center or one-stop delivery systems.

The House recedes with conforming amendments and inserting additional discretionary one-stop activities.

328. The House bill, but not the Senate amendment, permits the Governor, through the collaborative process, to develop alternatives to the integrated career center system, subject to the approval of the Secretaries.

The House recedes.

Employment and training use of funds

329. The Senate amendment, but not the House bill, requires the following use of funds for workforce employment activities: one-stop delivery of core services; establishment of a labor market information system; and establishment of a job placement accountability system.

The Senate amendment also permits the use of funds for: permissible one-stop activities; other permissible training activities; staff development; incentive grants; and the provision of training services through vouchers.

The House recedes with an amendment requiring that funds made available to a State and local workforce development areas for employment and training activities shall be used to carry out required State and local employment and training activities; to conduct a career grant pilot program; and may be used to carry out permissible State and local employment and training activities.

330. The House bill, but not the Senate amendment, requires that certain mandatory activities be conducted by the State, from funds reserved by the Governor under the Adult Employment and Training grant, including: rapid response activities; and additional assistance for other worker dislocation events.

The Senate recedes with an amendment requiring States to use a portion of their State-held employment and training funds for rapid response assistance; labor market information; and to conduct evaluations.

Discretionary activities

331. Both the House bill and the Senate amendment list certain discretionary activities. The House bill, not the Senate amendment, specifically lists certain activities to be carried out by the State, and funded from the Governor's reserve. Under the Senate amendment's, permissible activities under section 106(a)(6) (A) through (N) are listed below, starting with Note 333b.

The House recedes with an amendment inserting a new title "PERMISSIBLE STATE ACTIVITIES", with conforming and technical changes.

331a. Both the House bill and the Senate amendment allow funds to be used for staff development and training, but the House bill further allows for capacity building.

The House recedes with an amendment allowing a State to use State funds to provide professional development and technical assistance.

331b. Both the House bill and the Senate amendment allow for incentive grant awards, but the House bill further allows for research and demonstration.

The House recedes with an amendment allowing a State to use State funds to provide incentive grants to workforce development areas for exemplary performance in reaching or exceeding benchmarks.

331c. In addition, the House bill allows States to use State reserve funds for incumbent worker training; assistance for career center systems; support for a common management information system; and training in nontraditional employment.

The House recedes with an amendment allowing additional permissible State activities including; certain economic development activities; implementation of efforts to increase the number of individuals trained and placed in nontraditional employment; other employment and training activities that the State deems necessary to assist local workforce development areas; a fiscal and management accountability system; the establishment of the one-stop career center system; and the career grant pilot program.

332. The House bill requires that adult employment and training grant funds be used to provide core services to adults through career center systems. The Senate amendment requires that workforce employment funds be used to provide core services through one-stop delivery. (See Note 324)

The House recedes.

333. The House bill, but not the Senate amendment, requires that adult employment training grant funds be used to provide intensive services, through career center systems, to adults who are unable to obtain employment through core services, but provides discretion on the types of services. The Senate amendment provides that intensive services are a permissible one-stop delivery activity. (See Note 327)

The Senate recedes with an amendment providing that funds made available to local workforce development areas shall be used to provide core services to individuals through the one-stop career center system of the State; and to provide training services to individuals who are unable to obtain employment through the core services and who after an interview, evaluation or assessment, and counseling, have been determined to be in need of training services.

333a. The House bill, but not the Senate amendment, specifies that intensive services may include: comprehensive and specialized assessments; individual employment plans; identification of employment goals; group or individual counseling and career planning; case management; and follow up counseling for up to 1 year.

The House recedes.

333b. Both the House bill and the Senate amendment permit the use of funds for case management and follow-up services.

The Senate recedes with an amendment authorizing training services which may include occupational skills training; on-the-job-training; skills upgrading and retraining for persons not in the workforce; and basic skills training when in combination with at least one of the other services listed.

334. The House bill requires that adult employment training grant funds be used to provide education and training services for only those adults who are unable to obtain employment through core or intensive services, and who are unable to obtain other grant assistance, but provides discretion on the types of education and training services. The Senate amendment does not require funds to be spent on such training activities, nor are there prerequisites for obtaining such services.

The Senate recedes with an amendment requiring that funds may be used to provide training services for individuals who are unable to obtain other grant assistance for such services, including Federal Pell Grants established under title IV of the Higher Education Act of 1965; or who require assistance beyond that made available from other grant assistance programs including Federal Pell Grants. The amendment also provides that training services may be provided to an individual while an application for a Pell grant is pending, provided that if such individual is subsequently awarded a Pell grant, appropriate reimbursement is made to the workforce development area from such Pell grant.

334a. The House bill and the Senate amendment include comparable training services as permissible uses of funds, but also include different additional services.

The House recedes.

334b. The House bill permits funds to be used for remedial education and literacy programs. The Senate amendment provides for such services under workforce education activities.

The House recedes.

334c. Both the House bill and the Senate amendment allow for: occupational skills training, on-the-job training, programs that combine workplace training with related instruction; skill upgrading and retraining; entrepreneurial training; employability training; and customized training. The House bill also allows private sector training. The Senate amendment also includes: preemployment training for youth; rapid response assistance; connecting activities for businesses to provide work-based learning for youth; and services to assist individuals in attaining industry-based skills.

The House and Senate recede.

335. Both the House bill and the Senate amendment list supportive services as an allowable use of funds. However, the House bill limits such assistance.

The Senate recedes with an amendment providing for additional permissible services including supportive services which may be provided to individuals who are receiving training services; and who are unable to obtain such supportive services through other programs providing such services. Follow-up services for individuals who are placed in unsubsidized employment are also authorized.

335a. The House bill, but not the Senate amendment, specifies the allowable use of needs-related payments, with specific education and training participation requirements.

The Senate recedes with an amendment to add as a permissible local activity, the provision of needs related payments to individuals enrolled in training programs in order to enable their participation in such training services. In addition, certain time limits and payment caps were added for the provision of such payments.

336. The House bill, but not the Senate amendment, requires local boards to establish a priority process for providing intensive, or education and training services to dislocated workers and economically disadvantaged individuals when funding is limited.

The Senate recedes with an amendment to require that priority be given to dislocated workers and other unemployed individuals for receipt of training services with guidance provided to one-stop career centers by the Governor and local boards in establishing such policies.

The Managers agree that priority should be given to dislocated workers and other unemployed individuals in the provision of training services, when funding is limited. Such priority for services is consistent with the employment-first approach to training taken under the employment and training component of this legislation. This priority language however, is not intended to preclude the provision of training services to other individuals, particularly to low income employed individuals, for which training is essential to obtain high skilled employment. Substantial flexibility is granted to States and local workforce development areas in making such individual determinations.

Career grants/vouchers

337. The House bill requires that education and training services for adults be provided through the use of career grants (vouchers), with providers identified in accordance with section 108 of the House bill. Such grants must be provided through the career center system. The Senate amendment allows, but does not require States to deliver some or all of the permissible employment activities under section 106(a)(6) through vouchers administered through the one-stop system.

The Senate amendment restricts the receipt of vouchers to individuals age 18 or older, who are unable to obtain Pell grants. The House bill also restricts receipt of career grants (vouchers). (See Note 334)

The Senate recedes with an amendment clarifying that training services may be provided through the use of career grants, and requiring States to carry out a career grant pilot program for dislocated workers that is of sufficient size, scope and quality to measure the effectiveness of the use of such a method of service delivery. The amendment requires States to describe in their State plan how the State will establish and implement the required career grant pilot program for dislocated workers and a description of how the State, after 3 years, will evaluate such program and use such findings to improve the delivery of training services for dislocated workers and other individuals. The amendment also requires that all training services shall be provided through the use of career

grants, contracts, or other methods that shall to the extent practicable, maximize consumer choice in the selection of an eligible provider.

337a. The House bill, but not the Senate amendment, provides 4 exceptions to the required use of vouchers.

The House recesses.

337b. The House bill, but not the Senate amendment, allows a 3-year transition for the full implementation of vouchers, from the date of enactment.

The House recesses.

337c. The House bill, but not the Senate amendment, requires that education and training be directly linked to occupations in demand.

The Senate recesses.

338. Under the Senate amendment, but not the House bill, States that choose to use vouchers must describe in the State plan criteria for the activities, the amount of funds and the eligibility of participants and providers.

The Senate recesses.

339. The House bill requires an identification process for determining which service providers are eligible to receive funds for adult training or vocational rehabilitation programs. The Senate amendment has no such requirement, other than to identify in the State plan the criteria for eligible providers, if a State chooses to offer services through vouchers. (See Note 138)

The House and Senate recess.

340. The House bill, but not the Senate amendment, establishes an alternative eligibility procedure for service providers that are not eligible to participate in title IV of the Higher Education Act. (See Note 139)

The House recesses.

341. The House bill requires the State to identify performance-based information to be submitted by service providers. The Senate amendment has no such requirement, other than to identify in the State plan information related to ensuring the accountability of service providers, if a State chooses to offer services through vouchers. (See Note 140)

The House and Senate recess.

342. Under the House bill, but not the Senate amendment, the Governor must designate a State agency to collect, verify, and disseminate performance-based information relating to service providers, along with a list of eligible providers, to local workforce development boards, and integrated career center systems. (See Note 141)

The House recesses.

343. Under the House bill, but not the Senate amendment, a service provider who provides inaccurate performance-based information will be disqualified from receiving funds under this Act for two years, unless upon the appeal, the provider can demonstrate that the information was provided in good faith. (See Note 142)

The House recesses.

344. Under the House bill, but not the Senate amendment, on-the-job training providers are exempt from this section, except that

performance-based information on such providers must be collected and disseminated. (See Note 143)

The House recesses.

344a. The House bill, but not the Senate amendment, provides that nothing in this section prohibits a State from providing services. (See Note 144)

The House recesses.

345. The Senate amendment, but not the House bill, requires a State that chooses to provide training activities must indicate in the State plan the extent to which the State will use vouchers to deliver such training activities.

The Senate recesses.

Substate allocation

346. The Senate amendment, but not the House bill, provides that funds made available for workforce employment activities (less Wagner-Peyser funds), and funds from the flex account dedicated to workforce employment activities, are available to the Governor to distribute as provided in the next Note. (See Note 347)

The Senate recesses.

347. The House bill allows Governors to reserve up to 20% of the State's allotment under the adult training grant for statewide activities and administration. From this 20% reserve, States are limited to 25% for administration. The Senate amendment allows Governors to reserve up to 25% to carry out workforce employment activities. From this 25% reserve, States are limited to 20% for administrative expenses.

The House recesses with an amendment requiring that of the funds made available for employment and training activities for a program year, 20 percent shall be reserved by the Governor to carry out State employment and training activities; and not more than 5% shall be made available for administrative expenses at the State level.

347a. The House bill requires that Governors allocate the remainder of funds to workforce development areas. The Senate amendment requires that Governors distribute 75% of funds to local entities.

The House recesses with an amendment requiring that of the funds made available for employment and training activities for a program year, 75 percent shall be distributed by the Governor to local workforce development areas to carry out employment and training activities.

347b. The House bill requires that of the funds to be distributed to workforce development areas, 90% be allocated based on a substate formula, established by the Governor, through the collaborative process and after consultation with local officials, taking into account: poverty rates; unemployment rates; the State's adult population within each local workforce area; and other factors as considered appropriate. The formula must distribute funds equitably, and none of the factors can receive disproportionate weighting.

The Senate amendment requires the Governor to distribute the 75% of funds to local entities based on such factors as the relative distribution among substate areas of individuals who are not less than 15 and not more than 65; individuals in poverty, unemployed

individuals, and adult recipients of assistance. The Senate amendment also allows Governors, in consultation with local partnerships (or local boards) to include such additional factors as determined necessary.

The Senate recedes with an amendment requiring that the Governor develop a formula for the allocation of 75 percent of the employment and training funds to workforce development areas that must take into account certain factors for the distribution of local funds.

347c. The House bill, but not the Senate amendment, allows the Governor discretion over 10% of the funds required for distribution to local workforce boards.

The House recedes.

348. The House bill limits the administrative costs of the local workforce development board to 10%. The Senate has no comparable provision.

The Senate recedes with amendment striking “board” and inserting “area.”

Flex account

349. The Senate amendment, but not the House bill, allows the use of flex-account funds for school-to-work, workforce employment activities, workforce education activities and economic development.

The House recedes with an amendment striking “WORKFORCE”.

350. The Senate amendment, but not the House bill, requires States to use a portion of flex account funds for school-to-work activities, broadly defined. However, any State receiving a grant under the School-to-Work Opportunities Act of 1994, must continue such activities under the terms of the grant.

The Senate recedes.

351. Under the Senate amendment, but not the House bill, States may use flex account funds for either training activities or education activities, as the State decides.

The House recedes with an amendment allowing States to use flex-account funds to carry out employment and training, at-risk youth, vocational education, and adult education and literacy activities.

352. Under the Senate amendment, but not the House bill, a State may engage in economic development activities if the State has established State and local workforce development boards or provides services through vouchers beginning in the year 2000. A State may use up to 50% of the flex account funds to engage in the listed activities for upgrading skills of incumbent workers.

The Senate recedes.

FEDERAL

Administrative Partnership

353. The Senate amendment, but not the House bill, establishes in the Department of Labor and the Department of Education a Workforce Development Partnership (“Federal Partner-

ship”), under the joint control of the Secretary of Labor and the Secretary of Education, to administer the Act.

The House recedes with an amendment requiring the Secretary of Labor and the Secretary of Education to enter into an inter-agency agreement to administer the provisions of this title, other than sections relating to vocational education, labor market information and national literacy activities.

354. Under the Senate amendment, but not the House bill, the Secretary of Labor and the Secretary of Education, working jointly through the Federal Partnership, will be responsible for activities including: approving State plans and benchmarks, making allotments to States, awarding annual incentive grants, applying sanctions, designing the transfer of personnel and activities to the Partnership, and disseminating information and providing technical assistance to States.

The House recedes with an amendment requiring the Secretary of Labor and the Secretary of Education to agree on the administration of this title.

355. Under the Senate amendment, but not the House bill, the Federal Partnership will be directed by a National Workforce Development Board, composed of 13 members, appointed by the President by and with the advice and consent of the Senate, including: 7 representatives of business and industry, 2 representatives of labor and workers, 2 representatives of adult and vocational education, and 2 Governors.

The Senate recedes.

356. Under the Senate amendment, but not the House bill, the Federal Partnership will be responsible for activities including: overseeing the development and implementation of the nationwide integrated labor market information system, establishing model benchmarks, negotiating State benchmarks, receiving and reviewing reports, preparing an annual report on the performance of States toward reaching the benchmarks, advising the Secretary of Labor and the Secretary of Education regarding the review and approval of State plans and procedures for awarding incentive grants and applying sanctions, reviewing Federal programs and recommending how they could be integrated into State systems, and reviewing any issues about which the Secretary of Labor and the Secretary of Education disagree and making recommendations to the President regarding their resolution.

The Senate recedes.

357. The Senate amendment, but not the House bill, provides for the appointment by the President of a Director, by and with the advice and consent of the Senate, to administer the general duties of the Federal Partnership.

The Senate recedes.

358. The Senate amendment, but not the House bill, provides for the transfer of personnel from the Employment and Training Administration (ETA) within the Department of Labor and the Office of Adult and Vocational Education (OAVE) within the Department of Education to the Federal Partnership.

The Senate recedes.

358a. The Senate amendment, but not the House bill, requires the Secretaries to submit a proposed workplan outlining the transfers to be made to the Federal Partnership.

The House recedes with an amendment requiring the Secretaries to prepare and submit to the President and the appropriate committees of Congress, not later than 180 days after the date of enactment, an interagency agreement which includes a description of how the Secretary of Labor and the Secretary of Education will work together to carry out their duties and responsibilities under this title.

358b. The Senate amendment, but not the House bill, provides that the National Board shall review the Secretaries' workplan. The National Board may reject the workplan and submit their own workplan to the President outlining the transfers to be made to the Federal Partnership.

The Senate recedes.

358c. Under the Senate amendment, but not the House bill, the President shall make a decision regarding the implementation of such workplan.

The House recedes with an amendment requiring the President within 200 days to approve or disapprove the interagency agreement, and make recommendations on an alternative plan, in the event such agreement is not approved.

358d. The Senate amendment, but not the House bill, provides that if the Secretaries do not submit a workplan, the President shall delegate full responsibility for the administration of this Act to either the Secretary of Labor or the Secretary of Education.

The Senate recedes.

359. The Senate amendment, but not the House bill, requires an initial one-third reduction in the number of Federal employees necessary to perform the functions associated with the Federal administration of the Act. Not later than 5 years after the date of initial transfers to the Federal Partnerships there must be a 60% reduction in the number of Federal employees, unless the Secretaries submit a report to Congress stating why such reduction has not occurred. However, there must be a minimum 40% reduction in the number of Federal employees.

The House recedes with an amendment making technical changes.

360. The Senate amendment, but not the House bill, provides that personnel from ETA and OAVE that do not perform functions related to the administration of the Act will be transferred to other entities in the appropriate department.

The Senate recedes.

361. The Senate amendment, but not the House bill, requires the Secretaries to submit an additional workplan outlining the transfers of individuals to entities other than the Federal Partnership.

The Senate recedes.

362. The Senate amendment, but not the House bill, eliminates the Office of Adult and Vocational Education (OAVE) within the Department of Education and the Employment and Training Administration (ETA) within the Department of Labor on July 1, 1998.

The Senate recesses.

Wagner-Peyser (Employment Service)

363. The Senate amendment, but not the House bill, amends section 1 of the Wagner-Peyser Act to provide that the Federal Partnership shall oversee the activities of the Employment Service.

The Senate recesses.

364. Both the House bill and the Senate amendment amend section 2 to reflect the repeal of the Job Training Partnership Act and to conform the definitions and terms to each of the appropriate bills.

The Senate recesses with technical and conforming amendments.

365. Both the House bill and the Senate amendment amend section 3, the duties of the Federal government, by requiring the Secretary of Labor (or the Federal Partnership in the Senate amendment) to assist in the coordination and development of a nationwide system of labor exchange services for the general public, to assist in the development of continuous improvement models for such nationwide system which ensures private sector satisfaction and meets the demands of jobseekers, and to ensure the continued services for individuals receiving unemployment compensation.

The House recesses with an amendment requiring the Secretary of Labor to assist in the coordination and development of a nationwide system of labor exchange services for the general public, provided as part of the one-stop career center systems of the States; assist in the development of continuous improvement models for such nationwide system that ensure private sector satisfaction with the system and meet the demands of jobseekers relating to the system; and ensure, for individuals otherwise eligible to receive unemployment compensation, the continuation of any activities in which the individuals are required to participate to receive the compensation.

366. The Senate amendment, but not the House bill, makes conforming amendments to the Unemployment Compensation Amendments of 1976.

The House recesses.

367. Both the House bill and Senate amendment amend section 4 to require the Governor (and in the House bill, the Governor through the collaborative process) to designate a State agency to carry out the Act.

The House recesses with an amendment inserting "in consultation with the State legislature".

367a. In the House bill, the designated State agency cooperates with the Secretary of Labor. In the Senate amendment, such agency cooperates with the Federal Partnership.

The Senate recesses.

368. The House bill requires that 25% of the funds available under the Wagner-Peyser Act be used to cover both the current BLS programs (funded under sec. 14) and to support State/local labor market information.

The House recesses.

369. The Senate amendment, but not the House bill, amends section 5(c) to strike an obsolete provision.

The House recesses.

370. Both the House bill and the Senate amendments amend section 7 to conform with the repeals of the Job Training Partnership Act and the Carl D. Perkins Vocational and Applied Technology Education Act.

The House recesses with an amendment striking “Workforce Development Act of 1995” and inserting “Workforce and Career Development Act of 1996”.

370a. The Senate amendment, but not the House bill, requires that labor exchange services be provided through the one-stop career center system. The House bill has a similar provision in its definition of “Public Employment Office.”

The House recesses with an amendment striking “through” and inserting “as part of”.

371. Both the House bill and the Senate amendment amend section 8 to require States to submit detailed plans for carrying out this Act as a part of their workforce development plans.

The Senate recesses with an amendment requiring that any State desiring to receive assistance under the Wagner-Peyser Act shall submit to the Secretary, as part of the State plan under the Workforce and Career Development Act, plans for carrying out the provisions of the Wagner-Peyser Act.

372. Both the House bill and the Senate bills repeal section 11, the Federal Advisory Council.

The Senate recesses.

373. Both the House bill and the Senate amendment include conforming amendments.

The Senate recesses with an amendment striking reference to “Consolidated and Reformed Education, Employment, and Rehabilitation Systems Act” and inserting “the Workforce and Career Development Act of 1996”.

Labor market information

374. The Senate amendment, but not the House bill, requires States to use a portion of their workforce employment funds to pay for a statewide labor market information system. (See Note 368 for related House provision)

The Senate recesses.

375. The House bill, but not the Senate amendment, places the labor market information activities under the Wagner-Peyser Act.

The Senate recesses with an amendment authorizing an appropriation of \$65 million for fiscal year 1998 and such sums through fiscal year 2002.

375a. The House bill, but not the Senate amendment provides a purpose.

The House recesses.

376. The House bill provides the Secretary of Labor with the responsibility for the LMI system. The Senate amendment provides this responsibility to the Federal Partnership. Both the House bill and the Senate amendment list comparable elements of the nationwide LMI system, with language differences.

The House recesses with an amendment requiring the Secretary of Labor, in accordance with this section, to oversee the mainte-

nance and continuous improvement of the system of labor market information.

The Managers commend the National and State Occupational Information Coordinating Committee (NOICC/SOICC) for leadership in building the foundation for the existing labor market information system, which includes occupational information. Further, the Managers assume that the Federal and State governments will build upon the NOICC/SOICC initiatives in the development of occupational, career and consumer information delivery systems and related products, the training of professionals in the use of labor market information in career decision making, the support of career development programs, and in coordinating a multi-agency approach in building upon the existing labor market information system.

At the State level, the Managers encourage Governors and State agency heads to use the SOICC to carry out the collaborative, interagency process in building upon the existing statewide labor market information system. Further, at the Federal level, the Managers wish to make clear that the NOICC may be used during transition to support the labor market information system activities of the Department of Education and the Department of Labor and encourage the continued use of NOICC expertise under the improved system.

376a. The House bill specifies that data may include data aggregated by demographic characteristics. The Senate amendment states that data may be from "cooperative statistical" programs.

The Senate recedes with an amendment to include within the system of labor market information statistical programs of data collection, compilation, estimation and publication conducted in cooperation with the Bureau of Labor Statistics.

The specific cooperative statistics program currently managed by the Bureau of Labor Statistics include: Current Employment Statistics (CES), Local Area Unemployment Statistics (LAUS), Occupational Employment Statistics (OES), Mass Layoff Statistics (MLS). The Managers intend that these programs will continue to be authorized under the Wagner-Peyser Act and that this legislation will not alter the way they are funded. The Bureau of Labor Statistics will continue to justify funding levels through the appropriations process, as it has in the past, including its request for non-trust funds money.

376b. The House bill includes data on individuals with severe disabilities and clarifies that data under this part are available from the Bureau of Census and other sources. The Senate amendment specifies that such data should be current and be collected from populations at the substate, State and national level.

The House and Senate recede.

376c. The House bill, but not the Senate amendment, specifies that data shall be maintained in an aggregated fashion and specifies that such data are available from the Bureau of Census and other sources.

The House and Senate recede.

376d. The House bill, but not the Senate amendment, clarifies that information such as the unemployment insurance wage data records may be used.

The House and Senate recede.

376e. The Senate amendment, but not the House bill, specifies the form in which employment and consumer information shall be collected.

The Senate recedes with an amendment requiring that State and local employment information include other appropriate statistical data related to labor market dynamics which will assist individuals to make informed choices related to employment and training and assist employers to locate and train employees who are seeking employment and training.

The Managers intend that the State-based data collection and analysis be produced in a way as to produce a common set of labor market products and services that will be consistently available in all parts of the country and that, at the same time, will meet the unique needs of States and localities. The primary customers of the State and local products and services will be job seekers, employers and counselors. The consumer information, as described under Section 121, and other information supplied by the States and local workforce development boards will also be useful to these customers. To the extent feasible, the core products and services are expected to include: profiles of employers in the local labor market, including job openings, locations, hiring requirements, the nature of the work, employment requirements, wages, benefits, and hiring patterns—as such information is volunteered by employers; aggregate data related to the employment and training needs and skill levels of job seekers in the local labor market area.

376f. The House bill would profile “employers” as opposed to “industries” as in the Senate amendment. The House bill, but not the Senate amendment would also collect information on hiring patterns.

The House and Senate recede.

376g. The House bill, but not the Senate amendment, specifies that aggregate data shall be maintained.

The House and Senate recede.

376h. The House bill includes collection of information on the level of satisfaction of the participants and their employers and would also require the collection of descriptive information on programs (beyond performance).

The Senate amendment requires that the performance data include the percentage of program completion, while the House bill refers to summary data on program completion.

The House and Senate recede.

376hh. The House bill and the Senate amendment provide for technical standards.

The Senate recedes with an amendment to include within the system of labor market information technical standards for data and information which at a minimum, meet the criteria of chapter 35 of title 44.

The technical standards in Section 139(a) will ensure the standardization of data and will ensure that data from one State can be compared with data available in another State. Technical standards are important because of the mobility of the U.S. workforce and the number of States with multi-State labor mar-

kets. These technical standards, to the extent practicable, are also intended to cover the consumer information in this Act.

376i. The Senate amendment, but not the House bill, also includes standardized definitions of labor market terms related to State benchmarks.

The House and Senate recede.

376j. The Senate amendment, but not the House bill, clarifies that the collection and analysis should be of labor market and occupational information.

The House and Senate recede.

376k. The Senate amendment, but not the House bill, specifies occupational information.

The House and Senate recede.

376l. The House bill uses the term "Federal," the Senate version uses the term "national" for the purposes of policymaking.

The Senate recedes with an amendment to include within the system of labor market information analysis of data information for uses such as State and local policymaking.

376m. The Senate amendment, but not the House bill, also specifies research on occupational dynamics.

The House and Senate recede.

376n. The House bill, but not the Senate amendment, includes the standardization of technical standards and the design of user interfaces and communication protocols.

The Senate recedes with an amendment to include within the labor market information system the wide dissemination of data and analysis, training for users of the data and analysis, and voluntary technical standards for dissemination mechanisms.

376o. The House bill includes programs providing assistance in using systems to improve access to individuals to labor market information. The Senate amendment includes programs in the area of continuous improvement of data and provides for the training of counselors, teachers and others in using the LMI system to improve career decisionmaking.

The Senate recedes with an amendment to include within the system of labor market information programs of research and demonstration, and technical assistance for States and localities.

377. The House bill, but not the Senate amendment, specifies that statistical information collected as part of the LMI system would be subject to a number of confidentiality requirements. (This language is similar to the current statutory language under which the census data is collected)

The Senate recedes with an amendment requiring that no officer or employee of the Federal Government or agent of the Federal Government may use the information furnished under the provisions of this section for any purpose other than the statistical purposes for which it is furnished; make any publication whereby the data contained in the information so furnished under this section can be used to identify any individual; or permit anyone other than the sworn officers, employees or agents of any Federal department or agency to examine individual reports through which the information is furnished.

378. Under the House bill, but not the Senate amendment, any information collected as part of the LMI system may not be used against an individual in a legal process.

The Senate recedes with an amendment providing that nothing in this subparagraph shall be construed as providing immunity from the legal process for information that is independently collected or produced for purposes other than for purposes of this section.

379. Both the House bill and the Senate amendment outline the cooperative administrative structure for the LMI system, but the House bill refers to local entities as part of such structure.

The Senate recedes with an amendment providing that the labor market information system be planned, administered, overseen, and evaluated by a cooperative governance structure involving the Federal Government, States, and local entities. The amendment also specifies certain duties for the Secretary of Labor.

380. The House bill, but not the Senate amendment requires the Secretary of Labor to carry out specific duties with respect to data collection.

The House recedes.

381. The House bill requires the Secretary, in collaboration with Bureau of Labor Statistics to carry out additional duties. The Senate amendment requires plan information regarding such duties.

The House recedes.

382. The House bill, but not the Senate amendment, clarifies that the annual plan is part of the DOL budget submitted to Congress. As such, it is the written justification for the use of these funds and for the priority of these funds for the following fiscal year. Both the House bill and the Senate amendment require the plan to include various elements. To the extent that both bills include similar elements, there are differences in content.

The House recedes with an amendment requiring the Secretary of Labor, in collaboration with the States and the Bureau of Labor Statistics, and with the assistance of other appropriate Federal agencies, to prepare an annual plan that shall describe the cooperative Federal-State governance structure for the labor market information system.

383. The House bill requires that the plan be developed through a formal process involving the Secretary of Labor, Bureau of Labor Statistics and State directors of LMI, whereas the Senate amendment requires a description of formal consultations.

The Senate recedes with an amendment requiring the Secretary of Labor and the Bureau of Labor Statistics, in cooperation with the States, to develop the plan by holding formal consultations with State representatives who have expertise in labor market information; and pursuant to a process agreed upon by the Secretary of Labor and the States, representatives from each of the Federal regions of the Department of Labor; and employers or representatives of employers.

384. Both the House bill and the Senate amendment allow for representatives of the Governor to participate in deliberations relating to budget issues for the development of the annual plan.

The House and Senate recede.

385. Under both the House bill and the Senate amendment, the Governor must designate a single State agency (or entity in the Senate amendment) to be responsible for the management of the statewide LMI system. Under the House bill this agency would also have an oversight role. In the Senate amendment, the oversight function would be carried out under an interagency process.

The House recedes with an amendment requiring the Governor of a State to designate a single State agency or entity to be responsible for the management of the statewide labor market information system and authorizing establishment of a process for the oversight of such a system.

386. Both the House bill and the Senate amendment require States to carry out specific duties in exchange for receipt of funds. To the extent that both bills include similar requirements, they differ in content.

The House recedes with an amendment describing the duties of the State agency designated to be responsible for labor market information.

386a. The Senate amendment, but not the House bill, provides for a rule of construction.

The House recedes.

387. Under the Senate amendment, but not the House bill, this section takes effect July 1, 1998. (See Note 456 for comparable House provision)

The House recedes.

UI trust fund

388. The Senate amendment, but not the House bill, makes amendments to the Unemployment Trust Fund to conform with the Workforce Development Act.

The Senate recedes.

Limited Federal regulations

389. The House bill, but not the Senate amendment, restricts Department of Education and Department of Labor from issuing unnecessary regulations in regard to this Act.

The Senate recedes with conforming and technical changes.

NATIONAL PROGRAMS

Education / youth

390. The House bill authorizes \$25 million or 20% of total funding for the youth development block grant funding—whichever is less—for Federal research, a national assessment of youth development programs and a national center(s) for research on youth development programs. The Senate amendment reserves 0.15% of the \$5.884 billion authorization (\$8,826,000) for a national center for research in education and workforce development, a national assessment of vocational education and the National Institute for Literacy.

The House and Senate recede.

391. The House bill, but not the Senate amendment, allows the Secretary to award discretionary grants for demonstration and model programs. Funds may also be used by the Department of

Education for evaluation, capacity building and technical assistance.

The Senate recedes with an amendment requiring the Secretaries, as part of the interagency agreement, to develop a single plan for assessment and evaluation, research, demonstrations, dissemination of model programs, and technical assistance activities with regard to the services and activities carried out under this title. The amendment authorizes \$15 million for assessment and evaluation of activities assisted under this title; \$15 million for a national research center or centers; \$30 million for demonstration programs, replication of model programs, dissemination of best practices information, and technical assistance for fiscal years 1998–2002.

The Managers intend that the Secretaries may use demonstration funds to allow national disability organizations to continue to carry out national employment, training and job placement activities for which they are uniquely qualified.

It is also the intent of the Managers that in awarding demonstration grants under this authority that the Secretaries give strong consideration to projects that involve a partnership between a four year higher education institution, local public educational organizations, non-profit organizations and private sector business participants that provide program support, facilities, specific skills training, retraining, education, tutoring, counseling, employment preparation through distance learning in emerging and established professions to individuals who otherwise would not have access to such services, as exemplified by programs currently proposed by Pacific Union College and Napa Valley Community Resource Center in Angwin, California.

The Managers further intend for the Secretaries to use the resources made available under the “Demonstrations, Dissemination, and Technical Assistance” section to replicate models of demonstrated effectiveness, such as the Center for Employment and Training (CET) and the Youth Build Program, for the purpose of developing, improving, and identifying the most successful methods and techniques in providing the services and activities authorized under this Act.

392. The House bill, but not the Senate amendment, requires the Secretary of Education to establish a system to disseminate information received from research and development activities.

The House recedes.

393. The House bill requires Office of Educational Research and Improvement to conduct a biennial assessment. The Senate amendment requires the Secretary to conduct an assessment.

The House and Senate recede.

394. The Senate amendment, but not the House bill, creates a national advisory panel to advise the Secretary on the assessment. The advisory panel may submit an independent analysis to the appropriate congressional committees and the Federal Partnership.

The Senate recedes.

395. Both the House bill and the Senate amendment require the assessment to review certain activities.

The House and Senate recede.

395a. Both the House bill and the Senate amendment require a review of how funds received are being used by State and local areas to achieve the intended results of this Act; program improvement; the effect of performance measures, accountability and State and local assessments; and the success of students in meeting academic and occupational measures.

The House and Senate recede.

395b. Both the House bill and the Senate amendment have additional assessment requirements.

The House and Senate recede.

396. The Senate amendment, but not the House bill, requires the Secretary to consult with Congress on the design and implementation of the assessment. The Senate amendment further requires an interim report to Congress and prohibits review of the report outside the Department of Education prior to the transmittal to Congress.

The Senate recedes.

397. The Senate amendment has an effective date of July 1, 1998. (See Note 456 for comparable House provision.)

The Senate recedes.

398. Both the House bill and the Senate amendment allow institutions of higher education, public and private agencies or consortia of such agencies to compete for a national research center contract.

The House and Senate recede.

398a. The House bill allows the Secretary of Education to contract for a National center to conduct research. The Senate amendment allows the Secretary of Education and the Secretary of Labor, acting on the advice of the Federal Partnership, to award a contract for a national center.

The House recedes.

398b. The House bill, but not the Senate amendment, requires that if such centers are established, the national center currently in operation shall continue under the terms of its contract.

The House recedes.

399. Both the House bill and the Senate amendment require the center to carry out required activities.

The House and Senate recede.

399a. Both the House bill and the Senate amendment require research and assistance in combining academic and vocational education, new models for remediation of academic skills, new linkages among education and job training, and new models for career guidance.

The House and Senate recede.

399b. Both the House bill and the Senate amendment have additional required activities.

The House and Senate recede.

400. Both the House bill and the Senate amendment require the center to help States and localities develop performance measures and indicators. The House bill further requires the center to provide technical assistance and outreach.

The House and Senate recede.

401. Both the House bill and the Senate amendment require the center to maintain a clearinghouse to disseminate information to Federal, State and local entities.

The House and Senate recede.

402. The Senate amendment allows the Federal Partnership to ask the center to study topics or conduct activities as they determine necessary. The House bill allows the Secretary of Education to request that the center conduct other activities.

The Senate recedes.

403. The Senate amendment, but not the House bill, requires the center to identify current research and technical assistance needs using a variety of sources including a panel of Federal, State and local practitioners.

The Senate recedes.

404. The House bill and the Senate amendment require the center to annually submit a report to the Secretaries of Education and Labor and to the House and Senate authorizing committees. The Senate amendment further requires the center to annually submit a report to the Federal Partnership.

The House and Senate recede.

405. The Senate amendment, but not the House bill, provides a 6 month transition period between the current grant aware expiration and subsequent authorization.

The House recedes with an amendment striking "on the advice of the Federal Partnership".

406. Both the House bill and the Senate amendment use the definition of higher education which excludes proprietary schools. (See Note 36 for House definition of "eligible institution.")

The House recedes.

407. The Senate amendment, but not the House bill, makes conforming amendments to current law for the transition period.

The House recedes.

408. The Senate amendment has a July 1, 1998 effective date and includes a January 1, 1998 effective date for the transition period for the national center. (See Note 456 for comparable House provision.)

The House recedes.

Employment and training activities

409. The House bill reserves 15% of the adult employment and training grant authorization (\$327 million) for national discretionary grants (including incentive grants, research, development, and workforce development loans). The Senate amendment reserves 5% of the \$5.88 billion authorization (\$294 million) for national discretionary grants, incentive grants and for the administration of this title.

The House recedes with an amendment reserving 10 percent of the block grant for national activities. After funds have been distributed for Native Americans, migrants, and the outlying areas programs, the remainder shall be reserved for national emergency grants and incentive grants.

410. Under the House bill, the Secretary of Labor is provided full discretion to award grants for major economic dislocations. Under the Senate amendment, the Secretary of Labor and the Sec-

retary of Education must act jointly on the advice of the Federal Partnership for the award of such grant. The Senate amendment also includes a provision for an emergency determination.

The Senate recesses with an amendment authorizing the Secretary of Labor to award national emergency grants to provide employment and training assistance to workers affected by major economic dislocations such as plant closures, mass layoffs, or closures and realignment of military installations.

For the purposes of awarding a National Emergency Grant, it is the intent of the Managers that the Secretary of Labor should develop criteria to determine if an event constitutes a "major economic dislocation." In doing so, the Secretary should consider the number of workers affected in relation to the size and unique situation of the community affected, rather than by establishing any one threshold number. The Managers are deeply concerned that establishing an arbitrary threshold overlooks the varying impact of these kinds of events on communities of different sizes. For instance, a plant closing or other event affecting a small number of workers has a profoundly different impact on a large community as compared to a small community.

411. The House bill includes a number of entities as eligible to receive grants under this part. The Senate amendment includes a State or local entity as eligible to receive grants under this part. (See Note 53 for Senate description of "local entity.")

The House recesses with an amendment defining "eligible entity" to mean a State, a unit of general local government, or a public or private local entity (including for-profit or non-profit).

412. Under the House bill, eligible entities must submit an application to the Secretary of Labor. Under the Senate amendment, such entities must submit an application to the Federal Partnership.

The Senate recesses.

413. Both the House bill and the Senate amendment provide that funds may be used for disaster relief employment assistance.

The Senate recesses with an amendment authorizing the Secretary of Labor to provide assistance to the Governor of any State within the boundaries of which is an area that has suffered an emergency or a major disaster.

414. The House bill, but not the Senate amendment, clarifies that funds may be expended through public and private agencies.

The Senate recesses.

415. Under the House bill, but not the Senate amendment, only individuals dislocated or laid off due to the disaster are eligible to be offered disaster employment.

The House recesses with an amendment requiring that funds be used exclusively to provide employment on projects assisting disaster areas.

416. The House bill, but not the Senate amendment, limits the length of time such individuals may be employed under this part to six months.

The House recesses.

417. The House bill, but not the Senate amendment, provides for the Secretary of Labor to use a portion of its discretionary fund-

ing to carry out research, demonstrations, evaluations, national partnerships, capacity building and technical assistance.

The House recesses.

417a. Both the House bill and the Senate amendment provide for ongoing evaluations of employment-related activities, including the use of controlled experiments using groups chosen by random assignment. In the House bill, the Secretary of Labor performs the evaluations, and in the Senate amendment the States perform the evaluations. (See Note 163)

The House recesses.

417b. The House bill, but not the Senate amendment, also allows the Secretary of Labor to conduct evaluations of other Federal employment-related workforce programs to determine their effectiveness. (See Note 164)

The House recesses.

417c. The House bill requires the Secretary of Labor to provide capacity building and technical assistance. The Senate amendment requires the Secretary of Labor and the Secretary of Education, acting jointly, to provide technical assistance in appropriate cases. (See Note 354.)

The House recesses.

418. The House bill, but not the Senate amendment, allows the Secretary of Labor to use a portion of its discretionary funding to make grants to States to establish workforce skills and loan programs.

The House recesses.

Native American programs

419. The House bill reserves 4% of the Adult Employment and Training Grant authorization of \$85 million, whichever is less, for Native American programs. The Senate amendment reserves 1.25% of the \$5.884 billion authorization (\$73.5 million) for Native American programs.

The House recesses with an amendment reserving \$90 million from the annual appropriation for Native American programs.

420. The Senate amendment, but not the House bill, allows the Secretaries to reserve a portion of at-risk youth funds to carry out programs for Native American at-risk youth.

The Senate recesses.

421. The Senate amendment, but not the House bill, contains purposes.

The House recesses.

422. The Senate amendment includes several definitions relating to Indian workforce activities. (For comparable definition of Native American in the House bill see Note 57)

The House recesses.

423. Both the House bill and the Senate amendment authorize similar entities for the receipt of funds. However, in the House bill, Indian controlled organizations serving "off-reservation" areas are eligible, in the Senate amendment, such entities serving "Indians" are eligible. Also, the House bill specifies the types of areas served by Alaska Native entities.

The House recesses with an amendment making technical changes.

424. The Senate amendment, but not the House bill, requires the Secretaries to distribute funds by formula.

The Senate recesses.

425. Both the House bill and the Senate amendment list authorized activities. However, the Senate amendment further specifies such activities.

The House recesses with an amendment requiring that activities carried out are consistent with this section and are necessary to meet the needs of Indians or Native Hawaiians preparing to enter, reenter, or retain unsubsidized employment. The amendment requires that funds be used for workforce development activities and supplemental services and vocational education, adult education, and literacy services.

426. The Senate amendment, but not the House bill, continues eligibility for individuals previously eligible under the JTPA program for Native Americans.

The House recesses.

427. The House bill, but not the Senate amendment, allows for the Secretary of Labor to transfer authority to the Secretary of Education to carry out specific vocational education programs for Native Americans.

The Senate recesses with an amendment allowing the Secretaries to agree that the Secretary of Education may carry out any portion of assistance devoted to vocational education activities including assistance to entities not eligible for funding pursuant to the Tribally Controlled Community College Assistance Act.

The Managers have consolidated employment and training services, including vocational education services, into a Native American block grant. The Department of Labor as part of the interagency agreement is encouraged to transfer the portion of the funds covering vocational education services to the Department of Education in recognition of that Department's special expertise in this area.

In making grants for education services the Secretary, consistent with previous policy, shall give consideration to applications from Tribally Controlled Community Colleges. The Managers also recognize the important role of the two tribal postsecondary vocational education institutions—United Tribes Technical College and Crownpoint Institute of Technology—and expect the Secretary to continue support for these institutions from funds allocated under this section.

428. The Senate amendment, but not the House bill, requires eligible entities to submit a 3-year plan to the Federal Partnership.

The House recesses with an amendment striking "Federal Partnership" and inserting "Secretaries".

429. Both the House bill and the Senate amendment allow eligible entities to further consolidate funds under this Act in accordance with P.L. 102-477.

The Senate recesses.

430. The Senate amendment, but not the House bill, includes provisions regarding nonduplicative and nonexclusive services.

The House recesses.

431. The Senate amendment, but not the House bill, establishes an office within the Federal Partnership to administer this section.

The House recedes with an amendment requiring the Secretaries to designate a single organizational unit to administer Native American programs and to provide technical assistance.

432. Both the House bill and the Senate amendment require that regulations be developed in consultation with Tribal entities. Under the House bill, the Secretary of Labor is responsible for establishing regulations, whereas the Senate amendment specifies the Partnership, through the Native American office.

The Senate recedes with an amendment requiring the Secretaries to consult with the eligible entities in establishing regulations and performance standards for Native American programs.

433. The Senate amendment, but not the House bill, permits the Secretaries to act jointly in the distribution of at-risk youth funds, if any, for Native Americans.

The Senate recedes.

Migrant and seasonal farmworker program

434. The House bill reserves 4% of the Adult Training and Employment authorization or \$85 million, whichever is less, for migrant and seasonal farmworkers. The Senate amendment reserves 1.25% of the \$5.884 billion authorization (\$73.5 million) for migrant and seasonal farmworkers.

The Senate recedes with an amendment reserving \$70 million from the annual appropriation for migrant and seasonal farmworker programs.

The conference agreement includes the consolidation of current programs for migrant and seasonal farmworkers into a single program which is intended to serve as the main vehicle for Federal investments in migrant and seasonal farmworkers' training, placement, and related assistance. These investments assist farmworkers to secure stable, meaningful employment. These programs target services to one of the most hard-to-serve and at-risk populations in the United States.

The legislative language includes broad allowable services that may be provided under this section for migrant and seasonal farmworkers and their dependents including single purpose grants for the provision of training and technical assistance for housing and related assistance.

434a. The House bill authorizes the Secretary of Labor to carry out this program. The Senate amendment authorizes the Secretaries, acting jointly on advice of the Federal Partnership, to carry out this program.

The House recedes with an amendment making technical changes.

435. The House bill allows the Secretary of Labor to determine eligible entities. The Senate amendment lists specific criteria for eligible entities.

The House recedes with an amendment requiring that eligible entities shall have an understanding of the problems of migrant and seasonal farmworkers, a familiarity with the area to be served, and can demonstrate a capacity to administer effectively a diversi-

fied program of workforce development activities for migrant and seasonal farmworkers.

436. The House bill lists specific allowable activities. The Senate amendment authorizes funds for “comprehensive workforce development activities and related services.”

The Senate recedes with an amendment requiring that funds made available under this section shall be used to carry out comprehensive workforce development activities and related services for migrant and seasonal farmworkers and their dependents.

437. The House bill, but not the Senate amendment, require that regulations be developed in consultation with farmworker groups.

The Senate recedes with an amendment requiring the Secretaries to consult with seasonal and migrant farmworker groups and States in establishing regulations and performance standards for the migrant and seasonal farmworker program.

438. The Senate amendment, but not the House bill, requires eligible entities to submit a 3-year plan to the Federal Partnership.

The House recedes with an amendment requiring that eligible entities submit to the Secretaries a plan that describes a 3-year strategy for meeting the needs of migrant and seasonal farmworkers and their dependents.

439. The Senate amendment, but not the House bill, require that grants be distributed in consultation with Governors and local partnership.

The House recedes with an amendment requiring that in making grants and entering into contracts under this section, the Secretaries shall consult with the Governors and with local workforce development boards.

Territories/Outlying areas

440. The House bill provides funding for territories in each of the three grants. For the youth grant, funds are available to territories through the State allotment, with the definition of “State” including such territories. For the adult employment and training grant, up to one quarter of 1% of the authorized allotment available for States, (\$4.6 million), is reserved for territories. For the adult education and literacy grant, \$100,000 is reserved for each of the territories. The Senate amendment authorizes .2% of the \$5.884 billion authorization (\$11.76 million) for outlying areas.

The House recedes with an amendment reserving \$14 million from the annual appropriation for the outlying areas.

441. The Senate amendment, but not the House bill, authorizes the Secretaries, acting jointly on the advice of the Federal partnership, to award grants to outlying areas.

The House recedes with an amendment that allots funds to the outlying areas, reserves the funds allotted to the Republic of the Marshall Islands, the Federated States of Micronesia and Palau for a competitive grant award to all of the outlying areas based on recommendations by the Pacific Region Educational Lab to the Secretaries, and terminates the authority for the Republic of the Marshall Islands, the Federated States of Micronesia and Palau to receive funds under this title on September 30, 2001.

OTHER

No tracking

442. The House bill, but not the Senate amendment, includes two provisions prohibiting the tracking of individuals, including youth, into a specific career or to require the attainment of a federally funded or endorsed skill certificate.

The Senate recedes with a clarifying amendment.

Transition

443. The House bill provides that the Secretary of Labor and the Secretary of Education will ensure an orderly transition from programs repealed or amended. The Senate amendment provides that States and local entities may seek waivers from the Secretaries under any of the programs repealed or amended during the 2 year transition period.

The House recedes with technical and conforming changes and increasing the time the Secretary has to approve or disapprove a waiver from 45 to 60 days.

444. The Senate amendment, but not the House bill, provides a flexibility demonstration program for six States (which meet specific eligibility requirements) to waive any statutory or regulatory requirement under any of the programs repealed or amended during the 2-year transition period.

The Senate recedes.

445. The Senate amendment, but not the House bill, requires each State to submit an interim State plan to the Federal Partnership by June 30, 1997. The Secretaries may approve the interim plan and authorize the full integration of program funds and activities as provided in the block grant in fiscal year 1997. If the Secretaries disapprove the interim plan, they must make recommendations and provide technical assistance to States for developing the State plan to be submitted for fiscal year 1998.

The House recedes with an amendment authorizing the Secretaries to provide technical assistance to States that request such assistance in preparing the State plan or in developing the State benchmarks.

446. The Senate amendment, but not the House bill, provides that States and local entities will not be required to submit applications or plans in fiscal years 1996 or 1997 in order to receive funding under any programs which will ultimately be repealed under the Act.

The House recedes with an amendment striking "1996 or".

447. The Senate amendment, but not the House bill, provides that the Federal Partnership will take over administration of the School-to-Work Opportunities Act on October 1, 1996.

The Senate recedes.

448. The Senate amendment, but not the House bill, extends the authorizations for the Carl D. Perkins Vocational and Applied Technology Act and the Adult Education Act through fiscal years 1998.

The House recedes with an amendment striking paragraphs (b)(2), (b)(3), and (b)(4).

Repealers

449. Under the House bill, the Smith-Hughes Act is repealed on October 1, 1995. Under the Senate amendment, the following laws are repealed immediately upon enactment: (1) the State Legalization Impact Assistance Grant (SLIAG), (2) Title II of Public Law 95-250, (3) the Displaced Homemakers Self-Sufficiency Assistance Act, (4) the Appalachian Vocational and Other Education Facilities & Operations program, (5) the Job Training for the Homeless Demonstration Project, (6) Section 5322 of title 49, U.S.C., and (7) Subchapter I of chapter 421 of title 49, U.S.C.

The House recedes with an amendment striking the repeal of Section 5322 of title 49, United States Code and Subchapter I of chapter 421 of title 49, United States Code.

449a. Under the House bill, the following laws are repealed on July 1, 1997: (1) the Carl D. Perkins Vocational and Applied Technology Education Act, (2) the School-to-Work Opportunities Act, (3) the Adult Education Act, (4) the Adult Education for the Homeless program, (5) the School Dropout Assistance Act, (6) the National Literacy Act (except section 101), (7) the Library Services and Construction Act, (8) the Technology for Education Act of 1994, and (9) the Job Training for the Homeless Demonstration Project.

Under the Senate amendment, the following laws are repealed on July 1, 1998: (1) the Carl D. Perkins Vocational and Applied Technology Education Act, (2) the School-to-Work Opportunities Act, (3) the Adult Education Act, (4) the Adult Education for the Homeless program, and (5) the Education for Homeless Children and Youth Education program.

The Senate recedes with an amendment striking the repeal of The National Literacy Act of 1991, and repealing Title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.), other than subtitle B and section 738.

449b. Under the House bill, all of the Job Training Partnership Act, except for the Job Corps program and the veterans' employment programs, is repealed on July 1, 1997. Under the Senate amendment, all of the Job Training Partnership Act is repealed on July 1, 1998.

The House recedes with an amendment striking paragraph (c)(2).

450. Both the House bill and the Senate amendment make amendments to other laws to conform with the repeal of programs as described in Note 449.

Legislative counsel.

450a. Both the House bill and the Senate amendment make conforming amendments to other Federal laws which reference the Adult Education Act.

Legislative counsel.

450b. The Senate amendment, but not the House bill, makes conforming amendments to other Federal laws which reference the Carl D. Perkins Vocational and Applied Technology Education Act.

Legislative counsel.

450c. The Senate amendment, not the House bill, makes conforming amendments to other Federal laws which reference the School-to-Work Opportunities Act of 1994.

Legislative counsel.

450d. The House bill includes conforming amendments to the Job Training Partnership Act to reflect the repeal of some parts of such Act. The Senate amendment, which repeals the entire Job Training Partnership Act, makes conforming amendments to other Federal laws which reference the Job Training Partnership Act.

Legislative counsel.

450e. The Senate amendment, not the House bill, makes conforming amendments to other Federal laws which reference the Stewart B. McKinney Homeless Assistance Act.

Legislative counsel.

450f. The Senate amendment, not the House bill, requires the Federal Partnership, after consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, to submit to Congress legislation containing further technical and conforming amendments.

The Senate recesses.

450g. Under the House bill, the conforming amendments are effective on July 1, 1997. Under the Senate amendment, the conforming amendments for the programs repealed immediately are effective on the date of enactment, and for the programs repealed subsequently are effective on July 1, 1998.

The House recesses.

Higher Ed Repeals

451. The House bill, but not the Senate amendment, repeals the following programs:

- (1) Articulation Agreements
- (2) Access & Equity to Education for all Americans through Telecommunications
- (3) Academic Libraries and Information Services
- (4) National Early Intervention Scholarships
- (5) Presidential Access Scholarships
- (6) Model Program Community Partnership & Counseling Grants
- (7) Early Awareness Information Program
- (8) Technical Assistance for Teachers & Counselors
- (9) Special Child Care Services for Disadvantaged College Students
- (10) Loan Forgiveness for Teachers, Individuals Performing Community Service and Nurses
- (11) Training in Financial Aid Services
- (12) State Postsecondary Review Program
- (13) State & Local Programs for Teacher Excellence
- (14) National Teacher Academies
- (15) Paul Douglas Teacher Scholarships
- (16) Teacher Corps
- (17) Class Size Demonstration Grant
- (18) Middle School Teaching Demonstration Programs
- (19) New Teaching Careers
- (20) National Mini Corps Programs
- (21) Demonstration Grants for Critical Language/Area Studies
- (22) Development of Foreign Language & Culture Instructions Materials
- (23) Small State Teaching Initiative

- (24) Faculty Development Grants
- (25) Early Childhood Staff Training & Professional Enhancement
- (26) Intensive Summer Language Institutes
- (27) Periodicals and Other Research Materials Published Outside the United States
- (28) Improvement of Academic & Library Facilities
- (29) Cooperative Education
- (30) Grants to Institutions and Consortia To Encourage Women & Minority Participation in Graduate Education
- (31) Harris Fellowships
- (32) Javits Fellowships
- (33) Faculty Development Fellowship Program
- (34) Assistance for Training in the Legal Profession
- (35) Law School Clinical Experience
- (36) FIPSE—Special Projects in Areas of National Need
- (37) Science & Engineering Access
- (38) Woman & Minorities Science & Engineering Outreach Demonstration Programs
- (39) Eisenhower Leadership Program
- (40) Community Service Programs
- (1) National Academy of Science Study
- (2) Native Hawaiian and Alaska Native Culture and Arts Development
- (1) American Indian Postsecondary Economic Development Scholarship
- (2) American Indian Teach Training
- (3) National Survey of Factors Associated with Participation
- (4) Study of Environmental Hazards in Institutions of Higher Education
- (5) National Job Bank for Teacher Recruitment
- (6) National Clearinghouse for Postsecondary Education Materials
- (7) School-Based Decisionmakers
- (8) Grants for Sexual Offenses Education
- (9) Olympic Scholarships
- (10) Advanced Placement Fee Payment Program

The Senate recedes with an amendment striking the repeal of the National Early Intervention Scholarships program; the Javits Fellowship program; the Law School Clinical Experience program; the FIPSE—Special Projects in Areas of National Needs program; and the Community Service Programs.

452. The House bill, but not the Senate amendment, deletes all references to State postsecondary review entities.

The Senate recedes.

453. The House bill, but not the Senate amendment, amends the Higher Education Act to specify that, for purposes of eligibility under Section 481(b)(6) [the 85/15 Rule], a proprietary institution may use its independent auditor rather than a certified public accountant to review the school's financial data; may use generally accepted accounting practices to determine compliance; and may count revenues earned from providing training on a contractual basis to government, business, or industry as non-Federal revenue.

The House recedes.

454. The House bill, but not the Senate amendment, prohibits the Secretary from considering an institution's financial information for an institution's fiscal year which began on or before April 30, 1994. This date coincides with the day after which the Secretary's regulations implementing the 85/15 rule became final.

The Senate recedes.

455. The House bill, but not the Senate amendment, sets an effective date for these changes of July 1, 1994. This date coincides with the start of the 1994–1995 academic year.

The Senate recedes.

Effective date

456. The House bill takes effect on July 1, 1997. The Senate amendment (including the workforce development grant and the at-risk youth grant) takes effect on July 1, 1998.

The House recedes with technical amendments.

Immigration and Nationality Act

457. The Senate amendment, but not the House bill, amends the Immigration and Nationality Act to prohibit funds authorized under that Act to be used for training activities for refugees.

The Senate recedes.

Rehabilitation Act

458. The House bill, but not the Senate amendment, provides that the Act retains current law and has no legal effect on the Rehabilitation Act of 1973.

The House recedes.

459. The Senate amendment, but not the House bill, explains that references in title II, subtitle A, of the Workforce Development Act of 1995, unless otherwise noted, are to the Rehabilitation Act of 1973.

The House recedes.

460. The Senate amendment, but not the House bill, amends section 2(a)(4) of the Rehabilitation Act by indicating that increased employment of individuals with disabilities can be achieved through implementation of a statewide workforce development system that provides meaningful and effective participation for such individuals in workforce development activities and through title I of the Rehabilitation Act. The Senate amendment also amends section 2(b)(1)(A) of the Rehabilitation Act by adding that empowering individuals with disabilities can occur through statewide workforce development systems that include comprehensive and coordinated programs of vocational rehabilitation.

The House recedes with an amendment striking “and (2) in subsection (b)(1)(A)”, by inserting “statewide workforce development systems that include, as integral components,” after “(A)”; and inserting “(2) in subsection (b)(1)(A), by striking ‘and coordinated’ and inserting prior to the semicolon, ‘that coordinate with statewide workforce development systems’”.

461. The Senate amendment, but not the House bill, repeals section 6 of the Rehabilitation Act that allows consolidated plans from State vocational rehabilitation agencies and State developmental disabilities councils.

The Senate recesses.

462. The Senate amendment, but not the House bill, amends section 7 of the Rehabilitation Act by conforming definitions with the Work Force Development Act.

The House recesses with conforming amendments.

463. The Senate amendment, but not the House bill, amends section 12(a)(1) of the Rehabilitation Act by giving the Commissioner of the Rehabilitation Services Administration the authority to provide consultative services and technical assistance to public and nonprofit private agencies to achieve the meaningful participation of individuals with disabilities in the statewide workforce development system.

The House recesses with conforming amendments.

464. The Senate amendment, but not the House bill, amends section 13 of the Rehabilitation Act by conforming data collection with the Workforce Development Act of 1995.

The House recesses with conforming amendments.

465. The Senate amendment, but not the House bill, amends section 14(a) of the Rehabilitation Act by conforming evaluation requirements with the Workforce Development Act of 1995. The Senate amendment also states that the Secretary may modify or supplement such benchmarks, under certain conditions, to address unique conditions associated with reporting on individuals with disabilities.

The House recesses with conforming amendments.

466. The Senate amendment, but not the House bill, amends section 100(a)(1)(F) of the Rehabilitation Act by adding to the finding the term “workforce development activities”.

The House recesses.

467. The Senate amendment, but not the House bill, adds a new (G) to section 100(a)(1) of the Rehabilitation Act, a finding which states that linkages between vocational rehabilitation program and other components of the workforce development system are critical to the effective and meaningful participation of individuals with disabilities in workforce development activities.

The House recesses with conforming amendments.

468. The Senate amendment, but not the House bill, amends section 100(a)(2) of the Rehabilitation Act, which expresses the purpose of title I, adding specifications that a program of vocational rehabilitation is an integral component of a statewide workforce development system.

The House recesses with an amendment striking “an integral component of” and inserting “coordinated with the” and conforming amendments.

469. The Senate amendment, but not the House bill, amends section 101(a) of the Rehabilitation Act, conforming the schedule for submitting the State plan under title I of the Rehabilitation Act to coincide with the schedule for submission of the workforce plan, and requires that the State plan required under title I of the Rehabilitation Act be submitted to any State workforce development board for review and comment, and submission of such comments to the appropriate designated State unit which administers the vocational rehabilitation program.

The House recedes with an amendment striking paragraph “(3)” and inserting “(3) by striking paragraphs (10)(A), (15)(A–B), (27), (28) and (30)”; striking paragraphs “(6)” and “(7)”; and conforming amendments.

470. The Senate amendment, but not the House bill, adds a new paragraph (3) with regard to improving and expanding vocational rehabilitation services for individuals with disabilities.

The Senate recedes.

471. The Senate amendment, but not the House bill, adds in paragraph (6) (so redesignated), that the State plan shall include the results of a comprehensive, statewide needs assessment.

The House recedes with an amendment to section 101(a)(9) to include, in the assessment, the utilization of community rehabilitation programs funded under the Javits-Wagner-O’Day Act and State use contracting programs and clarifying that training may be provided to counselors and other personnel.

472. The Senate amendment, but not the House bill, amends subparagraph (A) of paragraph (8) as redesignated, by consolidating provisions pertaining to personnel development.

The House recedes.

473. The Senate amendment, but not the House bill, deletes in section 101(a) of the Rehabilitation Act, in paragraph (9) as redesignated, reference to individuals at extreme medical risk.

The Senate recedes.

474. The Senate amendment, but not the House bill, makes technical changes to section 101(a) of the Rehabilitation Act, in paragraph (10) as redesignated, substituting the term “individualized employment plan” for the term “individualized written rehabilitation program.”

The House recedes with conforming amendments.

475. The Senate amendment, but not the House bill, amends paragraph (11) as redesignated, allowing for entering into cooperative agreements with entities that are and are not part of the workforce development system.

The House recedes with conforming amendments.

476. The Senate amendment, but not the House bill, adds in paragraph (14) as redesignated, the requirement for timely notice of public hearings, collecting comments, and disseminating information about how comments affect the delivery of services.

The Senate recedes.

477. The Senate amendment, but not the House bill, amends paragraph (16) as redesignated, establishing the obligation to make referrals within the workforce development system.

The House recedes.

478. The Senate amendment, but not the House bill, amends paragraph (17) as redesignated, by transferring the current law provisions of Sec. 101(a)(30) of the Rehabilitation Act which describes how the needs of individuals who are not in special education can access and receive vocational rehabilitation services.

The House recedes.

479. The Senate amendment, but not the House bill, amends section 102 of the Rehabilitation Act by substituting the term “individualized employment plan” for the term “individualized written rehabilitation program”, wherever it appears.

The House recedes.

480. The Senate amendment, but not the House bill, amends section 103 of the Rehabilitation Act by removing the authority to use title I funds of the Rehabilitation Act for surgery or construction.

The Senate recedes.

481. The Senate amendment, but not the House bill, amends section 105 of the Rehabilitation Act by encouraging links between members of the Council and any boards established under the Workforce Development Act of 1995.

The House recedes with conforming amendments.

482. The Senate amendment, but not the House bill, amends section 106(a)(1) of the Rehabilitation Act to require that standards and indicators, to the maximum extent appropriate, will be consistent with benchmarks established under the Workforce Development Act of 1995. The Senate amendment also provides that the Secretary may modify or supplement such benchmarks, under certain conditions, to address unique conditions associated with reporting on individuals with disabilities.

The House recedes with an amendment that specifies the application of this requirement to future standards and indicators under the authority of the Commissioner of the Rehabilitation Services Administration to modify or supplement such benchmarks.

483. The Senate amendment, but not the House bill, amends Title I by repealing part C, Innovation and Expansion Grants, and redesignating parts D, American Indian Vocational Rehabilitation Services, and E, Vocational Rehabilitation Services Client Information, as parts C and D.

The Senate recedes.

484. The Senate amendment, but not the House bill, makes conforming amendments to the Rehabilitation Act of 1973.

The Senate recedes.

485. The Senate amendment, but not the House bill, provides that amendments to the Rehabilitation Act take effect upon enactment, except that statewide system requirements, specifically provisions that relate to State benchmarks or other components of a statewide system, shall take effect in a State that submits and obtains approval of an interim plan under section 173 for program year 1997 on July 1, 1997; and in any other State, on July 1, 1998.

The House recedes with an amendment to conform the dates with the rest of the Act.

Higher education privatization

486. The House bill, but not the Senate amendment, requires Sallie Mae's current Board of Directors to develop a reorganization plan for the restructuring of the Association's ownership. Current shares in Sallie Mae would be converted into shares in a newly formed Holding Company chartered in a State or the District of Columbia.

The Senate recedes with an amendment providing that the Student Loan Marketing Association (SLMA) shall either vote to reorganize as a private company or shall be dissolved. In either instance, SLMA as a government sponsored enterprise with implicit Federal financial backing, shall cease to exist. The amendment

specifies that within 18 months of the date of enactment, SLMA's board of directors shall develop a plan for reorganization and present such plan to its shareholders for approval. In the event that the shareholders agree to the plan, a newly formed corporation shall coexist with the current GSE until 2008. This lengthy transition is necessary for budget purposes, during which time only the GSE may engage in Federal student loan activity authorized under the Higher Education Act of 1965. In the event that the shareholders do not agree to reorganize, SLMA shall submit to the Secretary of the Treasury a plan outlining how it will cease all business activities by the year 2013.

487. The House bill, but not the Senate amendment, requires that the reorganization plan be approved by the holders of a majority of Sallie Mae's outstanding stock. As defined, the "reorganization effective date" means the date determined by the Association Board of Directors pending stockholder approval, but no later than 18 months after the enactment of this section.

The House recedes.

488. The House bill, but not the Senate amendment, clarifies that, except as specifically modified by the provisions of section 440, the provisions of section 439 of the Higher Education Act continue to apply in full force and effect to the Association during its wind-down period following the reorganization of its ownership. The Holding Company and its other subsidiaries shall not be entitled or subject to any of the rights, privileges, obligations or limitations applicable to the Association under section 439, except as specifically provided in section 440. This section clarifies that the Holding Company and its non-GSE subsidiaries shall not purchase federally-insured student loans until the Association ceases to purchase such loans, except for the Association's purchase of such loans as a lender-of-last-resort or under agreement with the Secretary of Education pursuant to section 440(c)(6).

The House recedes.

489. The House bill, but not the Senate amendment, specifies that, as soon as practicable after the reorganization, the Association would be required to use its best efforts to transfer to the Holding Company or its non-GSE subsidiaries all real and personal property, including intangibles held by the Association, except for property defined as "remaining property." Remaining property would include the financial, program-related assets and obligations of the Association, such as debt obligations, student loans, portfolio investments, letters of credit, outstanding swap agreements and forward purchase commitments. Such property could be transferred out of the GSE subsequently, so long as the GSE continued to maintain adequate capital to meet the requirements of section 439(r), as amended.

The House recedes.

490. The House bill, but not the Senate amendment, specifies that at the time of the reorganization, the employees of the Association will become employees of the Holding Company or the other subsidiaries. This provision requires the Holding Company and the subsidiaries to provide management and operational support for the Association during the wind-down as requested by the Association. The Association is also specifically empowered to obtain man-

agement and operational support from persons other than the Holding Company and the subsidiaries.

The House recesses.

491. The House bill, but not the Senate amendment, clarifies that the Association may pay dividends in the form of cash or noncash distributions to the Holding Company, just as it may pay dividends to shareholders under current law. The payment of dividends would continue to be subject to the requirements of section 439(r).

The House recesses.

492. The House bill, but not the Senate amendment, provides that for purposes of calculating compliance with the Association's capital requirements, any distribution of noncash assets by the Association to the Holding Company is to be valued at net book value as of the date the distribution was approved by the Association's Board of Directors.

The House recesses.

493. The House bill, but not the Senate amendment, limits the Association's ability to engage in new business activities or acquire new assets following the reorganization. Activities may be undertaken in connection with student loan purchases through September 30, 2005; in connection with contractual commitments for future warehousing advances, where such commitments are outstanding as of the date of the reorganization; or pursuant to a letter of credit or standby bond purchase agreement that is outstanding as of such date. Activities may also be undertaken in connection with the GSE's role as lender of last resort pursuant to section 439. Finally, activities may be undertaken pursuant to agreements entered into with the Secretary of Education if the Secretary requests the Association to continue or resume its secondary market purchase program. The Secretary may make such a request only after determining that there is inadequate liquidity for loans made under Part B of Title IV of the Higher Education Act. Any such agreement shall cover a period of 12 months, but may be renewed if the Secretary determines that liquidity remains inadequate. The provision provides that the offset fee provided under section 439(h)(7) shall not apply to loans acquired pursuant to any such agreement.

The House recesses.

494. The House bill, but not the Senate amendment, prohibits the Association from issuing new debt obligations that mature later than September 30, 2009, except in connection with fulfilling the Association's lender of last resort role or with purchasing loans under an agreement with the Secretary of Education described in the previous paragraph.

The House recesses.

495. The House bill, but not the Senate amendment, establishes new requirements to the safety and soundness requirements currently applicable to the Association under the Higher Education Act. The GSE is required to obtain such information and keep such records as the Secretary of the Treasury may prescribe concerning any material financial risk to the Association which could reasonably result from the activities of the Holding Company or its non-GSE subsidiaries. The GSE must also keep records relating to the

policies, procedures and systems used by the GSE to monitor and control such risk. The summary reports may be required by the Secretary of the Treasury, but no more frequently than quarterly.

The House recedes.

496. The House bill, but not the Senate amendment, imposes requirements to ensure that a substantial degree of separation is maintained between the Association and its affiliates, including (i) the assets of the Association shall be maintained separately from those of the Holding Company and its other subsidiaries and may be used only in connection with the Association's purposes and obligations; (ii) the Association's books and records shall clearly reflect the assets and liabilities of the Association, separate from the assets and liabilities of the Holding Company and its other subsidiaries; (iii) the Association's corporate office shall be physically separate from all offices of the Holding Company and its other subsidiaries; (iv) no director of the Association who is appointed by the President may serve as a director of the Holding Company; (v) at least one of the Association's officers shall be an officer solely of the Association; (vi) transactions between the Association and the Holding Company and its subsidiaries shall be on terms no less favorable than the Association would receive from a third party; (vii) the Association shall not extend credit to the Holding Company or its subsidiaries or guarantee or provide credit enhancement for any debt of the Holding Company or the subsidiaries; (viii) any amounts collected on behalf of the Association by the Holding Company or its other subsidiaries with respect to the assets of the Association are required to be immediately deposited to an account controlled solely by the Association. No restrictions shall apply to directors of the Association not appointed by the President.

The House recedes.

497. The House bill, but not the Senate amendment, provides that under no circumstances shall the assets of the Association be available to pay claims or debts incurred by the Holding Company.

The above requirement shall not limit the right of the Association to pay dividends that are otherwise permissible and shall not limit any liability of the Holding Company that is explicitly provided for in Part B.

The House recedes.

498. The House bill, but not the Senate amendment, limits the Holding Company's activities to the ownership of the Association and its other subsidiaries during the wind-down period, and all business activities shall be conducted at the subsidiary level.

The House recedes.

499. The House bill, but not the Senate amendment, gives the Holding Company, as sole shareholder of Sallie Mae, the authority to choose the shareholder-elected members of the Association's Board of Directors. The directors will not be required to meet current eligibility standards.

The House recedes.

500. The House bill, but not the Senate amendment, requires the Holding Company to issue to the Secretary of the Treasury 200,000 stock warrants, each warrant entitling the holder to purchase a share of stock of the Holding Company at any time on or before September 30, 2009.

The House recedes.

501. The House bill, but not the Senate amendment, provides that after the reorganization, the Holding Company shall not sell, pledge, or otherwise transfer any outstanding shares of the Association, or cause the Association to liquidate or file bankruptcy, without the approval of the Secretary of the Treasury and the Secretary of Education.

The House recedes.

502. The House bill, but not the Senate amendment, limits the period for winding down the GSE activities of the Association to September 30, 2009. The Association may determine to cease its activities and dissolve prior to September 30, 2009, unless the Secretary of Education determines that the Association continues to be needed as a leader of last resort or continues to be needed to purchase loans in furtherance of an agreement under section 440(a)(6).

The House recedes.

503. The House bill, but not the Senate amendment, requires at the end of the period all of the Association's outstanding debt obligations to be transferred to a trust that will satisfy all payment obligations on the remaining debt issues which will retain the attributes accorded them by the Association's statutory charter. The Association must deposit certain qualifying assets into the trust. The assets are to be transferred irrevocably, solely for the benefit of the holders of the Association's debt obligations, and in such amount as is determined by the Secretary of the Treasury to be sufficient to pay the principal and interest on the outstanding debt obligations according to their terms. To the extent that the Association cannot provide qualifying assets in the amount required, the Holding Company shall be required to transfer such assets in an amount necessary to prevent any deficiency.

The House recedes.

504. The House bill, but not the Senate amendment, requires the trust to transfer any remaining assets to either the Holding Company or its subsidiaries as directed by the Holding Company.

The House recedes.

505. The House bill, but not the Senate amendment, requires that after funding the trust and prior to dissolution, the Association must take whatever actions are necessary to discharge all other obligations of the Association, including the repurchase or redemption of the Association's preferred stock. Any such obligations that cannot be fully satisfied shall become liabilities of the Holding Company as of the date of dissolution.

The House recedes.

506. The House bill, but not the Senate amendment, requires that to the extent that any assets remain in the Association following the foregoing procedures, such assets shall be transferred to the Holding Company.

The House recedes.

507. The House bill, but not the Senate amendment, specifies that the number and composition of the Board of Directors of the Holding Company shall be as set forth in the Holding Company's charter or bylaws and as permissible under the laws of the jurisdiction of its incorporation.

The House recedes.

508. The House bill, but not the Senate amendment, specifically prohibits the use of the name “Student Loan Marketing Association” and allows the use of “Sallie Mae” to the extent permitted by the applicable State or DC law.

The House recedes.

509. The House bill, but not the Senate amendment, specifically permits the Association to assign to the Holding Company or any of its other subsidiaries the name “Sallie Mae,” to be used as a trademark or service mark. The bill includes a fee of \$5 million in 1996 for the right to assign the name.

The House recedes.

510. The House bill, but not the Senate amendment, requires certain disclosures to be made during the period commencing after the reorganization and ending three years after the dissolution of the Association.

The House recedes.

511. The House bill, but not the Senate amendment, makes clear that, except as explicitly provided, the section is not intended to limit the authority of the Association to act as a federally chartered GSE or the authority of the Holding Company to take any actions that are lawful for a State-chartered corporation.

The House recedes.

512. The House bill, but not the Senate amendment, grants authority to the Attorney General, upon request of the Secretary of Education or the Secretary of the Treasury, to enforce the provisions of new Section 440, by action brought in the United States District Court for the District of Columbia.

The House recedes.

513. The House bill, but not the Senate amendment, sets a deadline of 18 months after the effective date of the section for the occurrence of the reorganization pursuant to which Sallie Mae’s outstanding common stock will be converted to common stock of the Holding Company. If the reorganization has not taken place by 18 months after the effective date of section 440, this subsection provides that the section shall be of no further force and effect.

The House recedes.

514. The House bill, but not the Senate amendment, sets forth the defined terms used throughout section 440.

The House recedes.

515. The House bill, but not the Senate amendment, sets forth technical amendments to the Higher Education Act.

The House recedes.

516. The House bill, but not the Senate amendment, permits the Holding Company and any of its subsidiaries to be eligible lenders under the Higher Education Act for secondary market purposes.

The House recedes.

517. The House bill, but not the Senate amendment, supplements existing safety and soundness requirements applicable to the Association by amending Section 439(r) of the Higher Education Act to authorize the Attorney General, upon request of the Secretary of Education or the Secretary of the Treasury to enforce such requirements in an action before the United States District Court for the District of Columbia.

The House recesses.

518. The House bill, but not the Senate amendment, amends the safety and soundness requirements set forth in Section 439(r). The subsection supplements the reports provided by the Association in support of its safety and soundness requirements by requiring the Association to provide to the Secretary of the Treasury, within 45 days of the end of each calendar quarter, financial statements and quarterly reports setting forth the calculation of the Association's capital ratio. The subsection also amends the safety and soundness provisions relating to the Association's capital ratio by providing new capital requirements applicable to the Association after January 1, 2000, if the Association's shareholders have approved the reorganization. At such time, the Association will be required to maintain a capital ratio of 2.25 percent for any quarter. If the Association fails to maintain such ratio, the Secretary of the Treasury may take certain specified actions to limit increases in the Association's liabilities, restrict growth in the Association's assets (other than student loan purchases and warehousing advances), restrict capital distributions by the Association, require that the Association issue new capital sufficient to restore the capital ratio to the required 2.25 percent, and limit certain increases in the executive compensation paid by the Association. However, if the Association's capital ratio for any quarter falls below 2.25 percent, but is equal to or in excess of 2 percent, the Secretary must defer taking such actions until the next quarter and then may proceed with such actions only if the capital ratio remains below 2.25 percent. Further, the Association is deemed to be in compliance with its capital ratio requirements if it is rated by two nationally recognized statistical rating organizations, without regard to its status as a federally chartered corporation, in one of the two highest full rating categories.

The House recesses.

519. The House bill, but not the Senate amendment, provides that upon the dissolution of the Association and the creation of the trust pursuant to new section 440(d), both the Association's Federal charter and section 439, shall be repealed.

The House recesses.

520. The House bill, but not the Senate amendment, privatizes the College Construction Loan Insurance Association ("Connie Lee," or "the Corporation").

The Senate recesses with an amendment repealing the authorizing legislation which created Connie Lee. The Secretary of the Treasury is required to sell the Connie Lee stock owned by the Secretary of Education within 6 months of the date of enactment of this legislation ensuring the total privatization of Connie Lee. Connie Lee will no longer have a Federal charter or any ties to the Federal Government.

521. The House bill, but not the Senate amendment, repeals Federal restrictions on Connie Lee's activities.

The House recesses.

522. The House bill, but not the Senate amendment, restricts stock ownership in the Corporation for government agencies, government corporations, and government sponsored enterprises, including Sallie Mae. Specifically, Sallie Mae may continue to own

stock held as of the day of enactment, but may not acquire new stock in the Corporation until such time as Sallie Mae is privatized.

The House recedes.

523. The House bill, but not the Senate amendment, prohibits Sallie Mae from controlling the operations of the Corporation, but allows it to retain its current representation on the board of the Corporation. The House bill further prevents Sallie Mae from providing financial support or guarantees to the Corporation.

The House recedes.

524. The House bill, but not the Senate amendment, requires that, for a five year period following enactment, the Corporation shall disclose that it is not a government sponsored corporation or instrumentality.

The House recedes.

525. The House bill, but not the Senate amendment, prohibits the Corporation from using the name College Construction Loan Insurance Association.

The House recedes.

526. The House bill, but not the Senate amendment, requires certain amendments to the Corporation's Articles of Incorporation.

The House recedes.

527. The House bill, but not the Senate amendment, places certain reporting requirements on the Corporation for a period of two years.

The House recedes.

528. The House bill, but not the Senate amendment, requires the Secretary of the Treasury to sell the federally held stock in the Corporation within six months of the date of enactment.

The House recedes.

529. The House bill, but not the Senate amendment, requires that, in the event that the Secretary of the Treasury cannot sell the federally held stock to another entity, the Corporation must repurchase the stock at a price not to exceed the value estimated by the Congressional Budget Office.

The House recedes.

Museums and library services

530. The House bill consolidates the Federal library programs under the Library Services and Construction Act, the Elementary and Secondary Education Act, and Title II of the Higher Education Act into one Federal libraries program focused on helping libraries acquire and use new technologies and forging electronic ties among libraries and between libraries and one-stop career centers.

The Senate amendment creates a new Institute of Museums and Library Services, and consolidates into it the functions of the Institute of Museum Services (IMS), along with Federal library programs under the Library Services and Construction Act and Title II of the Higher Education Act. Focuses of the Senate amendment include technology, life-long learning, and information access for those needing special services.

Legislative counsel.

531. The House bill authorizes \$110 million for each of fiscal years 1997, 1998, 1999, 2000, 2001, and 2002 for library technology

programs under this act. The House bill further authorizes the forward funding of these programs.

The House and Senate recede with an amendment authorizing \$150 million for fiscal year 1997 and such sums for fiscal year 1998 through fiscal year 2002. The amendment provides for forward funding and an additional authorization of appropriations to effect a timely transition to the new authorization. Additional amounts as may be necessary are authorized to be appropriated for the fiscal year prior to the first year in which appropriations are made under the forward funding procedure.

531a. The Senate amendment authorizes \$75 million for Fiscal Year 1996 and such sums as necessary for fiscal years 1997–2000 for library technology programs.

The Senate recedes.

531b. The Senate amendment, but not the House bill, authorizes \$75 million for Fiscal Year 1996 and such sums as necessary for fiscal years 1997–2000 to provide library services to special populations.

The Senate recedes.

531bb. The Senate amendment, but not the House bill, allows for the transfer of funds between the Secretary of Education and the Director of Museum Services.

The House recedes.

531c. The Senate amendment, but not the House bill, provides that no less than 5% nor more than 7% of library funds be used for joint projects with museums.

The Senate recedes.

531d. The Senate amendment, but not the House bill, allows not more than 10% of funds appropriated for library services under this Act to be spent for Federal administration.

The House recedes with an amendment limiting administrative funds to 3 percent.

531e. The Senate amendment, but not the House bill, authorizes \$28,700,000 for FY1996, and such sums as necessary for Fiscal Years 1997–2000 for museum services under this Act.

The House recedes with an amendment authorizing \$28,700,000 for fiscal year 1997, and such sums as may be necessary for fiscal year 1998 through fiscal year 2002.

531f. The Senate amendment, but not the House bill, allows not more than 10% of funds appropriated for museum services to be used for administrative expenses.

The House recedes.

531g. The Senate amendment, but not the House bill, provides that not less than 5% nor more than 7% of appropriated museum funding be used for joint projects with libraries.

The Senate recedes.

531h. The Senate amendment, but not the House bill, mandates that funds made available for museum services under this Act shall remain available until expended.

The House recedes.

531i. The Senate amendment, but not the House bill, authorizes such sums as necessary for the Arts and Artifacts Indemnity Act.

The Senate recedes.

532. The Senate amendment, but not the House bill, amends the Museum Services Act.

The House recedes.

533. The Senate amendment, but not the House bill, includes certain definitions.

The House recedes.

534. The Senate amendment, but not the House bill, establishes an Institute of Museum and Library Services.

The House recedes.

535. The Senate amendment, but not the House bill, provides for the appointment of a Director of the Institute of Museum and Library Services by the President with the advice and consent of the Senate. The Senate amendment further provides that the Director will serve for a term of 4 years, and that the appointment will alternate between individuals with expertise in library and museum services.

The House recedes.

536. The Senate amendment, but not the House bill, provides for the appointment by the Director of Deputy Directors for the offices of Library Services and Museum Services.

The House recedes with an amendment striking paragraph (b).

537. The Senate amendment, but not the House bill, provides for the staffing of the Institute by the Director.

The House recedes.

538. The Senate amendment, but not the House bill, provides the Director with the authority to accept or solicit gifts and bequests on behalf of the Institute.

The House recedes.

539. The Senate amendment, but not the House bill, sets forth purposes for funding of museum services under this subtitle.

The House recedes.

540. The Senate amendment, but not the House bill, sets forth definitions for this subtitle.

The House recedes with an amendment providing a definition of "State" for this subtitle to mean, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Northern Mariana Islands, the Virgin Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.

541. The Senate amendment, but not the House bill, empowers the Director of the Institute to award grants for Museum improvements, and outlines purposes for which the grants may be used.

The House recedes with an amendment adding model programs demonstrating cooperative efforts between libraries and museums to the list of museum services activities.

541a. The Senate amendment, but not the House bill, allows the Director to enter into contract or cooperative agreements for the improvement of museums.

The House recedes.

541b. The Senate amendment, but not the House bill, limits the Federal share of activities funded under this section.

The House recedes.

541c. The Senate amendment, but not the House bill, requires the Director to develop procedures for reviewing assistance made under this Section.

The House recedes.

542. The Senate amendment, but not the House bill, provides for an assessment of collaborative efforts that museums can engage in to serve the public more effectively, applicable only in years when appropriations for museum services exceed \$28.7 million.

The Senate recedes.

543. The Senate amendment, but not the House bill, allows the Director to annually award a national award for museum services to outstanding museums for significant contributions in service to the community.

The House recedes.

544. The Senate amendment, but not the House bill, establishes a National Museum Service Board appointed by the President with advice and consent of the Senate.

The House recedes.

544a. The Senate amendment, but not the House bill, sets forth qualifications for appointment to the Board.

The House recedes.

544b. The Senate amendment, but not the House bill, provides for 5 year staggered terms for members of the board.

The House recedes.

544c. The Senate amendment, but not the House bill, sets forth the powers and duties of the board. The Senate amendment further outlines the structure and general operating rules of the Board.

The House recedes.

545. The Senate amendment, but not the House bill, amends the National Commission on Libraries and Information Science Act to provide the commission with the responsibility of advising the Director of the Institute of Museum and Library Services on matters relating to library services. The Senate amendment further outlines procedures for advising the Director and modifies membership and membership criteria for the commission.

The House recedes.

546. The Senate amendment, but not the House bill, provides for the orderly transition of functions from the Institute of Museum Services (IMS) to the Institute of Museum and Library Services.

The House recedes with an amendment transferring all functions formerly exercised by the Director of Library Programs in the Department of Education's Office of Education Research and Improvements to the Institute.

547. The Senate amendment, but not the House bill, provides an authorization for the Arts and Artifacts Indemnity Act.

The Senate recedes.

547a. The Senate amendment, but not the House bill, transfers authority for indemnity agreements to the Director of the IMLS from the Federal Council on the Arts and the Humanities.

The Senate recedes.

547b. The Senate amendment, but not the House bill, retains the definition of eligible items from current law.

The Senate recedes.

547c. The Senate amendment, but not the House bill, expands coverage under the Act to domestic exhibits on display within the U.S.

The Senate recedes.

547d. The Senate amendment, but not the House bill, retains the applications procedure from current law.

The Senate recedes.

547e. The Senate amendment, but not the House bill, retains the terms under which indemnity agreements are made from current law.

The Senate recedes.

547f. The Senate amendment, but not the House bill, makes conforming amendments to current law with respect to the authority of the Director to issue regulations and certify claims.

The Senate recedes.

547g. The Senate amendment, but not the House bill, retains reporting requirements from current law.

The Senate recedes.

548. The Senate amendment, but not the House bill, provides for a short title.

The House recedes.

549. Both the House bill and the Senate amendment provide for purposes.

The House and Senate recede with an amendment stating the purpose of this subtitle.

549a. The purposes of the House bill are limited to the consolidation of library programs, providing access through new technology and providing electronic linkages among libraries and between libraries and integrated career center systems. The House bill contains no recognition of need.

The House recedes.

549b. The purposes of the Senate amendment include an emphasis on life-long access to learning and library information resources as well as preparing libraries for service in the 21st Century in the areas of access to electronic networks, workforce and economic development, and adequate provision of resources and services to special populations.

The Senate recedes.

550. Both the House bill and the Senate amendment provide definitions relative to library services. However, definitions in the House bill are in title I of the House bill.

The House recedes.

550a. The Senate amendment includes definitions of "library consortia," "library entity," and "public library." The House bill includes a definition of "library" in the general definitions section. (See Note 50.)

The House and Senate recede with an amendment retaining the definitions of "library consortia" and "State"; striking the definition of "library entity" and "State advisory council," and modifying the definition of "library".

550b. Both the House bill and the Senate amendment include a definition of "State library administrative agency". The Senate amendment also includes a definition of "State Plan". (See Note 80.)

The Senate recedes on the definition of "STATE LIBRARY ADMINISTRATIVE AGENCY" and the House recedes on the definition of "STATE PLAN".

551. The Senate amendment, but not the House bill, reserves 1½% of funds appropriated for serving Indian Tribes. In the House bill, Indian Tribes may use funds allotted under section 325 for library services.

The House recedes.

551a. The Senate amendment, but not the House bill, reserves 8% of allotted funds for a national leadership program in library services.

The House recedes with an amendment reserving 4 percent of allotted funds for "National Leadership Grants", and specifying that if these funds have not been obligated by the end of the fiscal year in which they are reserved, that they shall be reobligated in the next fiscal year to the States as part of the States' formula grant. The House amendment further stipulates that States may carryover unobligated funds for use in the next fiscal year.

552. Both the House bill and the Senate amendment provide for minimum State allotments. However, the House bill does not provide funding for the Freely Associated States.

The House recedes with an amendment providing that funds allotted to the "Freely Associated States" be reserved for competitive grants to all outlying areas based on the recommendations by the Pacific Region Educational Lab to the Director, limits the Pacific Regional Education Laboratory to using no more than 5 percent of these funds for administrative purposes, and specifies that eligibility for assistance under this Act for the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau shall terminate as of September 30, 2001.

552aa. The House bill and the Senate amendment both provide allotments.

The House recedes with an amendment authorizing the State minimum allotment at \$340,000.

552a. Both the House bill and the Senate amendment provide for the ratable reduction of funds should appropriations be insufficient.

Legislative counsel.

552b. Both the House bill and the Senate amendment allot remaining funds based on State populations.

Legislative counsel.

553. The House bill, but not the Senate amendment, requires the Secretary to make grants to States that will meet minimum requirements such as submitting an approved application, providing 100% of the amount of the grant to the State library administrative agency, and requiring that agency to use the allocated funds to carry out activities described in the application. The House bill further provides that such grant will be the lesser of the sum of the initial allotment and the additional allotment or 75% of the total cost of the activities described in the application.

The House recedes.

554. Both the House bill and the Senate amendment limit administrative funding at the State level. The Senate amendment

limits this amount to not more than 5%. The House bill limits State administrative funding to 3% elsewhere in this Subtitle.

The Senate recedes with an amendment allowing States to use no more than 4 percent of funds allotted for administrative purposes.

555. The Senate amendment establishes the Federal share for programs under this subtitle and sets forth maintenance of effort provisions. The House bill establishes the Federal share for programs under this subtitle, but does not require maintenance of effort.

The House recedes.

555a. The Senate amendment sets the Federal share for State projects at 50% with higher Federal shares for the Trust Territories, and defines non-Federal share. The House bill sets the Federal share for State projects at 75%, and makes no distinction for the Trust Territories.

The House recedes with an amendment setting the Federal share for the States and Trust Territories at 66 percent.

555b. The Senate amendment, but not the House bill, reduces a State's allocation if the State fails to maintain its funding level for library services. The reduction in Federal allocation is in proportion to the reduction in State effort.

The House recedes with an amendment clarifying that States may reduce their maintenance-of-effort in proportion to any Federal reduction without being penalized.

555c. The Senate amendment, but not the House bill, provides a waiver for reductions in a State's allocation under this subsection if the reduction in State efforts is due to certain uncontrollable circumstances.

The House recedes.

556. The House bill requires that each State seeking a grant under this subtitle submit an annual application establishing goals and priorities consistent with the purposes of this subtitle describing activities and procedures to reach these goals, describing methodologies for evaluation, describing procedures to involve libraries and their areas in policy decisions to implement this subtitle, and assuring that reporting practices required by the Secretary will be implemented. The Senate amendment requires States to provide similar information as part of the State plan, which covers a period of 5 years.

The Senate recedes with an amendment providing that States submit a plan covering a 5 year period.

556a. The House bill requires the Secretary to approve each application which meets the requirements outlined in Note 556. The House bill further provides States with an opportunity to revise their applications, should they fail to be approved. The Senate amendment requires the Director to approve a State plan if it meets the purposes of this subtitle. The Senate amendment further provides that if a State plan is not approved, the State will have an opportunity to revise its plan, that the Director will provide the State with technical assistance and that the State library administrative agency will have the opportunity for a hearing.

The House recedes.

557. The House bill, but not the Senate amendment, requires that State library administrative agencies use at least 97% of funds provided under this subtitle for electronically connecting libraries to integrated career center systems, establishing or enhancing linkages among libraries, assisting libraries to access information through electronic networks, encouraging the formation of library consortia, helping libraries acquire and share new technologies, and improving library services for individuals with special needs. The Senate amendment does require that State library administrative agencies follow their State plan.

The Senate recedes with an amendment requiring State agencies to expend at least 96 percent of funds received under this subtitle to establish or enhance linkages among or between libraries, library consortia, one-stop career centers, and local service providers, or any combination thereof, and to target library and information services to persons having difficulty using a library and underserved urban and rural communities, including children from families living below the official income poverty line. Each State agency may apportion funds between these purposes, as appropriate, to meet the needs of the individual State.

The Managers note that these purposes are not mutually exclusive, and that enhancing electronic resources may also meet the needs of disadvantaged persons.

557a. The House bill limits the amount of each State's allotment used for administrative expenses by the State library administrative agency to no more than 3%. The Senate amendment limits this amount to 5%. (See Note 554.)

The House recedes.

558. The Senate amendment, but not the House bill, creates a separate program to provide library services for special populations. However, the House bill does make the improvement of library services for special populations an allowable use of funds at the discretion of the State library administrative agency.

The Senate recedes.

559. The Senate amendment, but not the House bill, requires State library administrative agencies to reserve up to 15% of their Federal funds to serve children in poverty. In determining this amount, the State agency shall set aside up to \$1.50 per preschool child from families below the poverty level, and up to \$1.00 per school aged child from families living below the poverty levels.

The Senate recedes.

559a. Of the amount reserved for children in poverty, the Senate amendment, but not the House bill, requires that each library in the State receive a share equal to its share of such children.

The Senate recedes.

559b. The Senate amendment, but not the House bill, allows for the aggregation of funds set aside to serve children in poverty, should an individual library's grant be too small to be effective. The Senate amendment further prescribes conditions under which such funds can be aggregated.

The Senate recedes.

559c. The Senate amendment, but not the House bill, requires that public libraries seeking grants to serve children in poverty submit a plan for how those children will be served.

The Senate recedes.

560. The Senate amendment, but not the House bill, sets forth specific criteria under which States must evaluate activities undertaken in accordance with the library technology and library services provisions of the Senate amendment.

The Senate recedes with an amendment moving evaluations to State plan. (See Note 556)

561. The Senate amendment, but not the House bill, requires that States receiving assistance under this subtitle establish a State advisory council. The Senate amendment further sets forth guidelines for the composition and duties of these councils.

The House recedes with an amendment providing that a State may establish a State advisory council which is broadly representative of the library entities within the State.

562. The Senate amendment, but not the House bill, provides for grants for library services for Indian Tribes. The Senate amendment further specifies the purposes for which these grants can be used, requirements as to who may administer these funds, and maintenance of effort requirements.

The Senate recedes with an amendment to conform Indian provisions with the rest of the Act.

562a. The Senate amendment, but not the House bill, prescribes the procedure for applying for grants under this section.

The Senate recedes.

563. The Senate amendment, but not the House bill, establishes a national leadership program for library services, and sets forth activities for which such funds may be used.

The House recedes with an amendment providing for "National Leadership Grants" to enhance the quality of library services nationwide and to provide coordination with museums.

563a. The Senate amendment, but not the House bill, sets forth criteria under which the director may award leadership grants, including that awards be made on a competitive basis.

The Senate recedes.

564. The Senate amendment, but not the House bill, specifies that nothing in this subtitle shall be construed to interfere with State or local initiatives.

The House recedes.

565. The House bill repeals the Library Services and Construction Act, Title II of the Higher Education Act, and Part F of the Technology for Education Act.

The Senate recedes.

565a. The Senate amendment repeals the Library Services and Construction Act and Title II of the Higher Education Act, but not Part F of the Technology for Education Act.

The Senate recedes.

565b. Both the House bill and the Senate amendment make technical and conforming amendments to reflect these repeals.

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