

WORKFORCE INVESTMENT ACT OF 1998

Public Law 105-220--Aug. 7, 1998

112 Stat. 936

Public Law 105-220
105th Congress

An Act

To consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs in the United States, and for other purposes.

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.--This Act may be cited as the ``Workforce Investment Act of 1998''.

(b) Table of Contents.--The table of contents for this Act is as follows:

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TITLE I--WORKFORCE INVESTMENT SYSTEMS

Subtitle A--Workforce Investment Definitions

SEC. 101. DEFINITIONS.

In this title:

(1) Adult.--Except in sections 127 and 132, the term ``adult'' means an individual who is age 18 or older.

(2) Adult education; adult education and literacy activities.--The terms ``adult education'' and ``adult education and literacy activities'' have the meanings given the terms in section 203.

(3) Area vocational education school.--The term ``area vocational education school'' has the meaning given the term in section 521 of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471).

(4) Basic skills deficient.--The term ``basic skills deficient'' means, with respect to an individual, that the individual has English reading, writing, or computing skills at or below the 8th grade level on a generally accepted standardized test or a comparable score on a criterion-referenced test.

(5) Case management.--The term ``case management'' means the provision of a client-centered approach in the delivery of services, designed--

(A) to prepare and coordinate comprehensive employment plans, such as service strategies, for participants to ensure access to necessary workforce investment activities and supportive services, using, where feasible, computer-based technologies; and

(B) to provide job and career counseling during program participation and after job placement.

(6) Chief elected official.--The term ``chief elected official'' means--

(A) the chief elected executive officer of a unit of general local government in a local area; and

(B) in a case in which a local area includes more than one unit of general local government, the individuals designated under the agreement described in section 117(c)(1)(B).

(7) Community-based organization.--The term ``community-based organization'' means a private nonprofit organization that is representative of a community or a significant segment of a community and that has demonstrated expertise and effectiveness in the field of workforce investment.

(8) Customized training.--The term ``customized training'' means training--

(A) that is designed to meet the special requirements of an employer (including a group of employers);

(B) that is conducted with a commitment by the employer to employ an individual on successful completion of the training; and

(C) for which the employer pays for not less than 50 percent of the cost of the training.

(9) 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)(I) is eligible for or has exhausted entitlement to

unemployment compensation; or

(II) has been employed for a duration sufficient to demonstrate, to the appropriate entity at a one-stop center referred to in section 134(c), attachment to the workforce, but is not eligible for unemployment compensation due to insufficient earnings or having performed services for an employer that were not covered under a State unemployment compensation law; and

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

(B)(i) 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;

(ii) is employed at a facility at which the employer has made a general announcement that such facility will close within 180 days; or

(iii) for purposes of eligibility to receive services other than training services described in section 134(d)(4), intensive services described in section 134(d)(3), or supportive services, is employed at a facility at which the employer has made a general announcement that such facility will close;

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

(D) is a displaced homemaker.

(10) Displaced homemaker.--The term ``displaced homemaker'' means an individual who has been providing unpaid services to family members in the home and who--

(A) has been dependent on the income of another family member but is no longer supported by that income; and

(B) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

(11) Economic development agencies.--The term ``economic development agencies'' includes local planning and zoning commissions or boards, community development agencies, and other local agencies and institutions responsible for regulating, promoting, or assisting in local economic development.

(12) Eligible provider.--The term ``eligible provider'', used with respect to--

(A) training services, means a provider who is identified in accordance with section 122(e)(3);

(B) intensive services, means a provider who is identified or awarded a contract as described in section 134(d)(3)(B);

(C) youth activities, means a provider who is awarded a grant or contract in accordance with section 123; or

(D) other workforce investment activities, means a public or private entity selected to be responsible for such activities, such as a one-stop operator designated or certified under section 121(d).

(13) Eligible youth.--Except as provided in subtitles C and D, the term ``eligible youth'' means an individual who--

(A) is not less than age 14 and not more than age 21;

(B) is a low-income individual; and

(C) is an individual who is one or more of the following:

- (i) Deficient in basic literacy skills.
- (ii) A school dropout.
- (iii) Homeless, a runaway, or a foster child.
- (iv) Pregnant or a parent.
- (v) An offender.

(vi) An individual who requires additional assistance to complete an educational program, or to secure and hold employment.

(14) Employment and training activity.--The term ``employment and training activity'' means an activity described in section 134 that is carried out for an adult or dislocated worker.

(15) Family.--The term ``family'' means two or more persons related by blood, marriage, or decree of court, who are living in a single residence, and are included in one or more of the following categories:

- (A) A husband, wife, and dependent children.
- (B) A parent or guardian and dependent children.
- (C) A husband and wife.

(16) Governor.--The term ``Governor'' means the chief executive of a State.

(17) Individual with a disability.--

(A) In general.--The term ``individual with a disability'' means an individual with any disability (as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102)).

(B) Individuals with disabilities.--The term ``individuals with disabilities'' means more than one individual with a disability.

(18) Labor market area.--The term ``labor market area'' means an economically integrated geographic area within which individuals can reside and find employment within a reasonable distance or can readily change employment without changing their place of residence. Such an area shall be identified in accordance with criteria used by the Bureau of Labor Statistics of the Department of Labor in defining such areas or similar criteria established by a Governor.

(19) Literacy.--The term ``literacy'' has the meaning given the term in section 203.

(20) Local area.--The term ``local area'' means a local workforce investment area designated under section 116.

(21) Local board.--The term ``local board'' means a local workforce investment board established under section 117.

(22) Local performance measure.--The term ``local performance measure'' means a performance measure established under section 136(c).

(23) Local educational agency.--The term ``local educational agency'' has the meaning given the term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(24) Lower living standard income level.--The term ``lower living standard income level'' means that income level (adjusted for regional, metropolitan, urban, and rural differences and family size) determined annually by the Secretary based on the most recent lower living family budget issued by the Secretary.

(25) Low-income individual.--The term ``low-income individual'' means an individual who--

- (A) receives, or is a member of a family that receives, cash payments under a Federal, State, or local income-based

public assistance program;

(B) received an income, or is a member of a family that received a total family income, for the 6-month period prior to application for the program involved (exclusive of unemployment compensation, child support payments, payments described in subparagraph (A), and old-age and survivors insurance benefits received under section 202 of the Social Security Act (42 U.S.C. 402)) that, in relation to family size, does not exceed the higher of--

(i) the poverty line, 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 promulgated by the Secretary of Labor, 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.

(26) 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.

(27) Offender.--The term ``offender'' means any adult or juvenile--

(A) who is or has been subject to any stage of the criminal justice process, for whom services under this Act may be beneficial; or

(B) who requires assistance in overcoming artificial barriers to employment resulting from a record of arrest or conviction.

(28) Older individual.--The term ``older individual'' means an individual age 55 or older.

(29) One-stop operator.--The term ``one-stop operator'' means 1 or more entities designated or certified under section 121(d).

(30) One-stop partner.--The term ``one-stop partner'' means--

(A) an entity described in section 121(b)(1); and

(B) an entity described in section 121(b)(2) that is participating, with the approval of the local board and chief elected official, in the operation of a one-stop delivery system.

(31) On-the-job training.--The term ``on-the-job training'' means training by an employer 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 the employer of up to 50 percent of the wage rate of the participant, for the extraordinary 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, taking into account the content of the training, the prior work experience of the participant, and the service strategy of the participant, as appropriate.

(32) 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.

(33) Out-of-school youth.--The term ``out-of-school youth'' means--

(A) an eligible youth who is a school dropout; or

(B) an eligible youth who has received a secondary school diploma or its equivalent but is basic skills deficient, unemployed, or underemployed.

(34) Participant.--The term ``participant'' means an individual who has been determined to be eligible to participate in and who is receiving services (except followup services authorized under this title) under a program authorized by this title. Participation shall be deemed to commence on the first day, following determination of eligibility, on which the individual began receiving subsidized employment, training, or other services provided under this title.

(35) Postsecondary educational institution.--The term ``postsecondary educational institution'' means an institution of higher education, as defined in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088).

(36) 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.

(37) Public assistance.--The term ``public assistance'' means Federal, State, or local government cash payments for which eligibility is determined by a needs or income test.

(38) Rapid response activity.--The term ``rapid response activity'' means an activity provided by a State, or by an entity designated by a State, with funds provided by the State under section 134(a)(1)(A), 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) assistance in establishing a labor-management committee, voluntarily agreed to by labor and management, with the ability to devise and implement a strategy for assessing the employment and training needs of dislocated workers and

obtaining services to meet such needs;

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

(E) 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) Secretary.--The term ``Secretary'' means the Secretary of Labor, and the term means such Secretary for purposes of section 503.

(42) State.--The term ``State'' means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

(43) State adjusted level of performance.--The term ``State adjusted level of performance'' means a level described in clause (iii) or (v) of section 136(b)(3)(A).

(44) State board.--The term ``State board'' means a State workforce investment board established under section 111.

(45) State performance measure.--The term ``State performance measure'' means a performance measure established under section 136(b).

(46) Supportive services.--The term ``supportive services'' means services such as transportation, child care, dependent care, housing, and needs-related payments, that are necessary to enable an individual to participate in activities authorized under this title, consistent with the provisions of this title.

(47) Unemployed individual.--The term ``unemployed individual'' means an individual who is without a job and who wants and is available for work. The determination of whether an individual is without a job shall be made in accordance with the criteria used by the Bureau of Labor Statistics of the Department of Labor in defining individuals as unemployed.

(48) 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.

(49) Veteran; related definition.--

(A) Veteran.--The term ``veteran'' means an individual who served in the active military, naval, or air service, and who was discharged or released from such service under conditions other than dishonorable.

(B) Recently separated veteran.--The term ``recently separated veteran'' means any veteran who applies for participation under this title within 48 months after the discharge or release from active military, naval, or air service.

(50) Vocational education.--The term ``vocational education'' has the meaning given the term in section 521 of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471).

(51) Workforce investment activity.--The term ``workforce investment activity'' means an employment and training activity,

and a youth activity.

(52) Youth activity.--The term ``youth activity'' means an activity described in section 129 that is carried out for eligible youth (or as described in section 129(c)(5)).

(53) Youth council.--The term ``youth council'' means a council established under section 117(h).

TITLE II--ADULT EDUCATION AND LITERACY

SEC. 201. SHORT TITLE.

This title may be cited as the ``Adult Education and Family Literacy Act''.

SEC. 202. PURPOSE.

It is the purpose of this title to create a partnership among the Federal Government, States, and localities to provide, on a voluntary basis, adult education and literacy services, in order to--

- (1) assist adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency;
- (2) assist adults who are parents to obtain the educational skills necessary to become full partners in the educational development of their children; and
- (3) assist adults in the completion of a secondary school education.

SEC. 203. DEFINITIONS.

In this subtitle:

- (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 under State law; and
 - (C) who--
 - (i) lack sufficient mastery of basic educational skills to enable the individuals to function effectively in society;
 - (ii) do not have a secondary school diploma or its recognized equivalent, and have not achieved an equivalent level of education; or
 - (iii) are unable to speak, read, or write the English language.
- (2) Adult education and literacy activities.--The term ``adult education and literacy activities'' means activities described in section 231(b).
- (3) 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 to provide the service or program to a local educational agency.
- (4) Eligible agency.--The term ``eligible agency'' means the sole entity or agency in a State or an outlying area responsible for administering or supervising policy for adult education and literacy in the State or outlying area, respectively, consistent with the law of the State or outlying area, respectively.
- (5) Eligible provider.--The term ``eligible provider'' means--
 - (A) a local educational agency;
 - (B) a community-based organization of demonstrated effectiveness;
 - (C) a volunteer literacy organization of demonstrated effectiveness;
 - (D) an institution of higher education;

- (E) a public or private nonprofit agency;
 - (F) a library;
 - (G) a public housing authority;
 - (H) a nonprofit institution that is not described in any of subparagraphs (A) through (G) and has the ability to provide literacy services to adults and families; and
 - (I) a consortium of the agencies, organizations, institutions, libraries, or authorities described in any of subparagraphs (A) through (H).
- (6) English literacy program.--The term ``English literacy program'' means a program of instruction designed to help individuals of limited English proficiency achieve competence in the English language.
- (7) 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 regarding how to be the primary teacher for their children and full partners in the education of their children.
 - (C) Parent literacy training that leads to economic self-sufficiency.
 - (D) An age-appropriate education to prepare children for success in school and life experiences.
- (8) Governor.--The term ``Governor'' means the chief executive officer of a State or outlying area.
- (9) Individual with a disability.--
- (A) In general.--The term ``individual with a disability'' means an individual with any disability (as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102)).
 - (B) Individuals with disabilities.--The term ``individuals with disabilities'' means more than one individual with a disability.
- (10) Individual of limited English proficiency.--The term ``individual of limited English proficiency'' means an adult or out-of-school youth who has limited ability in speaking, reading, writing, or understanding the English language, and--
- (A) whose native language is a language other than English; or
 - (B) who lives in a family or community environment where a language other than English is the dominant language.
- (11) Institution of higher education.--The term ``institution of higher education'' has the meaning given the term in section 1201 of the Higher Education Act of 1965 (20 U.S.C. 1141).
- (12) Literacy.--The term ``literacy'' means an individual's ability to read, write, and speak in English, compute, and solve problems, at levels of proficiency necessary to function on the job, in the family of the individual, and in society.
- (13) Local educational agency.--The term ``local educational agency'' has the meaning given the term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).
- (14) Outlying area.--The term ``outlying area'' has the meaning given the term in section 101.
- (15) Postsecondary educational institution.--The term ``postsecondary educational institution'' means--
- (A) an institution of higher education that provides not

less than a 2-year program of instruction that is acceptable for credit toward a bachelor's degree;

(B) a tribally controlled community college; or

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

(16) Secretary.--The term ``Secretary'' means the Secretary of Education.

(17) State.--The term ``State'' means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

(18) Workplace literacy services.--The term ``workplace literacy services'' means literacy services that are offered for the purpose of improving the productivity of the workforce through the improvement of literacy skills.

SEC. 204. HOME SCHOOLS.

Nothing in this subtitle shall be construed to affect home schools, or to compel a parent engaged in home schooling to participate in an English literacy program, family literacy services, or adult education.

SEC. 205. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this subtitle such sums as may be necessary for each of the fiscal years 1999 through 2003.

Subtitle A--Adult Education and Literacy Programs

CHAPTER 1--FEDERAL PROVISIONS

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

(a) Reservation of Funds.--From the sum appropriated under section 205 for a fiscal year, the Secretary--

(1) shall reserve 1.5 percent to carry out section 242, except that the amount so reserved shall not exceed \$8,000,000;

(2) shall reserve 1.5 percent to carry out section 243, except that the amount so reserved shall not exceed \$8,000,000; and

(3) shall make available, to the Secretary of Labor, 1.72 percent for incentive grants under section 503.

(b) Grants to Eligible Agencies.--

(1) In general.--From the sum appropriated under section 205 and not reserved under subsection (a) for a fiscal year, the Secretary shall award a grant to each eligible agency having a State plan approved under section 224 in an amount equal to the sum of the initial allotment under subsection (c)(1) and the additional allotment under subsection (c)(2) for the eligible agency for the fiscal year, subject to subsections (f) and (g), to enable the eligible agency to carry out the activities assisted under this subtitle.

(2) Purpose of grants.--The Secretary may award a grant under paragraph (1) only if the eligible entity involved agrees to expend the grant for adult education and literacy activities in accordance with the provisions of this subtitle.

(c) Allotments.--

(1) Initial allotments.--From the sum appropriated under section 205 and not reserved under subsection (a) for a fiscal year, the Secretary shall allot to each eligible agency having a State plan approved under section 224(f)--

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

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

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

(d) Qualifying Adult.--For the purpose of subsection (c)(2), the term ``qualifying adult'' means an adult who--

(1) is at least 16 years of age, but less than 61 years of age;

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

(3) does not have a secondary school diploma or its recognized equivalent; and

(4) is not enrolled in secondary school.

(e) Special Rule.--

(1) In general.--From amounts made available under subsection (c) for the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau, the Secretary shall award grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau to carry out activities described in this subtitle in accordance with the provisions of this subtitle that the Secretary determines are not inconsistent with this subsection.

(2) Award basis.--The Secretary shall award grants pursuant to paragraph (1) on a competitive basis and pursuant to recommendations from the Pacific Region Educational Laboratory in Honolulu, Hawaii.

(3) 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.

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

(f) Hold-Harmless.--

(1) In general.--Notwithstanding subsection (c)--

(A) for fiscal year 1999, no eligible agency shall receive an allotment under this subtitle that is less than 90 percent of the payments made to the State or outlying area of the eligible agency for fiscal year 1998 for programs for which funds were authorized to be appropriated under section 313 of the Adult Education Act (as such Act was in effect on the day before the date of the enactment of the Workforce Investment Act of 1998); and

(B) for fiscal year 2000 and each succeeding fiscal year, no eligible agency shall receive an allotment under this subtitle that is less than 90 percent of the allotment the eligible agency received for the preceding fiscal year under this subtitle.

(2) Ratable reduction.--If for any fiscal year the amount available for allotment under this subtitle is insufficient to satisfy the provisions of paragraph (1), the Secretary shall ratably reduce the payments to all eligible agencies, as necessary.

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

SEC. 212. PERFORMANCE ACCOUNTABILITY SYSTEM.

(a) Purpose.--The purpose of this section is to establish a comprehensive performance accountability system, comprised of the activities described in this section, to assess the effectiveness of eligible agencies in achieving continuous improvement of adult education and literacy activities funded under this subtitle, in order to optimize the return on investment of Federal funds in adult education and literacy activities.

(b) Eligible Agency Performance Measures.--

(1) In general.--For each eligible agency, the eligible agency performance measures shall consist of--

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

(ii) additional indicators of performance (if any) identified by the eligible agency under paragraph (2)(B); and

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

(2) Indicators of performance.--

(A) Core indicators of performance.--The core indicators of performance shall include the following:

(i) Demonstrated improvements in literacy skill levels in reading, writing, and speaking the English language, numeracy, problem solving, English language acquisition, and other literacy skills.

(ii) Placement in, retention in, or completion of, postsecondary education, training, unsubsidized employment or career advancement.

(iii) Receipt of a secondary school diploma or its recognized equivalent.

(B) Additional indicators.--An eligible agency may identify in the State plan additional indicators for adult education and literacy activities authorized under this subtitle.

(3) Levels of performance.--

(A) Eligible agency adjusted levels of performance for core indicators.--

(i) In general.--For each eligible agency submitting a State plan, there shall be established, in accordance with this subparagraph, levels of performance for each of the core indicators of performance described in paragraph

(2)(A) for adult education and literacy activities authorized under this subtitle. The levels of performance established under this subparagraph shall, at a minimum--

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

(II) show the progress of the eligible agency toward continuously improving in performance.

(ii) Identification in state plan.--Each eligible agency shall identify, in the State plan submitted under section 224, expected levels of performance for each of the core indicators of performance for the first 3 program years covered by the State plan.

(iii) Agreement on eligible agency adjusted levels of performance for first 3 years.--In order to ensure an optimal return on the investment of Federal funds in adult education and literacy activities authorized under this subtitle, the Secretary and each eligible agency shall reach agreement on levels of performance for each of the core indicators of performance, for the first 3 program years covered by the State plan, taking into account the levels identified in the State plan under clause (ii) and the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be incorporated into the State plan prior to the approval of such plan.

(iv) Factors.--The agreement described in clause (iii) or (v) shall take into account--

(I) how the levels involved compare with the eligible agency adjusted levels of performance established for other eligible agencies, taking into account factors including the characteristics of participants when the participants entered the program, and the services or instruction to be provided; and

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

(v) Agreement on eligible agency adjusted levels of performance for 4th and 5th years.--Prior to the fourth program year covered by the State plan, the Secretary and each eligible agency shall reach agreement on levels of performance for each of the core indicators of performance for the fourth and fifth program years covered by the State plan, taking into account the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the eligible agency adjusted levels of performance for the eligible agency for such years and shall be incorporated into the State plan.

(vi) Revisions.--If unanticipated circumstances arise in a State resulting in a significant change in the factors described in clause (iv)(II), the eligible agency may request that the eligible agency adjusted levels of performance agreed to under clause (iii) or (v) be revised. The Secretary, after collaboration with the representatives described in section 136(j), shall issue objective criteria and methods for making such revisions.

(B) Levels of performance for additional indicators.--The eligible agency may identify, in the State plan, eligible agency levels of performance for each of the additional indicators described in paragraph (2)(B). Such levels shall be considered to be eligible agency adjusted levels of performance for purposes of this subtitle.

(c) Report.--

(1) In general.--Each eligible agency that receives a grant under section 211(b) shall annually prepare and submit to the Secretary a report on the progress of the eligible agency in achieving eligible agency performance measures, including information on the levels of performance achieved by the eligible agency with respect to the core indicators of performance.

(2) Information dissemination.--The Secretary--

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

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

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

CHAPTER 2--STATE PROVISIONS

SEC. 221. STATE ADMINISTRATION.

Each eligible agency shall be responsible for the State or outlying area administration of activities under this subtitle, including--

(1) the development, submission, and implementation of the State plan;

(2) consultation with other appropriate agencies, groups, and individuals that are involved in, or interested in, the development and implementation of activities assisted under this subtitle; and

(3) coordination and nonduplication with other Federal and State education, training, corrections, public housing, and social service programs.

SEC. 222. STATE DISTRIBUTION OF FUNDS; MATCHING REQUIREMENT.

(a) State Distribution of Funds.--Each eligible agency receiving a grant under this subtitle for a fiscal year--

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

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

(3) shall use not more than 5 percent of the grant funds, or \$65,000, whichever is greater, for the administrative expenses of the eligible agency.

(b) Matching Requirement.--

(1) In general.--In order to receive a grant from the Secretary under section 211(b) each eligible agency shall provide, for the costs to be incurred by the eligible agency in carrying out the adult education and literacy activities for which the grant is awarded, a non-Federal contribution in an amount equal to--

(A) in the case of an eligible agency serving an outlying

area, 12 percent of the total amount of funds expended for adult education and literacy activities in the outlying area, except that the Secretary may decrease the amount of funds required under this subparagraph for an eligible agency; and

(B) in the case of an eligible agency serving a State, 25 percent of the total amount of funds expended for adult education and literacy activities in the State.

(2) Non-Federal contribution.--An eligible agency's non-Federal contribution required under paragraph (1) may be provided in cash or in kind, fairly evaluated, and shall include only non-Federal funds that are used for adult education and literacy activities in a manner that is consistent with the purpose of this subtitle.

SEC. 223. STATE LEADERSHIP ACTIVITIES.

(a) In General.--Each eligible agency shall use funds made available under section 222(a)(2) for one or more of the following adult education and literacy activities:

(1) The establishment or operation of professional development programs to improve the quality of instruction provided pursuant to local activities required under section 231(b), including instruction incorporating phonemic awareness, systematic phonics, fluency, and reading comprehension, and instruction provided by volunteers or by personnel of a State or outlying area.

(2) The provision of technical assistance to eligible providers of adult education and literacy activities.

(3) The provision of technology assistance, including staff training, to eligible providers of adult education and literacy activities to enable the eligible providers to improve the quality of such activities.

(4) The support of State or regional networks of literacy resource centers.

(5) The monitoring and evaluation of the quality of, and the improvement in, adult education and literacy activities.

(6) Incentives for--

(A) program coordination and integration; and

(B) performance awards.

(7) Developing and disseminating curricula, including curricula incorporating phonemic awareness, systematic phonics, fluency, and reading comprehension.

(8) Other activities of statewide significance that promote the purpose of this title.

(9) Coordination with existing support services, such as transportation, child care, and other assistance designed to increase rates of enrollment in, and successful completion of, adult education and literacy activities, to adults enrolled in such activities.

(10) Integration of literacy instruction and occupational skill training, and promoting linkages with employers.

(11) Linkages with postsecondary educational institutions.

(b) Collaboration.--In carrying out this section, eligible agencies shall collaborate where possible, and avoid duplicating efforts, in order to maximize the impact of the activities described in subsection (a).

(c) State-Imposed Requirements.--Whenever a State or outlying area implements any rule or policy relating to the administration or operation of a program authorized under this subtitle that has the

effect of imposing a requirement that is not imposed under Federal law (including any rule or policy based on a State or outlying area interpretation of a Federal statute, regulation, or guideline), the State or outlying area shall identify, to eligible providers, the rule or policy as being State- or outlying area-imposed.

SEC. 224. STATE PLAN.

(a) 5-Year Plans.--

(1) In general.--Each eligible agency desiring a grant under this subtitle for any fiscal year shall submit to, or have on file with, the Secretary a 5-year State plan.

(2) Comprehensive plan or application.--The eligible agency may submit the State plan as part of a comprehensive plan or application for Federal education assistance.

(b) Plan Contents.--In developing the State plan, and any revisions to the State plan, the eligible agency shall include in the State plan or revisions--

(1) an objective assessment of the needs of individuals in the State or outlying area for adult education and literacy activities, including individuals most in need or hardest to serve;

(2) a description of the adult education and literacy activities that will be carried out with any funds received under this subtitle;

(3) a description of how the eligible agency will evaluate annually the effectiveness of the adult education and literacy activities based on the performance measures described in section 212;

(4) a description of the performance measures described in section 212 and how such performance measures will ensure the improvement of adult education and literacy activities in the State or outlying area;

(5) an assurance that the eligible agency will award not less than one grant under this subtitle to an eligible provider who offers flexible schedules and necessary support services (such as child care and transportation) to enable individuals, including individuals with disabilities, or individuals with other special needs, to participate in adult education and literacy activities, which eligible provider shall attempt to coordinate with support services that are not provided under this subtitle prior to using funds for adult education and literacy activities provided under this subtitle for support services;

(6) an assurance that the funds received under this subtitle will not be expended for any purpose other than for activities under this subtitle;

(7) a description of how the eligible agency will fund local activities in accordance with the considerations described in section 231(e);

(8) an assurance that the eligible agency will expend the funds under this subtitle only in a manner consistent with fiscal requirements in section 241;

(9) a description of the process that will be used for public participation and comment with respect to the State plan;

(10) a description of how the eligible agency will develop program strategies for populations that include, at a minimum--

(A) low-income students;

(B) individuals with disabilities;

(C) single parents and displaced homemakers; and
(D) individuals with multiple barriers to educational enhancement, including individuals with limited English proficiency;

(11) a description of how the adult education and literacy activities that will be carried out with any funds received under this subtitle will be integrated with other adult education, career development, and employment and training activities in the State or outlying area served by the eligible agency; and

(12) a description of the steps the eligible agency will take to ensure direct and equitable access, as required in section 231(c)(1).

(c) Plan Revisions.--When changes in conditions or other factors require substantial revisions to an approved State plan, the eligible agency shall submit the revisions to the State plan to the Secretary.

(d) Consultation.--The eligible agency shall--

(1) submit the State plan, and any revisions to the State plan, to the Governor of the State or outlying area for review and comment; and

(2) ensure that any comments by the Governor regarding the State plan, and any revision to the State plan, are submitted to the Secretary.

(e) Peer Review.--The Secretary shall establish a peer review process to make recommendations regarding the approval of State plans.

(f) Plan Approval.--A State plan submitted to the Secretary shall be approved by the Secretary unless the Secretary makes a written determination, within 90 days after receiving the plan, that the plan is inconsistent with the specific provisions of this subtitle.

SEC. 225. PROGRAMS FOR CORRECTIONS EDUCATION AND OTHER INSTITUTIONALIZED INDIVIDUALS.

(a) Program Authorized.--From funds made available under section 222(a)(1) for a fiscal year, each eligible agency shall carry out corrections education or education for other institutionalized individuals.

(b) Uses of Funds.--The funds described in subsection (a) shall be used for the cost of educational programs for criminal offenders in correctional institutions and for other institutionalized individuals, including academic programs for--

(1) basic education;

(2) special education programs as determined by the eligible agency;

(3) English literacy programs; and

(4) secondary school credit programs.

(c) Priority.--Each eligible agency that is using assistance provided under this section to carry out a program for criminal offenders in a correctional institution shall give priority to serving individuals who are likely to leave the correctional institution with 5 years of participation in the program.

(d) Definition of Criminal Offender.--

(1) Criminal offender.--The term ``criminal offender'' means any individual who is charged with or convicted of any criminal offense.

(2) Correctional institution.--The term ``correctional institution'' means any--

(A) prison;

- (B) jail;
- (C) reformatory;
- (D) work farm;
- (E) detention center; or
- (F) halfway house, community-based rehabilitation center, or any other similar institution designed for the confinement or rehabilitation of criminal offenders.

CHAPTER 3--LOCAL PROVISIONS

SEC. 231. GRANTS AND CONTRACTS FOR ELIGIBLE PROVIDERS.

(a) Grants and Contracts.--From grant funds made available under section 211(b), each eligible agency shall award multiyear grants or contracts, on a competitive basis, to eligible providers within the State or outlying area to enable the eligible providers to develop, implement, and improve adult education and literacy activities within the State.

(b) Required Local Activities.--The eligible agency shall require that each eligible provider receiving a grant or contract under subsection (a) use the grant or contract to establish or operate one or more programs that provide services or instruction in one or more of the following categories:

- (1) Adult education and literacy services, including workplace literacy services.
- (2) Family literacy services.
- (3) English literacy programs.

(c) Direct and Equitable Access; Same Process.--Each eligible agency receiving funds under this subtitle shall ensure that--

- (1) all eligible providers have direct and equitable access to apply for grants or contracts under this section; and
- (2) the same grant or contract announcement process and application process is used for all eligible providers in the State or outlying area.

(d) Special Rule.--Each eligible agency awarding a grant or contract under this section shall not use any funds made available under this subtitle 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 203(1), except that such agency may use such funds for such purpose if such programs, services, or activities are related to family literacy services. In providing family literacy services under this subtitle, an eligible provider shall attempt to coordinate with programs and services that are not assisted under this subtitle prior to using funds for adult education and literacy activities under this subtitle for activities other than adult education activities.

(e) Considerations.--In awarding grants or contracts under this section, the eligible agency shall consider--

- (1) the degree to which the eligible provider will establish measurable goals for participant outcomes;
- (2) the past effectiveness of an eligible provider in improving the literacy skills of adults and families, and, after the 1-year period beginning with the adoption of an eligible agency's performance measures under section 212, the success of an eligible provider receiving funding under this subtitle in meeting or exceeding such performance measures, especially with respect to those adults with the lowest levels of literacy;

(3) the commitment of the eligible provider to serve individuals in the community who are most in need of literacy services, including individuals who are low-income or have minimal literacy skills;

(4) whether or not the program--

(A) is of sufficient intensity and duration for participants to achieve substantial learning gains; and

(B) uses instructional practices, such as phonemic awareness, systematic phonics, fluency, and reading comprehension that research has proven to be effective in teaching individuals to read;

(5) whether the activities are built on a strong foundation of research and effective educational practice;

(6) whether the activities effectively employ advances in technology, as appropriate, including the use of computers;

(7) whether the activities provide learning in real life contexts to ensure that an individual has the skills needed to compete in the workplace and exercise the rights and responsibilities of citizenship;

(8) whether the activities are staffed by well-trained instructors, counselors, and administrators;

(9) whether the activities coordinate with other available resources in the community, such as by establishing strong links with elementary schools and secondary schools, postsecondary educational institutions, one-stop centers, job training programs, and social service agencies;

(10) whether the activities offer flexible schedules and support services (such as child care and transportation) that are necessary to enable individuals, including individuals with disabilities or other special needs, to attend and complete programs;

(11) whether the activities maintain a high-quality information management system that has the capacity to report participant outcomes and to monitor program performance against the eligible agency performance measures; and

(12) whether the local communities have a demonstrated need for additional English literacy programs.

SEC. 232. LOCAL APPLICATION.

Each eligible provider desiring a grant or contract under this subtitle shall submit an application to the eligible agency containing such information and assurances as the eligible agency may require, including--

(1) a description of how funds awarded under this subtitle will be spent; and

(2) a description of any cooperative arrangements the eligible provider has with other agencies, institutions, or organizations for the delivery of adult education and literacy activities.

SEC. 233. LOCAL ADMINISTRATIVE COST LIMITS.

(a) In General.--Subject to subsection (b), of the amount that is made available under this subtitle to an eligible provider--

(1) not less than 95 percent shall be expended for carrying out adult education and literacy activities; and

(2) the remaining amount, not to exceed 5 percent, shall be

used for planning, administration, personnel development, and interagency coordination.

(b) Special Rule.--In cases where the cost limits described in subsection (a) are too restrictive to allow for adequate planning, administration, personnel development, and interagency coordination, the eligible provider shall negotiate with the eligible agency in order to determine an adequate level of funds to be used for noninstructional purposes.

CHAPTER 4--GENERAL PROVISIONS

SEC. 241. ADMINISTRATIVE PROVISIONS.

(a) Supplement Not Supplant.--Funds made available for adult education and literacy activities under this subtitle shall supplement and not supplant other State or local public funds expended for adult education and literacy activities.

(b) Maintenance of Effort.--

(1) In general.--

(A) Determination.--An eligible agency may receive funds under this subtitle for any fiscal year if the Secretary finds that the fiscal effort per student or the aggregate expenditures of such eligible agency for adult education and literacy activities, in the second preceding fiscal year, was not less than 90 percent of the fiscal effort per student or the aggregate expenditures of such eligible agency for adult education and literacy activities, in the third preceding fiscal year.

(B) Proportionate reduction.--Subject to paragraphs (2), (3), and (4), for any fiscal year with respect to which the Secretary determines under subparagraph (A) that the fiscal effort or the aggregate expenditures of an eligible agency for the preceding program year were less than such effort or expenditures for the second preceding program year, the Secretary--

(i) shall determine the percentage decreases in such effort or in such expenditures; and

(ii) shall decrease the payment made under this subtitle for such program year to the agency for adult education and literacy activities by the lesser of such percentages.

(2) Computation.--In computing the fiscal effort and aggregate expenditures under paragraph (1), the Secretary shall exclude capital expenditures and special one-time project costs.

(3) Decrease in federal support.--If the amount made available for adult education and literacy activities under this subtitle for a fiscal year is less than the amount made available for adult education and literacy activities under this subtitle for the preceding fiscal year, then the fiscal effort per student and the aggregate expenditures of an eligible agency required in order to avoid a reduction under paragraph (1)(B) shall be decreased by the same percentage as the percentage decrease in the amount so made available.

(4) Waiver.--The Secretary may waive the requirements of this subsection for 1 fiscal year only, if the Secretary determines that a waiver would be equitable due to exceptional or uncontrollable circumstances, such as a natural disaster or an unforeseen and

precipitous decline in the financial resources of the State or outlying area of the eligible agency. If the Secretary grants a waiver under the preceding sentence for a fiscal year, the level of effort required under paragraph (1) shall not be reduced in the subsequent fiscal year because of the waiver.

SEC. 242. NATIONAL INSTITUTE FOR LITERACY.

(a) Purpose.--The purpose of this section is to establish a National Institute for Literacy that--

- (1) provides national leadership regarding literacy;
- (2) coordinates literacy services and policy; and
- (3) serves as a national resource for adult education and literacy programs by--

(A) providing the best and most current information available, including the work of the National Institute of Child Health and Human Development in the area of phonemic awareness, systematic phonics, fluency, and reading comprehension, to all recipients of Federal assistance that focuses on reading, including programs under titles I and VII of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq. and 7401 et seq.), the Head Start Act (42 U.S.C. 9831 et seq.), the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), and this Act; and

(B) supporting the creation of new ways to offer services of proven effectiveness.

(b) 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 the purpose of which 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) 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 (e) in planning the goals of the Institute and in the implementation of any programs to achieve the goals. If the Board's recommendations are not followed, the Interagency Group shall provide a written explanation to the Board concerning actions the Interagency Group takes that are inconsistent with the Board's recommendations, including the reasons for not following the Board's recommendations with respect to the actions. The Board may also request a meeting of the Interagency Group to discuss the Board's recommendations.

(4) Daily operations.--The daily operations of the Institute shall be administered by the Director of the Institute.

(c) Duties.--

(1) In general.--In order to provide leadership for the improvement and expansion of the system for delivery of literacy services, the Institute is authorized--

(A) to establish a national electronic data base of information that disseminates information to the broadest possible audience within the literacy and basic skills field, and that includes--

(i) effective practices in the provision of literacy and basic skills instruction, including instruction in phonemic awareness, systematic phonics, fluency, and reading comprehension, and the integration of literacy and basic skills instruction with occupational skills training;

(ii) public and private literacy and basic skills programs, and Federal, State, and local policies, affecting the provision of literacy services at the national, State, and local levels;

(iii) opportunities for technical assistance, meetings, conferences, and other opportunities that lead to the improvement of literacy and basic skills services; and

(iv) a communication network for literacy programs, providers, social service agencies, and students;

(B) to coordinate support for the provision of literacy and basic skills services across Federal agencies and at the State and local levels;

(C) to coordinate the support of reliable and replicable research and development on literacy and basic skills in families and adults across Federal agencies, especially with the Office of Educational Research and Improvement in the Department of Education, and to carry out basic and applied research and development on topics that are not being investigated by other organizations or agencies, such as the special literacy needs of individuals with learning disabilities;

(D) to collect and disseminate information on methods of advancing literacy that show great promise, including phonemic awareness, systematic phonics, fluency, and reading comprehension based on the work of the National Institute of Child Health and Human Development;

(E) to provide policy and technical assistance to Federal, State, and local entities for the improvement of policy and programs relating to literacy;

(F) to fund 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) enhancing the capacity of State and local organizations to provide literacy services; and

(iii) serving as a link between the Institute and providers of adult education and literacy activities for the purpose of sharing information, data, research, expertise, and literacy resources;

(G) to coordinate and share information with national organizations and associations that are interested in literacy and workforce investment activities;

(H) to advise Congress and Federal departments and agencies regarding the development of policy with respect to literacy and basic skills; and

(I) to undertake other activities that lead to the improvement of the Nation's literacy delivery system and that complement other such efforts being undertaken by public and private agencies and organizations.

(2) Grants, contracts, and cooperative agreements.--The Institute may award grants to, or enter into contracts or cooperative agreements with, individuals, public or private institutions, agencies, organizations, or consortia of such institutions, agencies, or organizations to carry out the activities of the Institute.

(d) Literacy Leadership.--

(1) In general.--The Institute, in consultation with the Board, may award fellowships, with such stipends and allowances that the Director considers necessary, to outstanding individuals pursuing careers in adult education or literacy in the areas of instruction, management, research, or innovation.

(2) 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.

(e) National Institute for Literacy Advisory Board.--

(1) Establishment.--

(A) In general.--There shall be a National Institute for Literacy Advisory Board (in this section referred to as the ``Board''), which shall consist of 10 individuals appointed by the President with the advice and consent of the Senate.

(B) Composition.--The Board shall be comprised of individuals who are not otherwise officers or employees of the Federal Government and who are representative of entities such as--

(i) literacy organizations and providers of literacy services, including nonprofit providers, providers of English literacy programs and services, social service organizations, and eligible providers receiving assistance under this subtitle;

(ii) businesses that have demonstrated interest in literacy programs;

(iii) literacy students, including literacy students with disabilities;

(iv) experts in the area of literacy research;

(v) State and local governments;

(vi) State Directors of adult education; and

(vii) representatives of employees, including representatives of labor organizations.

(2) Duties.--The Board shall--

(A) make recommendations concerning the appointment of the Director and staff of the Institute;

(B) provide independent advice on the operation of the Institute; and

(C) 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) Appointments.--

(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 one-third of the members are selected each year. Any such member may be appointed for not more than 2 consecutive terms.

(B) Vacancies.--Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office.

(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.

(f) Gifts, Bequests, and Devises.--

(1) In general.--The Institute may accept, administer, and use gifts or donations of services, money, or property, whether real or personal, tangible or intangible.

(2) Rules.--The Board shall establish written rules setting forth the criteria to be used by the Institute in determining whether the acceptance of contributions of services, money, or property whether real or personal, tangible or intangible, would reflect unfavorably upon the ability of the Institute or any employee to carry out the responsibilities of the Institute or employee, or official duties, in a fair and objective manner, or would compromise the integrity or the appearance of the integrity of the Institute's programs or any official involved in those programs.

(g) Mails.--The Board and the Institute may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(h) Staff.--The Interagency Group, after considering recommendations made by the Board, shall appoint and fix the pay of a Director.

(i) 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 annual rate of basic pay payable for level IV of the Executive Schedule.

(j) Experts and Consultants.--The Institute may procure temporary

and intermittent services under section 3109(b) of title 5, United States Code.

(k) Report.--The Institute shall submit a report biennially to the Committee on Education and the Workforce 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 2 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.

(l) Funding.--Any amounts appropriated to the Secretary, the Secretary of Labor, the Secretary of Health and Human Services, or any other department that participates in the Institute for purposes that the Institute is authorized to perform under this section may be provided to the Institute for such purposes.

SEC. 243. NATIONAL LEADERSHIP ACTIVITIES.

The Secretary shall establish and carry out a program of national leadership activities to enhance the quality of adult education and literacy programs nationwide. Such activities may include the following:

(1) Technical assistance, including--

(A) assistance provided to eligible providers in developing and using performance measures for the improvement of adult education and literacy activities, including family literacy services;

(B) assistance related to professional development activities, and assistance for the purposes of developing, improving, identifying, and disseminating the most successful methods and techniques for providing adult education and literacy activities, including family literacy services, based on scientific evidence where available; and

(C) assistance in distance learning and promoting and improving the use of technology in the classroom.

(2) Funding national leadership activities that are not described in paragraph (1), either directly or through grants, contracts, or cooperative agreements awarded on a competitive basis to or with postsecondary educational institutions, public or private organizations or agencies, or consortia of such institutions, organizations, or agencies, such as--

(A) developing, improving, and identifying the most successful methods and techniques for addressing the education needs of adults, including instructional practices using phonemic awareness, systematic phonics, fluency, and reading comprehension, based on the work of the National Institute of Child Health and Human Development;

(B) increasing the effectiveness of, and improving the quality of, adult education and literacy activities, including family literacy services;

(C) carrying out research, such as estimating the number of adults functioning at the lowest levels of literacy proficiency;

(D)(i) carrying out demonstration programs;

(ii) developing and replicating model and innovative programs, such as the development of models for basic skill certificates, identification of effective strategies for working with adults with learning disabilities and with individuals with limited English proficiency who are adults, and workplace literacy programs; and

(iii) disseminating best practices information, including information regarding promising practices resulting from federally funded demonstration programs;

(E) providing for the conduct of an independent evaluation and assessment of adult education and literacy activities through studies and analyses conducted independently through grants and contracts awarded on a competitive basis, which evaluation and assessment shall include descriptions of--

(i) the effect of performance measures and other measures of accountability on the delivery of adult education and literacy activities, including family literacy services;

(ii) the extent to which the adult education and literacy activities, including family literacy services, increase the literacy skills of adults (and of children, in the case of family literacy services), lead the participants in such activities to involvement in further education and training, enhance the employment and earnings of such participants, and, if applicable, lead to other positive outcomes, such as reductions in recidivism in the case of prison-based adult education and literacy activities;

(iii) the extent to which the provision of support services to adults enrolled in adult education and family literacy programs increase the rate of enrollment in, and successful completion of, such programs; and

(iv) the extent to which eligible agencies have distributed funds under section 231 to meet the needs of adults through community-based organizations;

(F) supporting efforts aimed at capacity building at the State and local levels, such as technical assistance in program planning, assessment, evaluation, and monitoring of activities carried out under this subtitle;

(G) collecting data, such as data regarding the improvement of both local and State data systems, through technical assistance and development of model performance data collection systems; and

(H) other activities designed to enhance the quality of adult education and literacy activities nationwide.

Subtitle B--Repeals

SEC. 251. REPEALS.

(a) Repeals.--

(1) Adult Education Act.--The Adult Education Act (20 U.S.C. 1201 et seq.) is repealed.

(2) National Literacy Act of 1991.--The National Literacy Act of 1991 (20 U.S.C. 1201 note) is repealed.

(b) Conforming Amendments.--

(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 ``Adult Education and Family Literacy Act''.

(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 ``Adult Education and Family Literacy Act''.

(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 Adult Education and Family Literacy Act''.

(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 203 of the Adult Education and Family Literacy Act''.

(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 203 of the Adult Education and Family Literacy Act''.

(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 ``Adult Education and Family Literacy Act''.