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*Adult Education and Literacy: Reauthorization Proposals of
the 108th Congress*

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April 11, 2005

Abstract. The 108th Congress considered but did not complete the reauthorization of adult education and literacy programs. The Adult Education and Family Literacy Act (AEFLA) authorized these programs through FY2003. The General Education Provisions Act (GEPA) provided a one-year extension of authorization, and AEFLA programs continue to operate through annual appropriations. The primary AEFLA activity is a state grant program that supports education and literacy services for educationally disadvantaged adults. The AEFLA also authorizes national leadership activities in adult education and literacy, and the National Institute for Literacy. The FY2005 AEFLA appropriation is \$585 million. The AEFLA was enacted as Title II of the Workforce Investment Act of 1998 (WIA), P.L. 105-220, on August 7, 1998.

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Adult Education and Literacy: Reauthorization Proposals of the 108th Congress

Updated April 11, 2005

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Adult Education and Literacy: Reauthorization Proposals of the 108th Congress

Summary

The 108th Congress considered — but did not complete — the reauthorization of federal adult education and literacy programs. The Adult Education and Family Literacy Act (AEFLA) authorized these programs through FY2003. The General Education Provisions Act (GEPA) provided a one-year extension of authorization, and AEFLA programs continue to operate through annual appropriations. The primary AEFLA activity is a state grant program that supports education and literacy services for educationally disadvantaged adults. The AEFLA also authorizes national leadership activities in adult education and literacy, and the National Institute for Literacy. The FY2005 AEFLA appropriation is \$585 million. The AEFLA was enacted as Title II of the Workforce Investment Act of 1998 (WIA), P.L. 105-220, on August 7, 1998. This report will not be updated.

During the 108th Congress, the House bill, **H.R. 1261**, the Workforce Reinvestment and Adult Education Act of 2003, was passed by the House by a vote of 220 to 204 on May 8, 2003. Title II of the act would have replaced the AEFLA with the Adult Basic Skills and Family Literacy Education Act (ABSFLEA). The ABSFLEA would have modified several AEFLA provisions; however, most current adult education and literacy activities would have been continued. The ABSFLEA would have increased the emphasis placed on teaching basic skills to adults and providing services to adult immigrants, and would have strengthened the state performance accountability system. Eligibility for local grants would have been expanded to include faith-based organizations and for-profit entities. The National Institute for Literacy would have been reoriented to provide leadership in reading research and instruction for persons of all ages. The ABSFLEA would have been authorized from FY2004 through FY2009.

The Senate amendment to H.R. 1261, the Workforce Investment Act Amendments of 2003, was initially considered as **S. 1627**. The Senate amendment to H.R. 1261 was passed by unanimous consent on November 14, 2003. Title II of the act would have amended several AEFLA provisions; however, most current activities would have been continued. The allocation formula for state grants would have been modified, and annual appropriations provisions for English Literacy and Civics Education Grants would have been incorporated into the AEFLA. The state performance accountability system would have been strengthened. The National Institute for Literacy would have been reoriented to provide leadership in literacy research and instruction for persons of all ages. The AEFLA would have been authorized from FY2004 through FY2009.

In June 2003, the Administration published an outline of its reauthorization intentions, but a formal proposal was never submitted to Congress. The outline focused on greater accountability for states to obtain successful program results; greater emphasis on research to find programs that work; and expanded eligibility of service providers, which would include community and faith-based organizations.

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Adult Education and Literacy: Reauthorization Proposals of the 108th Congress

Summary of Legislative Developments in the 108th Congress

Conference on H.R. 1261 Did Not Take Place. On June 3, 2004, the House appointed conferees to resolve House and Senate differences on H.R. 1261. However, the Senate did not appoint conferees, and no further action was taken during the 108th Congress.

Senate Bill H.R. 1261 (S. 1627) Passed. On November 14, 2003, the Senate amended and passed its version of **H.R. 1261**, the Workforce Investment Act Amendments of 2003, after incorporating the provisions of **S. 1627**, a bill that, among other provisions, would have amended and extended most current adult education and literacy activities.

House Bill H.R. 1261 Passed. On May 8, 2003, the House amended and passed **H.R. 1261**, the Workforce Reinvestment and Adult Education Act of 2003, a bill that, among other provisions, would have amended and extended most adult education and literacy activities.

Administration's Blueprint Proposed. In June 2003, the Department of Education (ED) published an outline of its priorities for the reauthorization of adult education and literacy programs.

Background

Adult Education Program History. *Federal adult education programs have been funded since the 1960s.* Discretionary state grants for adult education were first authorized by Title II Part B of the Economic Opportunity Act of 1964, P.L. 88-452, enacted August 20, 1964. The adult education state formula grants were first authorized by the Adult Education Act of 1966 (AEA), Title III of the Elementary and Secondary Education Act Amendments of 1966, P.L. 89-750, enacted November 3, 1966. An increased emphasis on literacy was added to the AEA by the National Literacy Act of 1991, P.L. 102-73 (NLA). The NLA extended most AEA programs through FY1995; encouraged diversity in the distribution of state grants to local recipients; strengthened teacher training provisions; emphasized literacy skills within adult education programs; and strengthened state evaluation requirements. The NLA initiated the National Institute for Literacy, State Literacy Resource Centers, and the Literacy Programs for Prisoners.

1998 Amendments. Current authority for adult education and literacy programs was enacted by P.L. 105-220, the Workforce Investment Act of 1998 (WIA), on August 7, 1998. WIA extended, coordinated, and consolidated federal programs for employment and job training, adult education and literacy, and vocational rehabilitation. Title II of WIA, the Adult Education and Family Literacy Act (AEFLA), repealed both the Adult Education Act (AEA) and the National Literacy Act of 1991, but amended and extended many former AEA provisions for adult education and literacy under the AEFLA through FY2003. For FY2004, the General Education Provisions Act (GEPA) provided a one-year extension of authorization, and since then, AEFLA programs have continued to operate on the basis of annual appropriations. For additional information on the 1998 amendments, please see CRS Report RL30106, *Adult Education and Family Literacy Act, Title II of the Workforce Investment Act of 1998, P.L. 105-220*.

The key features of the AEFLA, as enacted by WIA and currently implemented, are as follows.

- State performance evaluation requirements were significantly increased, including approval of performance results by the Secretary of Education.
- The purpose was expanded specifically to include assistance for parents to improve the educational development of their children.
- Three out of four adult education programs funded in FY1998 were continued; only the authorization for Literacy Programs for Prisoners was repealed. However, Literacy Programs for Prisoners continues to operate through annual appropriations.
- Appropriations from FY1999 through FY2003 were authorized at a level of such sums as may be necessary.
- The state allocation formula was changed to: (a) exclude persons enrolled in secondary school from being counted in the formula, and (b) institute a 90% hold harmless provision for state grants.
- For-profit entities were eliminated from eligibility to receive substate awards.
- The substate allocation requirements were simplified, but states were newly authorized to reserve not more than 12.5% for state leadership activities.
- The maintenance-of-effort requirement for state expenditures for adult education was reduced from 100% to 90% of spending in the preceding year.
- The state administrative agency for AEFLA programs was required to be designated consistent with state law.
- The requirement for state advisory councils was repealed.
- The AEA provisions for national programs were simplified, and the requirement of a national literacy survey every four years was eliminated.
- Authorization was continued for the National Institute for Literacy.

Funded Programs. On the basis of the FY2005 appropriations, four AEFLA programs are currently funded:

- Adult Education State Grants, funded at \$569.7 million in FY2005;
- National Institute for Literacy, funded at \$6.6 million;
- National Leadership Activities, funded at \$9.1 million; and
- Incentive Grants, awarded by the Secretary of Labor, funded at 1.72% of the total of all AEFLA appropriations.

Beginning in FY2000, annual appropriations acts have reserved a portion of the funds from the Adult Education State Grants program for an English Literacy and Civics Education Grants program, where awards are made specifically for services to immigrants and other limited English proficient populations. For FY2005, \$68.6 million is reserved for English Literacy and Civics Education from the state grants total of \$569.7 million. Both Adult Education State Grants and National Leadership Activities are administered by the Department of Education (ED); the National Institute for Literacy is an independent federal agency, operating under an interagency agreement; and Incentive Grants are administered by the Department of Labor (DOL).

Federal and Non-Federal Funding Sources. With the exception of outlying areas, the AEFLA requires state and local funds to support at a minimum 25% of total expenditures for adult education activities. Most states spend more than the minimum, and many spend significantly more. For FY1999, the latest year available from ED, the estimated total of federal, state, and local expenditures related to the Adult Education State Grants program was \$1.4 billion. Of this amount, states and localities spent an estimated \$1,063 million from their own revenues, or 74% of all adult education expenditures; the comparable federal appropriation for that year was \$365 million.¹

Participation Rates. For the 1999-2000 program year, the latest year available from ED, 2.9 million adults participated in programs supported by the AEFLA. Of this total, 1.1 million adults participated in adult basic education programs, 1.1 million in English-as-a-second-language programs, and 0.7 million in adult secondary education activities, including the acquisition of a high school diploma or the equivalent.² As a potential measure of the AEFLA target population, approximately 34 million (16.7%) of the population 18 years or older had not completed high school as of March 2001, according to the *Digest of Education Statistics 2003* (Table 9), published by ED's National Center for Education Statistics.

Literacy Rates. Adults with low levels of literacy proficiency skills are another potential measure of the AEFLA target population. The 1992 National Adult Literacy Survey (NALS) provides the most recently published results from a national survey of the literacy proficiency of American adults. The NALS measured three types of literacy — prose, document, and quantitative proficiencies — among American adults 16 years or older. Results from NALS were grouped into five

¹ These data were provided by the ED Office of Vocational and Adult Education, and are the most recent available.

² These data were provided by the ED Office of Vocational and Adult Education, and are the most recent available.

literacy proficiency categories. ED described the characteristics of adults who scored in the lowest NALS proficiency level (characteristics may overlap) as:³

- 25% were immigrants who were still learning to speak English;
- 62% were persons who did not complete high school;
- 25% were persons age 65 years or older;
- 26% had physical, mental, or health conditions that kept them from participating fully in work, school, housework, or other activities; and
- 19% were adults with visual difficulties affecting their ability to read print.

The AEFLA target population is considered by ED to include adults who scored in either the first or second lowest NALS proficiency levels. Approximately 25% of the adult population is estimated to be in the lowest level, and another 25 to 28% is estimated to be in the second lowest level. Altogether, approximately 90 million to 104 million adults currently are estimated to be classified in either the first or second lowest levels of literacy proficiency. Adults in these two levels are not considered to have all of the “reading, language, computational, or English skills” that were needed in 1992 for either self-sufficiency or full participation in the modern workforce and the democratic process.

In 2003, ED conducted the National Assessment of Adult Literacy (NAAL) to produce a nationally representative assessment of English language literacy skills of American adults. A part of NAAL will allow a comparison with the 1992 NALS results. The first results from NAAL are scheduled for release in May 2005.⁴

Appropriations History. Table 1 shows the appropriations history for adult education and literacy programs since FY1999, the first year of funding for AEFLA. The table includes funding for Adult Education State Grants, the National Institute for Literacy, and National Leadership Activities. The Incentive Grants program is funded through a mandatory allotment equal to 1.72% of the total appropriation. The English Literacy and Civics Education Grants program is required by annual appropriations language as a reservation from the Adult Education State Grants appropriation. The table includes funding for Literacy Programs for Prisoners. This program is not authorized by AEFLA; rather, it was authorized as a competitive grants program under §601 of the National Literacy Act of 1991, P.L. 102-73. That act and its programs were repealed by WIA, but annual appropriations have continued funding its provisions.

³ See [<http://www.ed.gov/about/offices/list/ovae/pi/AdultEd/aefacts.html>]. P.L. 102-73, the National Literacy Act of 1991, required the Secretary of Education to conduct a survey to estimate the number of illiterate adults in the Nation every four years. This requirement resulted in the National Adult Literacy Survey, 1992 (NALS). The survey requirement was eliminated by WIA in 1998, and the NALS itself was never repeated.

⁴ For additional information on NAAL, see [<http://nces.ed.gov/naal/>].

Table 1. Adult Education Appropriations History Since FY1999
(dollars in millions)

Program	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
Adult Education State Grants	\$365.0	\$450.0	\$540.0	\$575.0	\$571.3	\$574.4	\$569.7
— <i>English Literacy and Civics Education Grants (non-add)</i> ^a	0.0	25.5	70.0	70.0	69.5	69.1	68.6
— <i>Incentive Grants (non-add)</i> ^a	0.0	8.1	9.6	10.2	10.1	10.2	10.1
National Institute for Literacy	6.0	6.0	6.5	6.6	6.5	6.7	6.6
National Leadership Activities	14.0	14.0	14.0	9.5	9.4	9.2	9.1
Total for AEFLA Programs	\$385.0	\$470.0	\$560.5	\$591.1	\$587.2	\$590.3	\$585.4
<i>Literacy Programs for Prisoners (non-add)</i> ^b	0.0	5.0	5.0	5.0	5.0	5.0	5.0

Source: Department of Education (ED) Budget Service table of Dec. 9, 2004, and budget documents from previous years. The FY2005 appropriations reflect the 0.80% reduction required of some federal discretionary programs.

a. These grants are reserved from the Adult Education State Grants appropriations.

b. The Literacy Programs for Prisoners program is not included in the total because it is not an AEFLA program. It was authorized by §601 of the National Literacy Act of 1991 (NLA), P.L. 102-73. This literacy program, along with the rest of the NLA, was repealed by §251(a) of the Workforce Investment Act of 1998. Its repeal notwithstanding, however, annual appropriations acts since FY2001 have continued this program on a year-by-year basis, with funding at the indicated levels.

Legislative Action During the 108th Congress

In the House, H.R. 1261 was introduced on March 13, 2003, and referred to the House Committee on Education and the Workforce. The Subcommittee on 21st Century Competitiveness marked up the bill on March 20. The Committee amended and ordered the bill reported March 27, by a vote of 26 to 21. The bill was reported May 1, as H.Rept. 108-82. The House amended and passed H.R. 1261 — the Workforce Reinvestment and Adult Education Act of 2003 — on May 8, 2003, by a vote of 220 to 204 (roll call number 175). Under the House bill, as passed, Part A of Title II would have amended Title II of WIA, and would have amended and renamed the AEFLA as the Adult Basic Skills and Family Literacy Education Act. Part B of Title II would have authorized the National Institute for Literacy Establishment Act.

In the Senate, S. 1627 was introduced on September 17, 2003, and referred to the Senate Committee on Health, Education, Labor, and Pensions. The Committee amended and ordered the bill reported on October 21. The bill was reported November 5, as S.Rept. 108-187. The Senate amended H.R. 1261 by substituting the provisions of S. 1627 — the Workforce Investment Act Amendments of 2003 — and on November 14, 2003, passed H.R. 1261, as amended, by unanimous consent. Under the Senate bill, as passed, Title II, the Adult Education and Family Literacy Act Amendments of 2003, would have amended and extended the provisions of AEFLA, including authorization of the National Institute for Literacy.

Administration’s Blueprint. In June 2003, the Administration published on the ED website an outline of its legislative priorities, entitled *A Blueprint for Preparing America’s Future: The Adult Basic and Literacy Education Act of 2003: Summary of Major Provisions*.⁵ The blueprint focused on greater accountability for states to obtain successful program results; greater emphasis on research to find programs that work; expanded eligibility of service providers to include community and faith-based organizations; closer ties between service providers and employers; better data collection; and increased availability of literacy services to those who need them. The outline did not suggest any specific funding level.

The Administration did not transmit a more formal proposal for adult education. However, on May 8, 2003, the Office of Management and Budget (OMB) issued a “Statement of Administrative Policy” (SAP) giving support in general for the adult education provisions in the House version of H.R. 1261. The Administration praised the House provisions to “improve the quality, accessibility, and accountability” of adult education. The SAP indicated that at some point the Congress would be provided with more specific suggestions to ensure the improvement of the quality of instruction, as well as education and employment outcomes for program participants. Additional suggestions were not provided, however, during the 108th Congress.

⁵ For the proposed blueprint, as well as additional ED information on reauthorization, see [http://www.ed.gov/about/offices/list/ovae/pi/reauth/aeflarev.html].

Summary of Provisions and Proposals

The following analysis examines the House- and Senate-passed proposals for the reauthorization of adult education and literacy programs that were considered during the 108th Congress. The report summarizes the key differences and similarities of these proposals with the AEFLA provisions that are authorized under Title II of WIA. For a summary of WIA Title I legislative proposals, see CRS Report RS21484, *Workforce Investment Act of 1998: Reauthorization of Title I Job Training Programs*.

Purpose. Under the AEFLA, the stated purpose of the program (§202 of AEFLA)⁶ is to create a voluntary partnership among the federal government, the states, and localities to provide adult education and literacy services to:

- assist adults to become literate and obtain the knowledge and skills needed for employment and self-sufficiency;
- assist adults who are parents to obtain the skills necessary to become partners in their children's educational development; and
- assist adults in the completion of a secondary school education.

Under the House bill, the purpose would have been modified to place additional emphasis on basic skills and educational services for immigrants (§202). First priority would have been given to basic reading, writing, speaking, and math skills. Support for states and local communities to provide adult basic skills and family literacy programs would have become another priority.

Under the Senate bill, the purpose would have been expanded to include assistance for adults in the transition to a postsecondary education and assistance for immigrants and other persons with limited English proficiency (§202 of AEFLA, as it would have been amended by §201 of the Senate bill).

Authorization Period; Amount. The AEFLA is authorized by WIA for the period FY1999 through FY2003, at a level of such sums as may be necessary for each year during that period (§205). The General Education Provisions Act (GEPA) automatically extends AEFLA provisions for one additional year, through FY2004 (§422 of GEPA), and annual appropriations have extended the program through FY2005.

The House bill would have provided two authorizations for FY2004, \$584.3 million (§205) and \$6.7 million (§223), respectively, and such sums as may be necessary for each of these authorizations for each of fiscal years 2005 through 2009.

The Senate bill would have authorized such sums as may be necessary for each of fiscal years 2004 through 2009 (§205 of AEFLA, as it would have been amended by §203 of the Senate bill).

⁶ Section numbers refer to the act being discussed.

Reservation of Appropriations. The AEFLA specifies three separate reservations of funds from the total AEFLA appropriation, with the remainder to be distributed by formula under the State Grants program (§211). From the annual appropriation for AEFLA:

- (1) 1.5%, but not to exceed \$8.0 million, is reserved for the National Institute for Literacy;
- (2) 1.5%, but not to exceed \$8.0 million, is reserved for National Leadership Activities; and
- (3) 1.72% is reserved for the Secretary of Labor to make Incentive Grants authorized under §503 of WIA.

Remaining appropriations — approximately 95.3% — are distributed under the Adult Education State Grants program.

Under the House bill (§211), the allocation percentages would have been modified for the first two reservations, as follows:

- (1) 1.75% would have been reserved, without the \$8.0 million cap, for the National Institute for Literacy (in addition, the Institute would have had a separate authorization of appropriations under §223 of NIFLEA);
- (2) 1.55% would have been reserved, without the \$8.0 million cap, for National Leadership Activities; and
- (3) 1.72% would have been reserved for the Secretary of Education to make Incentive Grants authorized under §213 of the House bill.

Remaining appropriations — approximately 95.0% — would have been distributed under the Adult Education State Grants program.

The Senate bill would specify four reservations of appropriations (§211 of AEFLA, as it would have been amended by §205 of the Senate bill), as follows:

- (1) 1.5% would have been reserved for the National Institute for Literacy, with a cap of \$10 million;
- (2) 1.5% would have been reserved for National Leadership Activities and additional assistance for certain states, with a cap of \$8 million;
- (3) 1.72% would have been reserved for the Secretary of Labor to make Incentive Grants authorized under §136(i) of WIA (as it would have been amended by the Senate bill); and
- (4) 12.0% of the remainder — approximately 11.4% of the total appropriation — would have been reserved for the English Literacy and Civics Education Grants program.

Remaining appropriations — approximately 83.9% — would have been distributed under the Adult Education State Grants program.

State Allocation Formula. The AEFLA requires that the funds available under the State Grants program must be distributed by formula, as follows (§211). After an initial allotment is made of \$100,000 for each outlying area and \$250,000 for each state, all remaining funds are allotted on the basis of the number of qualifying adults in each state or outlying area. Overall, and funds permitting, no state or outlying area shall receive a grant in any fiscal year that is less than 90% of

its grant in the preceding year. For purposes of the allocation formula, “states” include the 50 states, the District of Columbia, and Puerto Rico; and “outlying areas” include Guam, American Samoa, the Northern Mariana Islands, the Virgin Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau.

For purposes of the AEFLA allocation formula, a qualifying adult is defined as any person who:

- is at least 16 years of age;
- is beyond the age of compulsory school attendance in the state;
- does not have a high school diploma or the equivalent; and
- is not enrolled in secondary school.

The House bill would have made a relatively small change to the allocation formula provisions (§211). The AEFLA provision regarding a high school diploma or the equivalent would have been changed to a secondary school diploma or the “General Equivalency Diploma (GED)” [sic]⁷ and included recognized alternative standards for individuals with disabilities (§211).

The Senate bill would have modified the formula by increasing the initial allotment for each state to \$350,000 (from \$250,000 under current law); however, the \$100,000 initial allotment for outlying areas would have remained the same (§211 of AEFLA, as it would have been amended by §205 of the Senate bill). The Senate bill would have authorized additional assistance for those states or outlying areas whose grants would have been less than they otherwise would have received if the state allocation formula had not been changed by the enactment of the Senate bill; the amount reserved for National Leadership Activities would have been reduced by the aggregate of such additional assistance. The AEFLA provision of “does not have a high school diploma or the equivalent” would have been changed to “does not have a secondary school diploma or its recognized equivalent” under the Senate bill for the purposes of the allocation formula.

Allocations for Freely Associated States. The Freely Associated States, the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau, have special allocation provisions. The allotments otherwise available for the Freely Associated States must be distributed among the various Pacific outlying areas on a competitive basis; all such distributions are prohibited after September 30, 2001, under the AEFLA. However, P.L. 106-504 and P.L. 108-188 supersede this termination provision. In particular, P.L. 108-188 approves the agreements reached in 2003 to amend provisions of the Compact of Free Association with the Federated States of Micronesia and the Republic of the Marshall Islands.

⁷ The “General Equivalency Diploma (GED)” is an apparent reference to the General Educational Development (GED) testing program, under which a passing score, as determined by each individual state, may be considered as a credential that is equivalent to a high school diploma.

For FY2002 and FY2003, §3 of P.L. 106-504 extended the eligibility of the Freely Associated States for grants under existing laws for negotiations to revise the Compacts of Free Association and provided any additional time necessary for consideration of resultant legislation by the Congress. *For FY2004*, §105(f) of P.L. 108-188 extends the eligibility of the Freely Associated States for grants under specific existing laws, including the AEFLA. *For FY2005 through FY2023*, §105(f) of P.L. 108-188 authorizes appropriations for the Secretary of Education to make annual grants to the Federated States of Micronesia and the Republic of the Marshall Islands in lieu of a number of existing education grant programs, including the AEFLA. *For FY2005 through FY2007*, §105(f) of P.L. 108-188 extends the eligibility of Palau for grants under specific existing laws, including the AEFLA. For details of recent legislation regarding the Freely Associated States, please see CRS Report RL31737, *The Marshall Islands and Micronesia: Amendments to the Compact of Free Association with the United States*.

The House bill would have extended the eligibility for State Grants for each of the Freely Associated States until an agreement for the extension of federal educational assistance under the Compact of Free Association for each of the Freely Associated States becomes effective (§211). The House agreed to its bill in June 2003, before the enactment of P.L. 108-188 on December 17, 2003.

The Senate bill would have extended the eligibility of the Freely Associated States in a manner similar to the House bill (§211 of AEFLA, as it would have been amended by §205 of the Senate bill). The Senate agreed to its bill in November 2003, before the enactment of P.L. 108-188.

Allocation of Funds Within States. Under the AEFLA, each state is required to give all eligible providers, on a competitive basis, “direct and equitable access” to the funds available for distribution from the state grant (§231), under the following conditions (§222).

- Not less than 82.5% of each state grant must be used for grants or contracts to eligible providers (§231) and programs for corrections education and other institutionalized persons (§225), of which each state must use not more than 10% of the 82.5% (or 8.25% of the total state grant) to carry out programs for corrections education and other institutionalized persons.
- Not more than 12.5% of the state grant may be used for state leadership activities (§223).
- Not more than 5% of the state grant or \$65,000, whichever is greater, may be used for state program administration.

The House bill would have retained these provisions, with an exception: the state program administration reservation would have been increased to the greater of 5% or \$75,000, instead of \$65,000 (§222).

The Senate bill would have reduced the minimum reservation for eligible providers to not less than 80% (from 82.5%). It would have increased the maximum for state leadership activities to 15% (from 12.5%). Like the House provision, it would have increased the reservation for state program administration to 5% or

\$75,000, whichever is greater (§222 of AEFLA, as it would have been amended by §208 of the Senate bill).

State Use of Funds. Under the AEFLA, authorized state leadership activities include professional development programs; technical assistance; state or regional networks of literacy resource centers; monitoring and evaluation; within-state incentive awards; curriculum development and dissemination; other statewide activities for adult education and literacy; support services such as transportation and child care; integration of literacy instruction and occupational skill training; and linkages with postsecondary institutions (§223). State administrative activities include the development, submission, and implementation of the state plan; expenses for consultations related to the state plan; and coordination with other federal and state programs (§221).

The House bill would have modified the list of authorized state leadership activities. Such activities would have explicitly included assistance to local recipients in performance accountability; development of technology applications and distance learning; support for the transition from adult education programs to postsecondary programs; promotion of workplace literacy programs; and support for local outreach programs (§223). It would have eliminated specific mention of: state or regional networks of literacy resource centers; monitoring and evaluation; and within-state incentive awards. Other AEFLA state leadership activities would have been continued under the House bill. The bill would not have modified state administrative activities (§221).

The Senate bill would have modified the list of authorized state leadership activities. It explicitly would have included development of technology and distance learning; coordination with other service providers and support programs; development and dissemination of curricula; assistance to local providers for developing and reporting measurable progress; development of a system for the transition from adult education to postsecondary education; integration of literacy and English language instruction with occupational skill training; promotion of workplace literacy programs; promotion of local outreach activities; development of curriculum frameworks and rigorous content standards; development of new assessment tools and strategies; and development and implementation of programs to meet the needs of adult learners with learning disabilities and those with limited English proficiency. The Senate bill would have eliminated specific mention of within-state incentive awards. Other state leadership activities would have been continued under the Senate bill (§223 of AEFLA, as it would have been amended by §209 of the Senate bill). The Senate bill would not have made any major modification to state administrative activities (§221 of AEFLA, as it would have been amended by §207 of the Senate bill).

Local Use of Funds. Under the AEFLA, each state must make competitive, multi-year grants or contracts to eligible providers — local recipients — to develop, implement, and improve adult education and literacy services within the state (§231). Each recipient must use its award to provide services or instruction in at least one of the following categories: adult education and literacy services, including workplace literacy services; family literacy services; and English literacy programs. Each local recipient may spend no more than 5% of its grant on local administrative costs,

including planning, personnel development, and interagency coordination. The remainder — not less than 95% of each local award — must be spent for adult education and literacy activities (§233). Each eligible provider must submit an application to the state agency, describing its plan for spending its grant, as well as any cooperative arrangements that were made with other entities for the delivery of services (§232).

The House bill would have continued most of these provisions. In addition, it would have authorized local recipients to operate programs of essential workplace skills and English language acquisition (§231). The House bill would have retained the 5% ceiling for local administrative costs, but would have required these costs to have included the development of local measurable goals for reading, writing, speaking, and math, and interagency coordination (§233).

The Senate bill would have continued most of these AEFLA provisions (§231 of AEFLA, as it would have been amended by §212 of the Senate bill). It would have retained the 5% ceiling for local administrative costs, but would have added professional development as part of such costs, and, like the House bill, included the development of local measurable goals (§233 of AEFLA, as it would have been amended by §214 of the Senate bill).

Incentive Grants. The Secretary of Education must reserve 1.72% of the annual AEFLA appropriation for Incentive Grants (§211). Under the WIA Title V program, these funds — combined with funds reserved from other specified programs — must be awarded to states that exceed expected performance levels for: (1) WIA Title I job training programs; (2) WIA Title II (AEFLA) adult education programs; and (3) vocational education programs authorized by the Carl D. Perkins Vocational and Technical Education Act (§503 of WIA). The minimum grant to a qualifying state is \$750,000; the maximum is \$3 million. Such funds must be used by each recipient state to carry out an innovative program consistent with the purposes of one or more of the programs from which funds were reserved; they do not have to be used for AEFLA activities. The Secretary of Education is required to transfer the amount reserved from the AEFLA to the Secretary of Labor who in turn selects eligible states, determines the award amounts, and administers the program.

Under the House bill, the same reservation of funds would have been made for Incentive Grants — 1.72% (§211). Unlike the current WIA Title V Incentive Grants program, however, these Incentive Grants would have been limited to states that exceeded adult education performance levels. The program would have been administered by the Secretary of Education (instead of the Secretary of Labor), and funds would have been spent only on adult education activities (§213).

The Senate bill would have required the same reservation of funds — 1.72% — for Incentive Grants (§211 of AEFLA, as it would have been amended by §205 of the Senate bill). The Secretary of Education would have transferred the reserved amount to a new WIA Title I Incentive Grant program, under the administration of the Secretary of Labor (§136(i) of WIA, as amended by §122 of the Senate bill). Under this WIA proposal, however, each state receiving Incentive Grants would have been limited to spending the funds for workforce training programs, and not adult or vocational education, unless specifically approved by the Governor (§136(i) of WIA,

as amended by §122 of the Senate bill). In addition, the Senate bill would have expanded the uses of funds allowed under the current WIA Title V Incentive Grants program. Any state receiving a Title V Incentive Grant would still have been able to spend such funds on adult education at its discretion; however, all funds reserved for such grants that had originated from the AEFLA reservation apparently would have been transferred to the Title I program, and not Title V (§503 of WIA, as amended by §161 of the Senate bill).⁸

English Literacy and Civics Education Grants. The FY2000 appropriations for AEFLA, P.L. 106-113, reserved \$25.5 million from funds otherwise appropriated for Adult Education State Grants for formula grants for “integrated English literacy and civics education services to immigrants and other limited English populations.” Notwithstanding AEFLA allocation requirements, half of these funds were required to be allocated to states on the basis of “absolute need” and half on the basis of the recent growth in the need for such services, “based on the best available data.”

The FY2001 appropriations for AEFLA, P.L. 106-554, reserved \$70 million for English Literacy and Civics Education Grants, and specified the state allocation formula so that 65% of the allocation was allocated for “absolute need” and 35% for “recent growth.” Each state’s “absolute need” was defined as its share of the most recent 10-year average of immigrants admitted for legal permanent residence, as determined by the Immigration and Naturalization Service (INS).⁹ The most recent three-year average of such data was defined as “recent growth.” The minimum state grant was set at \$60,000. These provisions have been reenacted annually, without significant change, by P.L. 107-116, P.L. 108-7, and P.L. 108-280, for FY2002, FY2003, and FY2004, respectively. These provisions do not amend AEFLA directly. They do require, however, a portion of funds appropriated for Adult Education State Grants to be distributed by a different formula and used for a different purpose than those specified by the AEFLA.

The House bill would not have authorized separate state grants for English Literacy and Civics Education Grants.

Under the Senate bill, the Secretary of Education would have reserved funds for “integrated English literacy and civics education” (§244 of AEFLA, as it would have been amended by §218 of the Senate bill). The reservation would have been 12% of the funds remaining after certain other reservations had been made, or approximately

⁸ The Senate bill apparently would have created a new WIA Title I Incentive Grants program, while continuing the existing WIA Title V Incentive Grants program. It is not clear whether the creation of a second program was intended. It is also unclear whether any adult education funds would have been available for the existing program, since the 1.72% reservation for adult education would have been transferred directly to the new §136(i) Incentive Grants program in Title I. There would have been no apparent provision for the transfer of funds from §136(i) to §503 of WIA, as it would have been amended.

⁹ The INS was abolished by P.L. 106-297, the Homeland Security Act of 2002 (HSA), enacted Nov. 25, 2002. The HSA created the Department of Homeland Security (DHS), and transferred most INS functions to DHS, including the former INS data collection systems.

11.4% of the total appropriation (§244 of AEFLA, as it would have been amended by §217 of the Senate bill; see “Reservation of Appropriations” section, above). These funds would have been allocated to the states by the formula currently required by annual appropriations. The Senate bill would not have specified any activities, either required or permitted, for which these funds would have been spent, nor would it have defined the term “integrated English literacy and civics education.”

Federal Use of Funds. The Secretary of Education must reserve 1.5% of the total AEFLA appropriation, but not to exceed \$8 million, to carry out National Leadership Activities (§211). In general, these funds may be used to enhance the quality of adult education and literacy nationwide, including (§243):

- technical assistance, including the development of performance measures, professional development, distance learning, and the use of technology;
- identification of successful methods and model programs;
- research, including the estimation of literacy rates;
- demonstration programs;
- evaluations and assessments, including the effect of performance measures;
- capacity building; and
- data collection.

Under the House bill, the Secretary would have carried out a program of National Leadership Activities, with a slightly greater reservation of funds — 1.55%, but without the \$8 million maximum (§211). The Secretary would have been authorized to carry out activities similar to those currently authorized (§243). Additional activities that might have been undertaken would have included research on the acquisition of adult basic skills, the coordination of adult education and workforce development services, and the effectiveness of community- and faith-based providers of services.

The Senate bill would have retained the AEFLA reservation of funds for National Leadership Activities — 1.5%, but not to exceed \$8 million (§211 of AEFLA, as it would have been amended by §205 of the Senate bill). The Secretary would have been authorized to carry out activities similar to those currently authorized (§243 of AEFLA, as it would have been amended by §217 of the Senate bill). Additional authorized activities would have included the development of state performance accountability systems with a special focus on low-performance states, development of networks to assist local providers meet program performance requirements, development of best practices for the coordination of literacy and employment services, and postsecondary education transition programs.

WIA One-Stop Local Service Centers. Title I of WIA requires each local workforce investment board to operate a one-stop delivery system. This system provides specified services for eligible youth and adults in at least one physical center. Services are provided by various local one-stop partners. WIA specifies the mandatory participation of some partners — including such programs as adult education and literacy, job training, postsecondary vocational education, and vocational rehabilitation. Participation of other partners providing human resource

services is optional. All partners of each one-stop center must enter into a memorandum of understanding (MOU) regarding: (a) services to be provided; and (b) sources of operating funds to be shared among the partners (§121 of WIA).

The House bill would have amended the funding provisions for one-stop local service centers to require each Governor to determine the share of funding to be provided by each partner (§121 of WIA, as it would have been amended by §108 of the House bill). The funds so reserved from each partner, however, would have been limited to a portion of the funds available for administrative costs for a given program. Each Governor would have distributed by formula the funds so collected to one-stop centers.

The Senate bill would have amended the funding provisions for one-stop centers (§121 of WIA, as it would have been amended by §117 of the Senate bill). Unlike the House bill, the Governor would have imposed a funding solution only in instances where the local boards and one-stop partners failed to reach an agreement to provide sufficient operating funds for a given center. The funding so reserved from AEFLA would have been limited to a portion of the administrative costs for a given program, not to exceed 1.5% of the total state grant. Each Governor would have distributed funds so collected by formula to one-stop centers in local areas that did not reach an arrangement to fund their own one-stop centers.

State Fiscal Requirements. Under the AEFLA, each state must meet certain fiscal requirements, as follows.

- **Supplement, Not Supplant:** Grants must not supplant other state or local public funds spent for adult education and literacy activities (§241).
- **Maintenance of Effort:** The expenditures per student or in aggregate from all sources for adult education and literacy activities must be maintained at not less than 90% of the previous year. The Secretary of Education must reduce the grant to any state that fails to meet this requirement, the reduction to be in proportion to the amount by which the state failed to meet this requirement. Special provisions govern years when federal appropriations have declined from the level of the previous year, and the Secretary may waive the provision for one year only in exceptional or uncontrollable circumstances (§241).
- **Matching:** With regard to matching funds, the nonfederal portion of expenditures for adult education and literacy activities authorized by the AEFLA must be equal to 12% for each outlying area and 25% for each state (§222).¹⁰ The nonfederal share may be in cash or in kind, and must be used for adult education and literacy activities consistent with AEFLA.

¹⁰ In terms of matching federal funds, a 75% federal share (or 25% nonfederal share) means that for every \$4 spent on an activity, \$3 comes from federal sources and \$1 is derived from nonfederal sources. This level of nonfederal support means that 1 out of every 3 federal dollars must be matched from nonfederal sources, resulting in a one-third federal match.

The House bill would have made no significant changes to these provisions.

The Senate bill would have modified the matching requirement to allow states to do what they already do in practice — to spend more from non-federal sources than the amount required by the match (§222 of AEFLA, as it would have been amended by §208 of the Senate bill). Current law says the non-federal contribution “must equal” 25%; the Senate modification would have said “not less than” 25%. The Senate bill would not have changed the other fiscal provisions.

State Plan and Application. Under the AEFLA, each state is required to submit a five-year plan for adult education and literacy activities to the Secretary of Education; the plan may be submitted as part of a comprehensive plan or application for federal education assistance (§224).¹¹ Each plan must:

- include a state assessment to determine adult education needs, including those most in need or hardest to serve;
- describe the use of funds for AEFLA purposes;
- describe annual evaluation procedures based on performance measures;
- assure compliance with the fiscal requirements;
- describe the strategies to be used for serving populations with special needs;
- describe the process of public participation in plan development; and
- describe the integration of AEFLA activities with similar education and training activities administered by the state.

The House bill would have increased the duration of the state plan from five years to six years, and would have modified and expanded the state plan requirements as follows (§224).

- Evaluation procedures would have been expanded to hold local grant recipients accountable, using “technical assistance, sanctions, and rewards.”
- Public participation in plan development would have been expanded to include the participation of specific state boards and agencies.
- Service for special needs populations would have included the unemployed and underemployed.
- The state agency for postsecondary education would have been required to be consulted regarding the transition of adult education students to a postsecondary education.

The Senate bill would have decreased the duration of the state plan from five years to four years, and otherwise modified and expanded the state plan requirements

¹¹ Under current law, WIA Title V of authorizes the submission of a unified state plan that combines two or more plans for eligible programs, including a state plan for the adult education and literacy program (§501). Neither the House nor Senate proposals would have amended this provision.

as follows (§224 of AEFLA, as it would have been amended by §210 of the Senate bill).

- The description of adult education needs, and the use of funds, would have been expanded to include each workforce development area in the state.
- Local recipients would have been held accountable, through the use of rewards and sanctions, similar to the House bill.
- A description of the process for improving teacher quality and professional development at the local level would have been required.
- Public participation in plan development would have been expanded, similar to the House bill.
- Service plans for the unemployed and underemployed would have been required, similar to the House bill.
- A description of capacity building for adult education providers and increased participation of business and industry in adult education activities would have been required.
- Similar to the House bill, other state agencies would have been required to be consulted for the transition to postsecondary education programs and the workforce.

State Performance Accountability System. The AEFLA requires a comprehensive performance accountability system to assess the effectiveness of each state in “achieving continuous improvement” of adult education and literacy activities (§212). The core indicators of performance are:

- improvement in literacy skill levels in reading, writing, and speaking the English language, numeracy, problem solving, English language acquisition, and other literacy skills;
- placement or retention in, or completion of, postsecondary education, training, employment, or career advancement; and
- receipt of a secondary school diploma or the equivalent.

Each state must identify expected levels of annual performance for these indicators which, if obtained, would show continuous performance improvement. Performance levels must be approved by the Secretary of Education. Each state must report annually to the Secretary on its progress with regard to its performance measures. The Secretary is required to make the information from these reports available to the public, including state-by-state comparisons.

Under the House bill, the state performance accountability system would have been modified and expanded (§212). Each state would have needed to establish specific employment performance indicators, along with the existing core performance indicators. The adjusted levels of performance would have been shown in “objective, quantifiable, and measurable form.” The annual state progress report would have been required to be submitted not only to the Secretary of Education but also to the Governor, the state legislature, eligible providers, and the general public.

Under the Senate bill, the performance accountability system would have been modified and expanded to include performance measures for employment, similar to the provisions of the House bill (§212 of AEFLA, as it would have been amended by §206 of the Senate bill). Performance indicators for workplace literacy programs specifically would have been allowed. Each state would have been required to reach agreement with the Secretary on the adjusted levels of performance to be obtained during the first two years of the state plan, instead of the current three-year period. States that did not meet their performance levels would have been required to work with the Secretary for the following two years to implement a program improvement plan to meet such goals; unacceptable levels of performance after the extended period would have triggered additional technical assistance from the Secretary and new program improvement plans. Similar to the House bill, the Senate bill would have expanded the distribution of each annual state progress report to include not only the Secretary, as required by the AEFLA, but also the Governor, the state legislature, and the state workforce investment board.

National Institute for Literacy. The Secretary of Education must reserve 1.5% of the annual AEFLA appropriation, not to exceed \$8 million, for the National Institute for Literacy (§211). The Institute is required to provide leadership for the improvement of literacy, coordinate literacy services and policies, and serve as a resource for adult education and literacy programs by disseminating information and supporting effective services (§242).¹² The Institute is authorized to:

- establish a national electronic literacy and basic skills information data base;
- coordinate literacy and basic skills support at federal, state, and local levels;
- coordinate research and development on literacy activities;
- conduct applied research and development not being conducted elsewhere;
- collect and disseminate literacy and basic skills information;
- provide policy and technical assistance at federal, state, and local levels;
- support a network of state or regional adult literacy resource centers;
- coordinate information sharing with national associations and organizations;
- report on literacy and basic skills policy to Congress and federal agencies; and
- award literacy leadership fellowships for careers in adult education or literacy.

The Institute is administered by an interagency group under an agreement entered into by the Secretary of Education with the Secretary of Labor and the Secretary of Health and Human Services (§242). The National Institute for Literacy Advisory Board is required to make recommendations to the interagency group

¹² The National Institute for Literacy was originally established by P.L. 102-73, the National Literacy Act of 1991, as an independent federal agency. In general, the 1998 enactment of AEFLA did not modify the original 1991 provisions for the Institute.

regarding the planning of goals and the implementation of programs, and report biennially to the authorizing committees in the House of Representatives and the Senate. Board members are appointed by the President, with the advice and consent of the Senate, and must be representative of specified entities, such as literacy organizations, businesses, students, literacy experts, and government agencies. The interagency group appoints the Director, after receiving recommendations from the Advisory Board.¹³ The Director is responsible for the daily operations of the Institute.

Under the House bill, the Secretary of Education would have reserved 1.75% of the annual AEFLA appropriation (up from 1.5%, and without the current \$8 million limit) for the National Institute for Literacy (§211 of AEFLA). A separate and additional appropriations of \$6.7 million would have been authorized for the Institute for FY2004, and such sums as may be necessary for FY2005 through FY2009 (§223 of the National Institute for Literacy Establishment Act, or NIFLEA). The purpose of the Institute would have been modified and expanded to encompass promotion, coordination, and research related to reading for persons of all ages; activities would no longer have been focused solely on either literacy or adults (§211 of NIFLEA). The purpose would have been expanded to include the identification of successful classroom practices and the provision of services for elementary and secondary schools and their teachers.

The House bill would have required the Institute to carry out many of the activities currently authorized, but with modifications that would have paralleled the expansion of purpose (§214 of NIFLEA). The organizational structure of the Institute would have been changed to establish the Institute as an independent federal agency, administered directly by the Director in consultation with the Advisory Board (§212 of NIFLEA). The interagency group that currently administers the Institute would have existed only to appoint the Director, who would have been appointed for an initial term not to exceed three years and would not be allowed to serve more than one additional term of three years. The Institute would have been required to prepare its own annual budget requests and transmit them to Congress. The Secretary of Education, however, would have been required to provide other administrative support such as grants management, personnel, legal counsel, and payroll functions (§213 of NIFLEA).

Under the Senate bill, the Secretary of Education would have reserved 1.5% of the annual AEFLA appropriation, not to exceed \$10 million, for the National Institute for Literacy (the same percentage as the AEFLA but with the ceiling increased from the current \$8 million limit) (§211 of AEFLA, as it would have been amended by §206 of the Senate bill). The purpose of the Institute would have been expanded to promote literacy for persons of all ages (§242 of AEFLA, as it would have been amended by §216 of the Senate bill). Authorized activities would have been expanded to include (a) working cooperatively with ED toward the development and

¹³ The Institute has additional responsibilities and funding under the Reading First program, as described in §1207 of the Elementary and Secondary Education Act of 1965. For additional information, see CRS Report RL31241, *Reading First and Early Reading First: Background and Funding*, by Gail McCallion.

implementation of standards-based assessment instruments to assist states improve adult education and literacy programs; and (b) the identification of research on instructional and organizational practices that are effective in the improvement of literacy programs. In general, the Senate bill would not have modified the organizational structure of the Institute.

Key Definitions. The AEFLA defines a number of key terms related to the provision of services and participants, as indicated below. The House bill (§203) would have modified some of these terms, of which the most significant differences would have been for: adult education, literacy, eligible provider, state agency, and reading. The Senate bill would have modified several of these definitions, as well (§203 of AEFLA, as it would have been amended by §202 of the Senate bill).

Adult Education. The AEFLA defines this term to mean services or instruction below the postsecondary level for persons: (a) who are age 16 or older; (b) who are not enrolled or required to be enrolled in secondary school under state law; and (c) who lack mastery of basic educational skills to enable them to function effectively in society, do not have a high school diploma or the equivalent, or who are unable to speak, read, or write the English language.

The House bill would have defined “Adult Basic Skills and Family Literacy Education Programs” to have had the same meaning as the current “adult education” except that (1) programs would have been required to include a sequence of academic instruction; (2) basic skills would have been required to include mathematical computations; and (3) the “General Equivalency Diploma (GED)” [sic, see footnote 7] would have been specified as an alternative to a high school diploma.

The Senate bill would have made minor adjustments to the definitions for “adult education” and “adult education and literacy activities.”

Literacy. The AEFLA defines this term to mean a person’s ability to read, write, and speak in English, compute, and solve problems at levels necessary to function on the job, in the family, and in society.

Under the House bill, the definition for literacy would have meant the ability to read, write, and speak the English language with competence, knowledge, and comprehension.

The Senate bill would not have amended this term.

Eligible Provider. The AEFLA defines eligible providers — potential local grant recipients — to include local educational agencies, community-based organizations, volunteer literacy organizations, institutions of higher education, public or private nonprofit agencies, libraries, public housing authorities, other nonprofit institutions that have the ability to provide literacy services to adults and families, and consortia of eligible providers.

Under the House bill, eligible providers would have included those currently eligible, as well as faith-based organizations of demonstrated effectiveness and for-

profit institutions that have the ability to provide adult basic skills and family literacy education programs to adults and families.

Under the Senate bill, all providers currently eligible under the AEFLA would have continued to be eligible, but each would have needed to have demonstrated effectiveness in providing adult education services. Unlike the House bill, the Senate bill would not have added eligibility for faith-based organizations or for-profit institutions.

State Agency. The AEFLA defines the “eligible agency” as the sole state agency “responsible for administering or supervising policy for adult education and literacy” in the state, consistent with state law.

Under the House bill, the definition would have been similar, but would have specified that a state agency could be: the state educational agency; the state agency administering workforce investment activities; or the state agency responsible for administering community or technical colleges.

The Senate bill would not have amended this term.

Reading; Essential Components of Reading Instruction; and Scientifically Based Reading Research. The AEFLA does not define these terms.

The House bill would have required each of these three terms to have the same definition as given by §1208 of the Elementary and Secondary Education Act of 1965, as follows.

- “Reading” would have meant a complex system of deriving meaning from print that requires understanding of speech sounds from print, decoding unfamiliar words, reading fluently, reading comprehensively, constructing meaning from print, and maintaining reading motivation.
- “Essential components of reading instruction” would have meant explicit and systematic instruction in phonemic awareness, phonics, vocabulary development, reading fluency including oral reading skills, and reading comprehension strategies.
- “Scientifically based reading research” would have meant research that applied rigorous, systematic, and objective procedures to obtain valid knowledge relevant to reading development, reading instruction, and reading difficulties.

The Senate bill would have required only one of these three terms — “essential components of reading instruction” — to have had the same definition as in ESEA; it would not have defined the other two terms.

Workplace Literacy. The AEFLA defines “workplace literacy services” to mean literacy services designed to increase workplace productivity through the improvement of literacy skills.

The House bill would have amended this term to require collaboration between local providers and employers or employee organizations, and specify that the improved skills must include reading, writing, speaking, and math skills.

The Senate bill would have made a similar amendment, but would have further specified that programs must take place in the workplace, at an off-site location, or in a “simulated workplace environment.”