

119<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 8181

To amend the Workforce Innovation and Opportunity Act to require States to establish critical industry funds or certain industry or sector partnerships, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 2, 2026

Mr. MESSMER introduced the following bill; which was referred to the  
Committee on Education and Workforce

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## A BILL

To amend the Workforce Innovation and Opportunity Act to require States to establish critical industry funds or certain industry or sector partnerships, and for other purposes.

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

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Critical Industry Skills  
5       Act”.

1 **SEC. 2. RESERVATIONS; REALLOCATION.**

2 (a) RESERVATIONS FOR STATEWIDE ACTIVITIES.—

3 Section 128(a) of the Workforce Innovation and Oppor-  
4 tunity Act (29 U.S.C. 3163(a)) is amended—

5 (1) in paragraph (2), by striking “reserved  
6 amounts” in each place and inserting “reserved  
7 amounts required under paragraph (1)”; and

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

9 “(3) CRITICAL INDUSTRY SKILLS FUND, AND  
10 INDUSTRY SECTOR PARTNERSHIP AND CAREER  
11 PATHWAYS DEVELOPMENT FUND.—

12 “(A) AUTHORIZED RESERVATION.—In ad-  
13 dition to the reservations required under para-  
14 graph (1) and section 133(a)(2), and subject to  
15 subparagraph (B), the Governor may reserve  
16 not more than 10 percent of each of the  
17 amounts allotted to the State under section  
18 127(b)(1)(C) and paragraphs (1)(B) and (2)(B)  
19 of section 132(b) for a fiscal year to establish  
20 and administer any one, or both, of the fol-  
21 lowing:

22 “(i) A critical industry skills fund de-  
23 scribed in section 134(a)(4).

24 “(ii) An industry or sector partner-  
25 ship and career pathways development  
26 fund described in section 134(a)(5).

1 “(B) MATCHING FUNDS.—

2 “(i) REQUIREMENT.—The amount of  
3 funds reserved by a Governor under sub-  
4 paragraph (A) for a fiscal year may not ex-  
5 ceed the amount of funds that such Gov-  
6 ernor commits to using from any of the  
7 funds listed in clause (ii) of this subpara-  
8 graph for the purposes of establishing and  
9 administering the funds described in  
10 clauses (i) and (ii) of subparagraph (A) for  
11 such fiscal year.

12 “(ii) SOURCES OF MATCHING  
13 FUNDS.—The funds listed in this clause  
14 are as follows:

15 “(I) Funds reserved by the Gov-  
16 ernor under paragraph (1) of this  
17 subsection.

18 “(II) Other Federal funds not  
19 described in subclause (I).

20 “(III) State funds.”

21 (b) REALLOCATION AMONG LOCAL AREAS.—Section  
22 128(c) of the Workforce Innovation and Opportunity Act  
23 (29 U.S.C. 3173(c)) is amended—

1           (1) in paragraph (1), by inserting the following  
2 before the period at the end: “as performance-based  
3 incentive payments”; and

4           (2) in paragraph (4)—

5                 (A) by striking “that does not” and insert-  
6 ing the following: “that—

7                         “(A) does not”;

8                 (B) by striking the period at the end and  
9 inserting a semicolon; and

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

11                         “(B) has met or exceeded an average of  
12 100 percent of the local level of performance  
13 described in section 116(c)(1)(B) for the local  
14 area across all indicators for the youth program  
15 authorized under this chapter for the most re-  
16 cent program year for which performance data  
17 is available; and

18                         “(C) was not subject to corrective action  
19 by the Governor under section 184(a)(5)(A) for  
20 a determination of non-compliance with the uni-  
21 form administrative requirements described in  
22 section 184(a)(3) for the program year for  
23 which the determination under paragraph (2) is  
24 made.”.

1 **SEC. 3. RESERVATIONS FOR STATE ACTIVITIES; WITHIN**  
2 **STATE ALLOCATIONS; REALLOCATION.**

3 (a) RESERVATIONS FOR STATE ACTIVITIES.—Section  
4 133(a) of the Workforce Innovation and Opportunity Act  
5 (29 U.S.C. 3173(a)) is amended—

6 (1) in paragraph (1), by striking “section  
7 128(a)” and inserting “section 128(a)(1)”; and

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

9 “(3) CRITICAL INDUSTRY SKILLS FUND, AND  
10 INDUSTRY OR SECTOR PARTNERSHIP AND CAREER  
11 PATHWAYS FUND.—In addition to the reservations  
12 required under paragraphs (1) and (2), the Gov-  
13 ernor may make the reservation authorized under  
14 section 128(a)(3).”.

15 (b) WITHIN STATE ALLOCATIONS.—Section  
16 133(b)(1) of the Workforce Innovation and Opportunity  
17 Act (29 U.S.C. 3173(b)) is amended—

18 (1) in subparagraph (A), by striking “sub-  
19 section (a)(1)” and inserting “paragraph (1) or (3)  
20 of subsection (a)”; and

21 (2) in subparagraph (B), by striking “para-  
22 graph (1) or (2) of subsection (a)” and inserting  
23 “paragraph (1), (2), or (3) of subsection (a)”.

24 (c) REALLOCATION AMONG LOCAL AREAS.—Section  
25 133(c) of the Workforce Innovation and Opportunity Act  
26 (29 U.S.C. 3173(c)) is amended—

1           (1) in paragraph (1), by inserting before the pe-  
2           riod at the end, the following: “as performance-  
3           based incentive payments”;

4           (2) in paragraph (4)—

5                 (A) in subparagraph (A)—

6                     (i) by striking “that does not” and in-  
7                     serting the following: “that—

8                         “(i) does not”;

9                     (ii) by striking “; and” and inserting  
10                     a semicolon; and

11                     (iii) by adding at the end the fol-  
12                     lowing:

13                         “(ii) has met or exceeded an average  
14                     of 100 percent of the local level of per-  
15                     formance described in section 116(c)(1)(B)  
16                     for the local area across all indicators for  
17                     the adult program authorized under this  
18                     chapter for the most recent program year  
19                     for which performance data is available;  
20                     and

21                         “(iii) was not subject to corrective ac-  
22                     tion by the Governor under section  
23                     184(a)(5)(A) for a determination of non-  
24                     compliance with the uniform administrative  
25                     requirements described in section

1 184(a)(3) for the program year for which  
2 the determination under paragraph (2) is  
3 made; and”; and

4 (B) in subparagraph (B)—

5 (i) by striking “that does not” and in-  
6 serting the following: “that—

7 “(i) does not”;

8 (ii) by striking the period at the end  
9 and inserting a semicolon; and

10 (iii) by adding at the end the fol-  
11 lowing:

12 “(ii) has met or exceeded an average  
13 of 100 percent of the local level of per-  
14 formance described in section 116(c)(1)(B)  
15 for the local area across all indicators for  
16 the dislocated worker program authorized  
17 under this chapter for the most recent pro-  
18 gram year for which performance data is  
19 available; and

20 “(iii) was not subject to corrective ac-  
21 tion by the Governor under section  
22 184(a)(5)(A) for a determination of non-  
23 compliance with the uniform administrative  
24 requirements described in section  
25 184(a)(3) for the program year for which

1 the determination under paragraph (2) is  
2 made; and”; and

3 (3) by adding at the end the following:

4 “(5) USE OF INCENTIVE FUNDS.—Any amounts  
5 provided to a local area as a performance incentive  
6 payment under this subsection shall not be subject  
7 to the requirements described in section  
8 134(c)(1)(B).”.

9 **SEC. 4. USE OF FUNDS FOR EMPLOYMENT AND TRAINING**  
10 **ACTIVITIES.**

11 Section 134(a)(1) of the Workforce Innovation and  
12 Opportunity Act (29 U.S.C. 3174(a)(1))—

13 (1) IN GENERAL.—Section 134(a)(1) of the  
14 Workforce Innovation and Opportunity Act (29  
15 U.S.C. 3174(a)(1))—

16 (A) in subparagraph (A), by striking  
17 “and” at the end;

18 (B) in subparagraph (B)—

19 (i) in the matter preceding clause (i),  
20 by striking “128(a)” and inserting  
21 “128(a)(1)”; and

22 (ii) by amending clause (ii) to read as  
23 follows:

24 “(ii) may be used to carry out any of  
25 the statewide employment and training ac-

1           activities described in paragraph (3) (includ-  
 2           ing establishing and administering any  
 3           one, or both, of the funds referred to in  
 4           subparagraph (C));” and

5           (C) by inserting before the flush left text  
 6           at the end the following:

7           “(C) as described in section 128(a)(3),  
 8           shall be used to establish and administer any  
 9           one, or both, of the following:

10           “(i) a critical industry skills fund de-  
 11           scribed in paragraph (4); or

12           “(ii) an industry or sector partnership  
 13           and career pathways development fund de-  
 14           scribed in paragraph (5).”.

15           (2) REQUIRED STATEWIDE EMPLOYMENT AND  
 16           TRAINING ACTIVITIES.—

17           (A) STATEWIDE RAPID RESPONSE ACTIVI-  
 18           TIES.—Section 134(a)(2)(A) of the Workforce  
 19           Innovation and Opportunity Act (29 U.S.C.  
 20           3174(a)(2)(A)) is amended—

21           (i) in clause (i)—

22           (I) in subclause (I)—

23           (aa) by striking “working”  
 24           and inserting “as a rapid re-  
 25           sponse unit working”; and

1 (bb) by striking “and” at  
2 the end;

3 (II) in subclause (II), by striking  
4 the period at the end and inserting “;  
5 and”; and

6 (III) by adding at the end the  
7 following:

8 “(III) provision of additional as-  
9 sistance to any local area that has ex-  
10 cess demand for individual training  
11 accounts for dislocated workers in  
12 such local area and requests such ad-  
13 ditional assistance under this sub-  
14 clause in accordance with paragraph  
15 (4) of section 414(c) of the American  
16 Competitiveness and Workforce Im-  
17 provement Act of 1998 (29 U.S.C.  
18 3224a(5)), upon a determination by  
19 the State that, in using funds allo-  
20 cated to such local area pursuant to  
21 paragraph (1) of such section 414(c)  
22 and in using funds as required under  
23 subsection (c)(1)(B) of this section for  
24 the purpose described in paragraph  
25 (2)(A) of such section 414(c), the

1 local area is in compliance with the  
2 requirements of such section 414(c).”;  
3 and

4 (ii) by adding at the end the fol-  
5 lowing:

6 “(iii) INSUFFICIENT FUNDS TO MEET  
7 EXCESS DEMAND.—If a State determines  
8 that a local area with excess demand as  
9 described in clause (i)(III) has met the  
10 compliance requirements described in such  
11 clause, but the State does not have suffi-  
12 cient funds reserved under section  
13 133(a)(2) to meet such excess demand, the  
14 State—

15 “(I) shall notify the Secretary of  
16 such excess demand; and

17 “(II) if eligible, may apply for a  
18 national dislocated worker grant  
19 under section 170 of this Act.”.

20 (B) STATEWIDE EMPLOYMENT AND TRAIN-  
21 ING ACTIVITIES.—Section 134(a)(2)(B) of the  
22 Workforce Innovation and Opportunity Act (29  
23 U.S.C. 3174(a)(2)(B)) is amended—

24 (i) in clause (i)—

1 (I) in subclause (III), by striking  
2 “and” at the end;

3 (II) by amending subclause (IV)  
4 to read as follows:

5 “(IV) local areas, one-stop opera-  
6 tors, one-stop partners, and eligible  
7 providers, including the development  
8 and training of staff, which may in-  
9 clude—

10 “(aa) the development and  
11 training of staff to provide infor-  
12 mation about wage levels and  
13 available benefits across in-de-  
14 mand industry sectors or occupa-  
15 tions, and information about op-  
16 portunities for individuals with  
17 barriers to employment to enter  
18 in-demand industry sectors or oc-  
19 cupations and nontraditional oc-  
20 cupations;

21 “(bb) providing capacity  
22 building and technical assistance  
23 to State board and local board  
24 members on the development of  
25 exemplary program activities;

1           “(cc) the development and  
2 education of staff to increase ex-  
3 pertise in providing opportunities  
4 for covered veterans (as defined  
5 in section 4212(a)(3)(A) of title  
6 38, United States Code) to enter  
7 in-demand industry sectors or oc-  
8 cupations and nontraditional oc-  
9 cupations; and

10           “(dd) the provision of tech-  
11 nical assistance to local areas  
12 that fail to meet local perform-  
13 ance accountability measures de-  
14 scribed in section 116(c); and”;  
15 and

16           (III) by adding at the end the  
17 following:

18           “(V) local boards and eligible  
19 providers of training services in car-  
20 rying out the performance reporting  
21 required under section 116(d), includ-  
22 ing facilitating data matches for pro-  
23 gram participants—

24           “(aa) using quarterly wage  
25 record information (including the

1 wage records made available by  
2 any other State and information  
3 provided from the National Di-  
4 rectory of New Hires in accord-  
5 ance with section 453(j)(8) of the  
6 Social Security Act (42 U.S.C.  
7 653(j)(8)); and

8 “(bb) other sources of infor-  
9 mation, as necessary to measure  
10 the performance of programs and  
11 activities conducted under this  
12 chapter or chapter 2 of this sub-  
13 title;”;

14 (ii) in clause (ii), by striking “section  
15 106(b)(7)” and inserting “section  
16 106(b)(6)”;

17 (iii) in clause (iii), by striking “section  
18 116(i)” and inserting “section 116(j)”;

19 (iv) in clause (v)—

20 (I) in subclause (II)—

21 (aa) by striking “customized  
22 training” and inserting “em-  
23 ployer-directed skills develop-  
24 ment”; and

1 (bb) by striking “transi-  
2 tional jobs” and inserting “tran-  
3 sitional jobs, or sponsors of ap-  
4 prenticeships and pre-apprentice-  
5 ships”;

6 (II) in subclause (III), by insert-  
7 ing “, including business engaged in  
8 joint labor-management partnerships”  
9 before the semicolon;

10 (III) by redesignating subclauses  
11 (V) and (VI) as subclauses (VI) and  
12 (VII), respectively;

13 (IV) by inserting after subclause  
14 (IV) the following:

15 “(V) information on effective co-  
16 ordination of supportive services for  
17 workers and jobseekers;”;

18 (V) in subclause (VI), as so re-  
19 designated—

20 (aa) by striking “subsections  
21 (d) and (h) of section 122” and  
22 inserting “subsections (d) and (i)  
23 of section 122”; and

24 (bb) by striking “and” at  
25 the end; and

1 (VI) by adding at the end the fol-  
2 lowing:

3 “(VIII) information to partici-  
4 pants on understanding and accessing  
5 State-administered programs and  
6 services available to jobseekers;”;

7 (v) by redesignating clause (vi) as  
8 clause (vii);

9 (vi) by inserting after clause (v) the  
10 following:

11 “(vi) notifying participants of an eligi-  
12 ble program of training services whose par-  
13 ticipation is funded under this Act, if such  
14 program’s status as an eligible program of  
15 training services is revoked under section  
16 122(c)(4);”;

17 (vii) in clause (vii), as so redesign-  
18 dated, by striking the period at the end  
19 and inserting a semicolon; and

20 (viii) by adding at the end the fol-  
21 lowing:

22 “(viii) coordinating (which may be  
23 done in partnership with other States) with  
24 industry organizations, employers (includ-  
25 ing small and mid-sized employers), indus-

1 try or sector partnerships, training pro-  
2 viders, local boards, and institutions of  
3 higher education to identify or develop  
4 competency-based assessments that are a  
5 valid and reliable method of collecting in-  
6 formation with respect to, and measuring,  
7 the prior knowledge, skills, and abilities of  
8 individuals who are adults or dislocated  
9 workers for the purpose of—

10 “(I) awarding, based on the  
11 knowledge, skills, and abilities of such  
12 an individual validated by such assess-  
13 ments—

14 “(aa) a recognized postsec-  
15 ondary credential that is used by  
16 employers in the State for re-  
17 cruitment, hiring, retention, or  
18 advancement purposes;

19 “(bb) postsecondary credit  
20 toward a recognized postsec-  
21 ondary credential aligned with in-  
22 demand industry sectors and oc-  
23 cupations in the State for the  
24 purpose of accelerating attain-  
25 ment of such credential; and

1           “(cc) postsecondary credit  
2           for progress along a career path-  
3           way developed by the State or a  
4           local area within the State;

5           “(II) developing individual em-  
6           ployment plans under subsection  
7           (c)(2)(B)(vii)(II) that incorporate the  
8           knowledge, skills, and abilities of such  
9           an individual to identify—

10           “(aa) in-demand industry  
11           sectors or occupations that re-  
12           quire similar knowledge, skills,  
13           and abilities; and

14           “(bb) any upskilling needed  
15           for the individual to secure em-  
16           ployment in such a sector or oc-  
17           cupation; and

18           “(III) helping such an individual  
19           communicate such knowledge, skills,  
20           and abilities to prospective employers  
21           through a skills-based resume, profile,  
22           or portfolio; and

23           “(ix) disseminating to local areas and  
24           employers information relating to the com-  
25           petency-based assessments identified or de-

1           veloped pursuant to clause (viii), includ-  
2           ing—

3                   “(I) any credential or credit  
4                   awarded pursuant to items (aa)  
5                   through (cc) of clause (viii)(I);

6                   “(II) the industry organizations,  
7                   employers, training providers, and in-  
8                   stitutions of higher education located  
9                   within the State that recognize the  
10                  knowledge, skills, and abilities of an  
11                  individual validated by such assess-  
12                  ments;

13                  “(III) how such assessments may  
14                  be provided to, and accessed by, indi-  
15                  viduals through the one-stop delivery  
16                  system; and

17                  “(IV) information on the extent  
18                  to which such assessments are being  
19                  used by employers and local areas in  
20                  the State.”.

21                   (3) ALLOWABLE STATEWIDE EMPLOYMENT AND  
22                   TRAINING ACTIVITIES.—Section 134(a)(3)(A) of the  
23                   Workforce Innovation and Opportunity Act (29  
24                   U.S.C. 3174(a)(3)(A))—

25                   (A) in clause (i)—

1 (i) by inserting “or evidence-based”  
2 after “innovative”;

3 (ii) by inserting “local communities  
4 and” after “needs of”;

5 (iii) by striking “customized training”  
6 and inserting “employer-directed skills de-  
7 velopment”;

8 (iv) by inserting “and partnerships  
9 with” after “utilization of”;

10 (v) by inserting “and labor-manage-  
11 ment partnerships” after “business inter-  
12 mediaries”; and

13 (vi) by inserting “and medium-sized”  
14 before “employers) in the State, and”;

15 (B) in clause (ii)—

16 (i) by inserting “, or bringing evi-  
17 dence-based strategies to scale,” after  
18 “strategies”; and

19 (ii) by inserting “supporting such in-  
20 dividuals in achieving economic self-suffi-  
21 ciency and mobility, and” after “employ-  
22 ment and”;

23 (C) in clause (iii)—

24 (i) by striking “ and prior learning as-  
25 sessment to” and inserting “, prior learn-

1 ing assessment, or a competency-based as-  
2 sessment identified or developed by the  
3 State under paragraph (2)(B)(viii), to”;  
4 and

5 (ii) by striking “stackable” and insert-  
6 ing “permit articulation into higher level  
7 degree or other credential programs”;

8 (D) in clause (iv), by inserting “, which  
9 may include on-the-job training, employer-di-  
10 rected skills development, transitional jobs, in-  
11 dustry or sector partnerships, apprenticeships,  
12 and other programs” after “employment”;

13 (E) in clause (viii)—

14 (i) in subclause (I), by inserting “, in-  
15 cluding such activities funded through  
16 other Federal and State laws” after “de-  
17 velopment activities”; and

18 (ii) in subclause (II)—

19 (I) in item (cc), by inserting “ac-  
20 tivities carried out by comprehensive  
21 transition and postsecondary pro-  
22 grams for students with intellectual  
23 disabilities established under section  
24 767 of the Higher Education Act of

1                   1965 (20 U.S.C. 1140g),” after “de-  
2                   velopmental disabilities,”;

3                   (II) in item (dd), by striking “ac-  
4                   tivities, including those” and inserting  
5                   “activities and services to promote  
6                   digital literacy skills, including activi-  
7                   ties and services”; and

8                   (III) by adding at the end the  
9                   following:

10                   “(gg) programs under the  
11                   Older Americans Act of 1965 (42  
12                   U.S.C. 3001 et seq.) that support  
13                   employment and economic secu-  
14                   rity; and”;

15                   (F) in clause (xi), by inserting “that ex-  
16                   ceed the local levels of performance” after  
17                   “local areas”;

18                   (G) in clause (xiii), by striking “and” at  
19                   the end;

20                   (H) in clause (xiv)—

21                   (i) by inserting “conducting feasibility  
22                   studies for the effectiveness of such strate-  
23                   gies in meeting the employment and skills  
24                   development needs of target populations in

1 the local areas that are using such feasi-  
2 bility studies,” after “data collection,”; and

3 (ii) by striking the period at the end  
4 and inserting a semicolon; and

5 (I) by adding at the end the following:

6 “(xv) supporting employers seeking to  
7 implement skills-based hiring practices,  
8 which may include technical assistance on  
9 the use and validation of employment as-  
10 sssments (including competency-based as-  
11 sssments developed or identified by the  
12 State pursuant to paragraph (2)(B)(viii)),  
13 and support in the creation of skills-based  
14 job descriptions;

15 “(xvi) developing partnerships be-  
16 tween educational institutions (including  
17 area career and technical education  
18 schools, local educational agencies, and in-  
19 stitutions of higher education) and employ-  
20 ers to create or improve workforce develop-  
21 ment programs to address the identified  
22 education and skill needs of the workforce  
23 and the employment needs of employers in  
24 regions of the State, as determined by the  
25 most recent analysis conducted under sub-

1 paragraphs (A), (B), and (D) of section  
2 102(b)(1);

3 “(xvii) identifying and making avail-  
4 able to residents of the State, free or re-  
5 duced cost access to online skills develop-  
6 ment programs that are aligned with in-de-  
7 mand industries or occupations in the  
8 State and lead to attainment of a recog-  
9 nized postsecondary credential valued by  
10 employers in such industries or occupa-  
11 tions;

12 “(xviii) establishing and administering  
13 a critical industry skills fund described in  
14 paragraph (4); and

15 “(xix) establishing and administering  
16 an industry or sector partnership and ca-  
17 reer pathways development fund described  
18 in paragraph (5).”.

19 (4) CRITICAL INDUSTRY SKILLS FUND.—Sec-  
20 tion 134(a) of the Workforce Innovation and Oppor-  
21 tunity Act (29 U.S.C. 3174(a)), as amended, is fur-  
22 ther amended by adding at the end the following:

23 “(4) CRITICAL INDUSTRY SKILLS FUND.—

24 “(A) PERFORMANCE-BASED PAYMENTS.—

25 In addition to the funds described in paragraph

1 (3)(A), a State may use any funds reserved  
2 under paragraph (3)(A) of section 128(a) to es-  
3 tablish and administer a critical industry skills  
4 fund to award performance-based payments on  
5 a per-worker basis to eligible entities that pro-  
6 vide, to prospective workers or incumbent work-  
7 ers (which may include youth age 18 through  
8 age 24), eligible skills development programs  
9 that are in any of the industries and occupa-  
10 tions identified by the Governor (in consultation  
11 with the State board) for purposes of this para-  
12 graph, and that will result in employment or re-  
13 tention with an employer in such an industry or  
14 occupation (in this paragraph referred to as a  
15 ‘participating employer’).

16 “(B) OPTIONAL PRIORITY.—The Governor  
17 (in consultation with the State board) may se-  
18 lect the industries and occupations identified  
19 under subparagraph (A) that should be  
20 prioritized under this paragraph.

21 “(C) SUBMISSION OF PROPOSALS.—To be  
22 eligible to receive a payment under the critical  
23 industry skills fund established under this para-  
24 graph by a State, an eligible entity shall submit  
25 to the Governor, a proposal describing the eligi-

1           ble skills development program to be provided  
2           by the eligible entity under this paragraph, in  
3           such form, at such time, and containing such  
4           information, as the Governor may reasonably  
5           require.

6                   “(D) REIMBURSEMENT FOR APPROVED  
7           PROPOSALS.—

8                           “(i) STATE REQUIREMENTS.—

9                                   “(I) IN GENERAL.—With respect  
10                                   to each eligible entity whose proposal  
11                                   under subparagraph (C) has been ap-  
12                                   proved by the Governor, the Governor  
13                                   shall make payments (in an amount  
14                                   determined by the Governor and sub-  
15                                   ject to the requirements of subclause  
16                                   (II) of this clause, subparagraph (E),  
17                                   and any other limitations determined  
18                                   necessary by the State) from the crit-  
19                                   ical industry skills fund established  
20                                   under this paragraph to such eligible  
21                                   entity for each participant of the eligi-  
22                                   ble skills development program de-  
23                                   scribed in such proposal and with re-  
24                                   spect to whom the eligible entity  
25                                   meets the requirements of clause (ii).

1                   “(II) PAYMENTS.—In making  
2                   payments to an eligible entity under  
3                   subclause (I) with respect to a partici-  
4                   pant—

5                   “(aa) a portion of the total  
6                   payment shall be made after the  
7                   participant successfully completes  
8                   the eligible skills development  
9                   program offered by the eligible  
10                  entity; and

11                  “(bb) the remainder of such  
12                  total payment shall be made after  
13                  the participant has been em-  
14                  ployed by the participating em-  
15                  ployer of the eligible entity for  
16                  the 6-month period after success-  
17                  ful completion of the program.

18                  “(ii) ELIGIBLE ENTITY REQUIRE-  
19                  MENTS.—To be eligible to receive the pay-  
20                  ments described in clause (i) with respect  
21                  to a participant, an eligible entity shall  
22                  submit such documentation as the Gov-  
23                  ernor determines necessary to verify  
24                  whether the participant meets the require-  
25                  ments of items (aa) and (bb) of clause

1 (i)(II), and to comply with the perform-  
2 ance reporting described in subparagraph  
3 (F).

4 “(E) NON-FEDERAL COST SHARING.—

5 “(i) LIMITS ON FEDERAL SHARE.—An  
6 eligible entity may not receive funds under  
7 subparagraph (D) with respect to a partici-  
8 pant of the eligible skills development pro-  
9 gram offered by the eligible entity in ex-  
10 cess of the following costs of such program  
11 with respect to such participant:

12 “(I) In the case of a partici-  
13 pating employer of such eligible entity  
14 with 25 or fewer employees, 90 per-  
15 cent of the costs.

16 “(II) In the case of a partici-  
17 pating employer of such eligible entity  
18 with more than 25 employees, but  
19 fewer than 100 employees, 75 percent  
20 of the costs.

21 “(III) In the case of a partici-  
22 pating employer of such eligible entity  
23 with 100 or more employees, 50 per-  
24 cent of the costs.

25 “(ii) NON-FEDERAL SHARE.—

1                   “(I) IN GENERAL.—Any costs of  
2                   the eligible skills development pro-  
3                   gram offered to a participant by such  
4                   eligible entity that are not covered by  
5                   the funds received under subpara-  
6                   graph (D) shall be the non-Federal  
7                   share provided by the eligible entity  
8                   (in cash or in-kind).

9                   “(II) EMPLOYER COST SHAR-  
10                   ING.—If the eligible skills develop-  
11                   ment program is being provided on-  
12                   the-job, the non-Federal share pro-  
13                   vided by an eligible entity may include  
14                   the amount of the wages paid by the  
15                   participating employer of the eligible  
16                   entity to a participant while such par-  
17                   ticipant is receiving the training.

18                   “(F) PERFORMANCE REPORTING.—Using  
19                   the participant information provided by eligible  
20                   entities under subparagraph (D)(ii), the State  
21                   shall submit to the Secretary a report, on an  
22                   annual basis, with respect to all participants for  
23                   which the eligible entities received funds under  
24                   this paragraph for the most recent program  
25                   year, which shall include—

1           “(i) the number of individuals who  
2 participated in eligible skills development  
3 programs provided by such eligible entities  
4 through the critical industry skills fund  
5 under this paragraph; and

6           “(ii) the performance of such partici-  
7 pants on the primary indicators of per-  
8 formance described in subclauses (I)  
9 through (III) of section 116(b)(2)(A)(i).

10          “(G) DEFINITIONS.—In this paragraph:

11           “(i) ELIGIBLE ENTITY.—The term ‘el-  
12 igible entity’ means—

13           “(I) a participating employer or  
14 a group of participating employers;

15           “(II) an industry or sector part-  
16 nership that includes a participating  
17 employer; or

18           “(III) another entity serving as  
19 an intermediary (such as a local  
20 board) that is in partnership with a  
21 participating employer.

22           “(ii) ELIGIBLE SKILLS DEVELOPMENT  
23 PROGRAM.—The term ‘eligible skills devel-  
24 opment program’, when used with respect  
25 to an eligible entity—

1           “(I) means a program with re-  
2           spect to which a State may set a max-  
3           imum and minimum length (in  
4           weeks);

5           “(II) includes work-based edu-  
6           cation or related occupational skills  
7           instruction that—

8                   “(aa) develops the specific  
9                   technical skills necessary for suc-  
10                  cessful performance of the occu-  
11                  pations in which participants are  
12                  to be employed upon completion;  
13                  and

14                   “(bb) may be provided—

15                           “(AA) by the eligible  
16                           entity; or

17                           “(BB) by any training  
18                           provider that is selected by  
19                           the eligible entity and with-  
20                           out regard to whether such  
21                           provider is on a list of eligi-  
22                           ble providers of training  
23                           services described in section  
24                           122(d); and

1                   “(III) does not include employee  
2                   onboarding, orientation, or profes-  
3                   sional development generally provided  
4                   to employees.”.

5                   (5) INDUSTRY OR SECTOR PARTNERSHIP AND  
6                   CAREER PATHWAYS DEVELOPMENT FUND.—Section  
7                   134(a) of the Workforce Innovation and Opportunity  
8                   Act (29 U.S.C. 3174(a)), as amended, is further  
9                   amended by adding at the end the following:

10                   “(5) INDUSTRY OR SECTOR PARTNERSHIP AND  
11                   CAREER PATHWAYS DEVELOPMENT FUND.—

12                   “(A) PURPOSE.—The purpose of this para-  
13                   graph is to establish new or expand existing in-  
14                   dustry or sector partnerships and career path-  
15                   way programs to encourage regional economic  
16                   growth and competitiveness, and improve work-  
17                   er training, retention, and advancement.

18                   “(B) DESCRIPTION OF FUND.—In addition  
19                   to the funds described in paragraph (3)(A), a  
20                   State may use any funds reserved under para-  
21                   graph (3)(A) of section 128(a) to establish and  
22                   administer an industry or sector partnership  
23                   and career pathways development fund to  
24                   award grants to eligible partnerships to estab-  
25                   lish or expand industry or sector partnerships

1 that include employers in a high-growth or  
2 high-wage industry of the State in order to  
3 meet the following objectives:

4 “(i) Build capacity among such part-  
5 nerships to prepare jobseekers and incum-  
6 bent workers participating in such partner-  
7 ships for careers in such a high-growth or  
8 high-wage industry.

9 “(ii) Leverage the capacity of such  
10 partnerships to develop, improve, expand,  
11 or implement education, employment, and  
12 training opportunities for individuals with  
13 barriers to employment.

14 “(iii) Strengthen coordination between  
15 such industry or sector partnerships and  
16 one-stop partners for the local areas in-  
17 volved that are described in paragraphs (1)  
18 and (2) of section 121(b).

19 “(iv) Develop or expand a career  
20 pathway program that utilizes integrated  
21 education and training strategies and sup-  
22 ports multiple points of entry and exit for  
23 working learners.

1           “(C) DURATION.—Each grant awarded  
2 under this paragraph shall be for a period of  
3 not more than 2 years.

4           “(D) AWARD BASIS.—

5           “(i) GEOGRAPHIC DIVERSITY.—The  
6 Governor shall award grants under this  
7 paragraph in a manner that ensures geo-  
8 graphic diversity in the areas in the State  
9 in which activities will be carried out under  
10 the grants.

11           “(ii) PRIORITY.—In awarding grants  
12 under this paragraph, the Governor shall  
13 give priority consideration to eligible part-  
14 nerships that—

15           “(I) include (or will include) as a  
16 partner in the industry or sector part-  
17 nership to be established or expanded  
18 under this paragraph, a 2-year public  
19 institution of higher education;

20           “(II) demonstrate long-term sus-  
21 tainability of such industry or sector  
22 partnership; and

23           “(III) demonstrate the ability of  
24 such industry or sector partnership to  
25 serve individuals who—

1           “(aa) are individuals with a  
2 barrier to employment, including  
3 individuals with disabilities;

4           “(bb) are facing significant  
5 worker dislocation due to a dis-  
6 ruption or change in the regional  
7 or State economy or labor mar-  
8 ket;

9           “(cc) have traditionally been  
10 underserved by regional economic  
11 development and sector partner-  
12 ship activities (including rural  
13 areas in the State); or

14           “(dd) are—

15           “(AA) out-of-school  
16 youth, disadvantaged youth,  
17 or disadvantaged adults; or

18           “(BB) unemployed in-  
19 dividuals, within the mean-  
20 ing of section 6(b)(1)(B) of  
21 the Wagner-Peyser Act (29  
22 U.S.C. 49e(b)(1)(B)).

23           “(iii) ADDITIONAL OPTIONAL PRI-  
24 ORITY.—In awarding grants under this  
25 paragraph, in addition to the priority con-

1           sideration required under clause (ii), the  
2           Governor may give priority consideration  
3           to eligible partnerships that include, or will  
4           include, as a partner in the industry or  
5           sector partnership to be established or ex-  
6           panded under this section—

7                       “(I) a 4-year public institution of  
8                       higher education at which the highest  
9                       degree that is predominantly awarded  
10                      to students is an associate degree; or

11                     “(II) a 2-year Tribal College or  
12                     University (as defined in section  
13                     316(b) of the Higher Education Act  
14                     of 1965 (20 U.S.C. 1059c(b))).

15           “(E) APPLICATION.—

16                       “(i) IN GENERAL.—An eligible part-  
17                       nership seeking a grant under this para-  
18                       graph shall submit an application to the  
19                       Governor at such time, in such manner,  
20                       and containing such information as the  
21                       Governor may reasonably require, includ-  
22                       ing the contents described in clause (ii).

23                     “(ii) CONTENTS.—An eligible partner-  
24                     ship seeking a grant under this paragraph

1 shall submit an application to the Governor  
2 under clause (i) containing, at minimum—

3 “(I) a description of the eligible  
4 partnership, and the industry or sec-  
5 tor partnership that will be estab-  
6 lished or expanded with such grant;

7 “(II) the expected participation  
8 and responsibilities of each of the  
9 partners that will be included in such  
10 industry or sector partnership;

11 “(III) a description of the high-  
12 growth or high-wage industry sector  
13 to be served by such industry or sec-  
14 tor partnership, and a description of  
15 how such industry sector was identi-  
16 fied;

17 “(IV) a description of the work-  
18 ers and other individuals who will be  
19 targeted or recruited by such industry  
20 or sector partnership, including the  
21 number of workers and other individ-  
22 uals who will be served by the part-  
23 nership;

24 “(V) an analysis of the existing  
25 labor market to be served by such in-

1 industry or sector partnership, which in-  
2 cludes—

3 “(aa) a description of poten-  
4 tial barriers to employment for  
5 the targeted workers and other  
6 individuals;

7 “(bb) the estimated share of  
8 such workers and other individ-  
9 uals who are individuals with a  
10 barrier to employment; and

11 “(cc) a description of strate-  
12 gies that will be developed to help  
13 such workers and other individ-  
14 uals overcome such barriers;

15 “(VI) a description of the Fed-  
16 eral and non-Federal resources, avail-  
17 able under provisions of law other  
18 than this paragraph, that will be le-  
19 veraged in support of such industry or  
20 sector partnership and the activities  
21 carried out by the partnership under  
22 this paragraph;

23 “(VII) a description, using com-  
24 mon, linked, open-data descriptive  
25 language, of the recognized postsec-

1           ondary credential that will be provided  
2           to individuals who successfully com-  
3           plete the education and training pro-  
4           gram provided through an education  
5           provider in such industry or sector  
6           partnership;

7                   “(VIII) an assurance that any el-  
8           igible provider of training services in  
9           such industry or sector partnership is  
10          on a list of eligible providers of train-  
11          ing services described in section  
12          122(d); and

13                   “(IX) a commitment from a par-  
14          ticipating employer in such industry  
15          or sector partnership to employ each  
16          participant of such education and  
17          training program (which may be a ca-  
18          reer pathway program) for not less  
19          than a 1-year period, in accordance  
20          with the employment policies of such  
21          employer, after successful completion  
22          of the training portion of the edu-  
23          cation and training program operated  
24          by such participating employer.

25                   “(F) USES OF FUNDS.—

1           “(i) IN GENERAL.—An eligible part-  
2           nership awarded a grant under this para-  
3           graph shall use such grant funds to estab-  
4           lish a new industry or sector partnership  
5           or expand the industry or sector partner-  
6           ship of the eligible partnership to meet the  
7           objectives listed in subparagraph (B)—

8                   “(I) by engaging businesses in  
9                   accordance with clause (iii); and

10                   “(II) by carrying out an edu-  
11                   cation and training program that—

12                           “(aa) leads to the recognized  
13                           postsecondary credential de-  
14                           scribed in the eligible partner-  
15                           ship’s application in subpara-  
16                           graph (E)(ii)(VII);

17                           “(bb) includes an appren-  
18                           ticeship, work-based learning, or  
19                           on-the-job training program that  
20                           leads to an employment commit-  
21                           ment described in subparagraph  
22                           (E)(ii)(IX) with a participating  
23                           employer of the industry or sec-  
24                           tor partnership;

1           “(cc) may include the devel-  
2           opment or expansion of a new or  
3           existing career pathway program  
4           as described in clause (iv); and

5           “(dd) may include the provi-  
6           sion of supportive services as de-  
7           scribed in clause (v).

8           “(ii) PLANNING ACTIVITIES.—An eli-  
9           gible partnership receiving a grant under  
10          this paragraph may use not more than 20  
11          percent of the grant funds to carry out  
12          planning activities during the first year of  
13          the grant period that are necessary to es-  
14          tablish a new industry or sector partner-  
15          ship or expand the industry or sector part-  
16          nership of the eligible partnership, which  
17          may include—

18               “(I) recruiting key stakeholders  
19               in the high-growth or high-wage in-  
20               dustry to be served by such industry  
21               or sector partnership;

22               “(II) conducting outreach to local  
23               businesses, employers, labor organiza-  
24               tions, local boards, education and

1 training providers, and business and  
2 employer associations;

3 “(III) identifying, through an  
4 evaluation, the training needs of mul-  
5 tiple businesses in the high-growth or  
6 high-wage industry, including identi-  
7 fying any needs for—

8 “(aa) skills critical to com-  
9 petitiveness and innovation in the  
10 high-growth or high-wage indus-  
11 try;

12 “(bb) an education and  
13 training program, including any  
14 apprenticeship program or other  
15 work-based learning program  
16 supported by the grant; and

17 “(cc) the usage of career  
18 pathways to align education and  
19 training with job openings in the  
20 high-growth or high-wage indus-  
21 try; and

22 “(IV) recruiting individuals with  
23 barriers to employment to participate  
24 in the education and training pro-  
25 gram.

1           “(iii) BUSINESS ENGAGEMENT.—An  
2 industry or sector partnership established  
3 or expanded with a grant under this para-  
4 graph shall use the grant funds to engage  
5 businesses (including small and medium-  
6 sized businesses that are in the high-  
7 growth or high-wage industry and that  
8 may be a participating employer of the  
9 partnership) in the establishment and im-  
10 plementation of an apprenticeship, work-  
11 based learning, or on-the-job training pro-  
12 gram offered through the education and  
13 training program of the partnership, and  
14 which may include—

15           “(I) the navigation of the reg-  
16 istration process for a sponsor of such  
17 an apprenticeship program;

18           “(II) the connection of the busi-  
19 ness with an education provider in the  
20 industry or sector partnership to de-  
21 velop classroom instruction to com-  
22 plement learning through such an ap-  
23 prenticeship, work-based learning, or  
24 on-the-job training program;

1           “(III) the development of such a  
2 work-based learning program;

3           “(IV) the provision of career  
4 awareness activities for participants of  
5 such an apprenticeship, work-based  
6 learning, or on-the-job training pro-  
7 gram, such as career guidance and  
8 academic counseling;

9           “(V) the recruitment of individ-  
10 uals with barriers to employment to  
11 participate in such an apprenticeship,  
12 work-based learning, or on-the-job  
13 training program; and

14           “(VI) other evidence-based ap-  
15 proaches to connecting businesses  
16 with workers and establishing path-  
17 ways to unsubsidized employment for  
18 individuals participating in the edu-  
19 cation and training program and  
20 other programs funded under this  
21 title.

22           “(iv) CAREER PATHWAY PROGRAMS.—

23           “(I) IN GENERAL.—An industry  
24 or sector partnership established or  
25 expanded with a grant under this

1 paragraph may use such grant funds  
2 for the development or expansion of a  
3 new or existing career pathway pro-  
4 gram that utilizes integrated edu-  
5 cation and training strategies and  
6 supports multiple entry and exit  
7 points for working students and other  
8 working participants, which may in-  
9 clude—

10 “(aa) dual-enrollment ap-  
11 proaches for participants, includ-  
12 ing youth, seeking to participate  
13 in a career pathway program;  
14 and

15 “(bb) strategies that help  
16 working students and other non-  
17 traditional and adult student  
18 populations access skills and the  
19 recognized postsecondary creden-  
20 tials described in subparagraph  
21 (E)(ii)(VII) of the eligible part-  
22 nership’s application.

23 “(II) AUTHORIZED ACTIVITIES.—

24 In establishing or expanding such new  
25 or existing career pathway program,

1 the industry or sector partnership  
2 may use a grant under this paragraph  
3 for—

4 “(aa) the provision of evi-  
5 dence-based professional develop-  
6 ment for faculty and other staff  
7 of an education provider in the  
8 industry or sector partnership;

9 “(bb) the acquisition of  
10 equipment necessary to support  
11 the delivery of the career path-  
12 way program; and

13 “(cc) any other evidence-  
14 based activities to support the  
15 development or implementation  
16 of the career pathway program.

17 “(v) SUPPORTIVE SERVICES.—In ac-  
18 cordance with section 181(h), an industry  
19 or sector partnership established or ex-  
20 panded with a grant under this paragraph  
21 may use such grant funds to provide sup-  
22 portive services to support the success of  
23 individuals, including individuals with bar-  
24 riers to employment, who are participating  
25 in training services, as described in sub-

1 section (c)(3)(D), which are offered  
2 through such partnership.

3 “(G) DESIGNATION OF A FISCAL AGENT.—

4 An eligible partnership receiving a grant under  
5 this paragraph shall designate an entity of the  
6 eligible partnership as the fiscal agent for the  
7 receipt, management, and expenditure of the  
8 grant funds.

9 “(H) NON-FEDERAL COST SHARING.—

10 “(i) LIMITS ON FEDERAL SHARE.—An  
11 industry or sector partnership established  
12 or expanded with a grant under this para-  
13 graph may not receive such grant funds  
14 for purposes of funding the education and  
15 training program offered through such  
16 partnership in excess of the following costs  
17 of establishing, operating, and sustaining  
18 such program:

19 “(I) In the case in which the par-  
20 ticipating employers in such eligible  
21 partnership employ 25 or fewer em-  
22 ployees, 70 percent of the costs.

23 “(II) In the case in which the  
24 participating employers in such eligi-  
25 ble partnership employ more than 25

1 employees, but fewer than 100 em-  
2 ployees, 55 percent of the costs.

3 “(III) In the case in which the  
4 participating employers in such eligi-  
5 ble partnership employ 100 or more  
6 employees, 40 percent of the costs.

7 “(ii) NON-FEDERAL SHARE.—Any  
8 costs of establishing, operating, and sus-  
9 taining such program that are not covered  
10 by the grant received under this paragraph  
11 shall be the non-Federal share provided by  
12 the industry or sector partnership.

13 “(I) PERFORMANCE REPORTING.—Not  
14 later than 2 years after the first award of funds  
15 under this paragraph is made by the Governor  
16 and on an annual basis thereafter, the Governor  
17 shall prepare and submit to the Secretary a re-  
18 port with respect to the participants served by  
19 each eligible partnership receiving funds under  
20 this paragraph in the most recent program  
21 year, which report shall include—

22 “(i) levels of performance achieved by  
23 the eligible partnership, with respect to the  
24 primary indicators of performance under  
25 clause (i) or (ii) of section 116(b)(2)(A), as

1 applicable, for all individuals served by the  
2 eligible partnership, disaggregated by race,  
3 ethnicity, sex, disability status, and age;  
4 and

5 “(ii) levels of performance achieved by  
6 the eligible partnership with respect to the  
7 primary indicators of performance under  
8 clause (i) or (ii) of section 116(b)(2)(A), as  
9 applicable, for individuals with barriers to  
10 employment served by the eligible partner-  
11 ship, disaggregated by race, ethnicity, sex,  
12 disability status, and age.

13 “(J) AVAILABILITY OF REPORT.—The re-  
14 port submitted by eligible partnerships under  
15 subparagraph (I) shall—

16 “(i) be made digitally available by the  
17 Secretary using linked, open, and inter-  
18 operable data; and

19 “(ii) include the number of individuals  
20 who were served by each such eligible part-  
21 nership.

22 “(K) LIMIT ON ADMINISTRATIVE COSTS.—  
23 An eligible partnership receiving a grant under  
24 this paragraph may not use more than 10 per-  
25 cent of the grant funds for administrative costs.

1 “(L) DEFINITIONS.—In this paragraph:

2 “(i) ELIGIBLE PARTNERSHIP.—The  
3 term ‘eligible partnership’ means—

4 “(I) an industry or sector part-  
5 nership that—

6 “(aa) includes a partici-  
7 pating employer; and

8 “(bb) is seeking to further  
9 implement or expand such indus-  
10 try or sector partnership; or

11 “(II) a workforce collaborative  
12 that is seeking to become an industry  
13 or sector partnership that includes a  
14 participating employer.

15 “(ii) HIGH-GROWTH OR HIGH-WAGE  
16 INDUSTRY.—The term ‘high-growth or  
17 high-wage industry’, when used with re-  
18 spect to an eligible partnership, means an  
19 industry that—

20 “(I) has, or is expected to have,  
21 a high rate of growth and an unmet  
22 demand for skilled workers, as deter-  
23 mined by the Governor of the State in  
24 which the eligible partnership is lo-  
25 cated;

1 “(II) has been designated by the  
2 Governor as an in-demand industry  
3 experiencing high growth in such  
4 State; and

5 “(III) includes occupations deter-  
6 mined by the Governor—

7 “(aa) with wages that are  
8 significantly higher than an occu-  
9 pation of similar level of skill or  
10 needed skill development; or

11 “(bb) that are aligned with  
12 career pathways into higher wage  
13 occupations.

14 “(iii) PARTICIPATING EMPLOYER.—  
15 The term ‘participating employer’, when  
16 used with respect to an eligible partner-  
17 ship, means an employer in a high-growth  
18 or high-wage industry that is (or will be)  
19 part of the industry or sector partnership  
20 that will be expanded (or established) by  
21 the eligible partnership under this para-  
22 graph.”.

1 **SEC. 5. STUDY ON STATEWIDE CRITICAL INDUSTRY SKILLS**  
2 **FUNDS.**

3 Section 169(b)(4) of the Workforce Innovation and  
4 Opportunity Act (29 U.S.C. 3224(b)(4)) is amended—

5 (1) by redesignating subparagraph (K) as sub-  
6 paragraph (L); and

7 (2) by inserting after subparagraph (J) the fol-  
8 lowing:

9 “(K) STUDY ON STATEWIDE CRITICAL IN-  
10 DUSTRY SKILLS FUNDS.—The Secretary shall,  
11 not later than 4 years after the date of enact-  
12 ment of this subparagraph, conduct a study  
13 that will review the usage of statewide critical  
14 industry skills funds established by States  
15 under section 134(a)(4) and identify, for pur-  
16 poses of measuring the overall effectiveness of  
17 the program—

18 “(i) the industries targeted by the  
19 funds under section 134(a)(4);

20 “(ii) the occupations for which work-  
21 ers are being upskilled;

22 “(iii) how frequently skills develop-  
23 ment is provided to prospective workers  
24 and incumbent workers; and

1                   “(iv) the reported performance out-  
2                   comes.”.

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