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In the Senate of the United States,

May 5, 1998.

Resolved, That the bill from the House of Representatives (H.R. 1385) entitled ''An Act to consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs in the United States, and for other purposes.'', do pass with the following

AMENDMENT:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Workforce Investment Partnership Act of 1998''.

(b) TABLE OF CONTENTS.—The table of contents is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Definitions.

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SEC. 2. DEFINITIONS.

In this Act:

(1) ADULT.—In paragraph (14) and title III (other than section 302), the term "adult" means an individual who is age 22 or older.

(2) ADULT EDUCATION.—The term "adult education" means services or instruction below the post-secondary level for individuals—

(A) who have attained 16 years of age or who are beyond the age of compulsory school attendance under State law;

(B) who are not enrolled in secondary school; and

(C) who—

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

(ii) do not possess a secondary school diploma or its recognized equivalent; or

(iii) are unable to speak, read, or write the English language.

(3) AREA VOCATIONAL EDUCATION SCHOOL.—The term "area vocational education school" means—

(A) a specialized public secondary school used exclusively or principally for the provision of vocational education for individuals who seek to study and prepare for entering the labor market;

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

(C) a public or nonprofit technical institute or vocational school used exclusively or principally for the provision of vocational education to individuals who—

(i)(I) have completed public secondary school; or

(II) have left public secondary school; and

(ii) seek to study and prepare for entering the labor market; or

(D) the department or division of a junior college, community college, or university that—

(i) operates under the policies of the appropriate State agency that oversees postsecondary education and is approved under subpart 2 of part H of title IV of the Higher Education Act of 1965 (20 U.S.C. 1099b et seq.); and

(ii) provides vocational education in not fewer than 5 different occupational fields leading to immediate employment but not necessarily leading to a degree; and

(iii) admits as regular students both individuals who have completed public secondary school and individuals who have left public secondary school.

(4) CHIEF ELECTED OFFICIAL.—The term "chief elected official" means—

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

(B) in a case in which a local area includes more than 1 unit of general local government,

the individuals designated under the agreement described in section 308(d)(1)(B)(i).

(5) DISADVANTAGED ADULT.—In title III, and except as provided in section 302, the term "disadvantaged adult" means an adult who is a low-income individual.

(6) DISLOCATED WORKER.—The term "dislocated worker" means an individual who—

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

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

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

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

(B)(i) has been terminated or laid off, or has received a notice of termination or layoff,

from employment as a result of any permanent closure of, or any substantial layoff at, a plant, facility, or enterprise;

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

(iii) for purposes of eligibility to receive services under title III other than training services described in section 315(c)(3), intensive services, or supportive services, is employed at a facility at which the employer has made a general announcement that such facility will close;

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

(D) is a displaced homemaker.

(7) DISPLACED HOMEMAKER.—The term "displaced homemaker" means an individual who has been providing unpaid services to family members in the home and who—

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

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

(8) ECONOMIC DEVELOPMENT AGENCIES.—The term "economic development agencies" includes local planning and zoning commissions or boards, community development agencies, and other local agencies and institutions responsible for regulating, promoting, or assisting in local economic development.

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

(10) ELEMENTARY SCHOOL; LOCAL EDUCATIONAL AGENCY.—The terms "elementary school" and "local educational agency" have the meanings given the terms in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(11) ELIGIBLE AGENCY.—The term "eligible agency" in the case of vocational education, or adult education and literacy, activities or requirements described in this Act, means the sole entity or agency in a State or an outlying area responsible for administering or supervising policy for vocational edu-

cation, or adult education and literacy, respectively, in the State or outlying area, respectively, consistent with the law of the State or outlying area, respectively.

(12) ELIGIBLE INSTITUTION.—In title I, the term "eligible institution" means—

(A) an institution of higher education;

(B) a local educational agency providing education at the postsecondary level;

(C) an area vocational education school providing education at the postsecondary level;

(D) a postsecondary educational institution controlled by the Bureau of Indian Affairs or operated by or on behalf of any Indian tribe that is eligible to contract with the Secretary of the Interior for the administration of programs under the Indian Self-Determination Act or the Act of April 16, 1934 (48 Stat. 596; 25 U.S.C. 452 et seq.); and

(E) a consortium of 2 or more of the entities described in subparagraphs (A) through (D).

(13) ELIGIBLE PROVIDER.—The term "eligible provider"—

(A) in title II, means—

(i) a local educational agency;

(ii) a community-based organization;

(iii) an institution of higher education;

(iv) a public or private nonprofit agency;

(v) a consortium of such agencies, organizations, or institutions; or

(vi) a library; and

(B) in title III, used with respect to—

(i) training services (other than on-the-job training), means a provider who is identified in accordance with section 312;

(ii) youth activities, means a provider who is awarded a grant in accordance with section 313; or

(iii) other workforce investment activities, means a public or private entity selected to be responsible for such activities, in accordance with subtitle A of title III, such as a one-stop customer service center operator designated or certified under section 311.

(14) EMPLOYMENT AND TRAINING ACTIVITY.—The term "employment and training activity" means an activity described in section 314(b)(1) or sub-

section (c)(1) or (d) of section 315, carried out for an adult or dislocated worker.

(15) ENGLISH LITERACY PROGRAM.—The term "English literacy program" means a program of instruction designed to help individuals of limited English proficiency achieve competence in the English language.

(16) GOVERNOR.—The term "Governor" means the chief executive officer of a State.

(17) INDIVIDUAL WITH A DISABILITY.—

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

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

(18) INDIVIDUAL OF LIMITED ENGLISH PROFICIENCY.—The term "individual of limited English proficiency" means an adult or out-of-school youth who has limited ability in speaking, reading, writing, or understanding the English language, and—

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

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

(19) INSTITUTION OF HIGHER EDUCATION.—Except for purposes of subtitle B of title I, the term "institution of higher education" means an institution of higher education, as defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

(20) LITERACY.—

(A) IN GENERAL.—The term "literacy" means an individual's ability to read, write, and speak in English, compute, and solve problems, at levels of proficiency necessary to function on the job and in society.

(B) WORKPLACE LITERACY PROGRAM.—The term "workplace literacy program" means a program of literacy activities that is offered for the purpose of improving the productivity of the workforce through the improvement of literacy skills.

(21) LOCAL AREA.—In paragraph (4) and title III, the term "local area" means a local workforce investment area designated under section 307.

(22) LOCAL PARTNERSHIP.—In title III, the term "local partnership" means a local workforce investment partnership established under section 308(a).

(23) LOCAL PERFORMANCE MEASURE.—The term "local performance measure" means a performance measure established under section 321(c).

(24) LOW-INCOME INDIVIDUAL.—In paragraph (51) and title III, the term "low-income individual" means an individual who—

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

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

(i) the poverty line, for an equivalent period; or

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

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

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

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

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

(25) LOWER LIVING STANDARD INCOME LEVEL.—The term "lower living standard income level" means that income level (adjusted for regional, metropolitan,

urban, and rural differences and family size) determined annually by the Secretary of Labor based on the most recent lower living family budget issued by the Secretary of Labor.

(26) NONTRADITIONAL EMPLOYMENT.—In titles I and III, the term "nontraditional employment" refers to occupations or fields of work for which individuals from one gender comprise less than 25 percent of the individuals employed in each such occupation or field of work.

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

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

(B) provides reimbursement to employers of up to 50 percent of the wage rate of the participant, for the extraordinary costs of providing the training and additional supervision related to the training; and

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

(28) OUT-OF-SCHOOL YOUTH.—The term "out-of-school youth" means—

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

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

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

(30) PARTICIPANT.—The term "participant", used with respect to an activity carried out under title III, means an individual participating in the activity.

(31) POSTSECONDARY EDUCATIONAL INSTITUTION.—The term "postsecondary educational institution" means—

(A) an institution of higher education that provides not less than a 2-year program of instruction that is acceptable for credit toward a bachelor's degree;

(B) a tribally controlled community college; or

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

(32) POVERTY LINE.—The term "poverty line" means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved.

(33) PUBLIC ASSISTANCE.—In title III, the term "public assistance" means Federal, State, or local government cash payments for which eligibility is determined by a needs or income test.

(34) RAPID RESPONSE ACTIVITY.—In title III, the term "rapid response activity" means an activity provided by a State, or by an entity designated by a State, with funds provided by the State under section 306(a)(2), in the case of a permanent closure or mass layoff at a plant, facility, or enterprise, or a natural or other disaster, that results in mass job dislocation, in order to assist dislocated workers in obtaining reemployment as soon as possible, with services including—

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

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

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

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

(C) assistance in establishing a labor-management committee, voluntarily agreed to by labor and management, with the ability to devise and implement a strategy for assessing the employment and training needs of dislocated workers and obtaining services to meet such needs;

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

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

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

(36) SECONDARY SCHOOL.—The term "secondary school" has the meaning given the term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), except that the term does not include education below grade 9.

(37) SECRETARY.—

(A) TITLES I AND II.—In titles I and II, the term "Secretary" means the Secretary of Education.

(B) TITLE III.—In title III, the term "Secretary" means the Secretary of Labor.

(38) STATE.—The term "State" means each of the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

(39) STATE EDUCATIONAL AGENCY.—The term "State educational agency" means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary or secondary schools, or, if there is no such agency or officer, an agency or officer designated by the Governor or by State law.

(40) STATE PERFORMANCE MEASURE.—In title III, the term "State performance measure" means a performance measure established under section 321(b).

(41) STATEWIDE PARTNERSHIP.—The term "statewide partnership" means a partnership established under section 303.

(42) SUPPORTIVE SERVICES.—

(A) TITLE I.—In title I, the term "supportive services" means services related to curriculum modification, equipment modification, classroom modification, supportive personnel, and instructional aids and devices.

(B) TITLE III.—In title III, the term "supportive services" means services such as transportation, child care, dependent care, housing, and needs-based payments, that are necessary to enable an individual to participate in employment and training activities or youth activities.

(43) TRIBALLY CONTROLLED COMMUNITY COLLEGE.—The term "tribally controlled community college" means an institution that receives assistance under the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801 et seq.) or the Navajo Community College Act (25 U.S.C. 640a et seq.).

(44) UNIT OF GENERAL LOCAL GOVERNMENT.—In title III, the term "unit of general local government" means any general purpose political subdivision of a State that has the power to levy taxes and spend funds, as well as general corporate and police powers.

(45) VETERAN; RELATED DEFINITIONS.—

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

(B) RECENTLY SEPARATED VETERAN.—The term "recently separated veteran" means any veteran who applies for participation under title III within 48 months of the discharge or release from active military, naval, or air service.

(46) VOCATIONAL EDUCATION.—The term "vocational education" means organized education that—

(A) offers a sequence of courses that provides individuals with the academic and technological knowledge and skills the individuals need to prepare for further education and for careers (other than careers requiring a baccalaureate, master's,

or doctoral degree) in current or emerging employment sectors; and

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

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

(48) VOCATIONAL STUDENT ORGANIZATION.—

(A) IN GENERAL.—The term "vocational student organization" means an organization for individuals enrolled in a vocational education program.

(B) STATE AND NATIONAL UNITS.—An organization described in subparagraph (A) may have State and national units that aggregate the work and purposes of instruction in vocational education at the local level.

(49) WELFARE RECIPIENT.—The term "welfare recipient" means a person receiving payments described in paragraph (24)(A).

(50) WORKFORCE INVESTMENT ACTIVITY.—The term "workforce investment activity" means an employment and training activity, a youth activity, and an activity described in section 314.

(51) YOUTH.—In paragraph (52) and title III (other than section 302 and subtitles B and C of such title), the term "youth" means an individual who—

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

(B) is a low-income individual; and

(C) an individual who is 1 or more of the following:

(i) Deficient in basic literacy skills.

(ii) A school dropout.

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

(iv) Pregnant or a parent.

(v) An offender.

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

(52) YOUTH ACTIVITY.—The term "youth activity" means an activity described in section 316, carried out for youth.

(53) YOUTH PARTNERSHIP.—The term "youth partnership" means a partnership established under section 308(i).

TITLE I—VOCATIONAL, TECHNOLOGICAL, AND TECH-PREP EDUCATION

SEC. 101. SHORT TITLE.

This title may be cited as the "Carl D. Perkins Vocational and Applied Technology Education Act of 1998".

SEC. 102. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress finds that—

(1) in order to be successful workers, citizens, and learners in the 21st century, individuals will need—

(A) a combination of strong basic and advanced academic skills;

(B) computer and other technical skills;

(C) theoretical knowledge;

(D) communications, problem-solving, teamwork, and employability skills; and

(E) the ability to acquire additional knowledge and skills throughout a lifetime;

(2) students participating in vocational education can achieve challenging academic and technical skills, and may learn better and retain more,

when the students learn in context, learn by doing, and have an opportunity to learn and understand how academic, vocational, and technological skills are used outside the classroom;

(3)(A) many high school graduates in the United States do not complete a rigorous course of study that prepares the graduates for completing a 2-year or 4-year college degree or for entering high-skill, high-wage careers;

(B) adult students are an increasingly diverse group and often enter postsecondary education unprepared for academic and technical work; and

(C) certain individuals often face great challenges in acquiring the knowledge and skills needed for successful employment;

(4) community colleges, technical colleges, and area vocational education schools are offering adults a gateway to higher education, and access to quality certificates and degrees that increase their skills and earnings, by—

(A) ensuring that the academic, vocational, and technological skills gained by students adequately prepare the students for the workforce; and

(B) enhancing connections with employers and 4-year institutions of higher education;

(5) local, State, and national programs supported under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.) (as such Act was in effect on the day before the date of enactment of this Act) have assisted many students in obtaining technical, academic, and employability skills, and tech-prep education;

(6) the Federal Government can assist States and localities by carrying out nationally significant research, program development, demonstration, dissemination, evaluation, data collection, professional development, and technical assistance activities that support State and local efforts regarding vocational education; and

(7) through a performance partnership with States and localities based on clear programmatic goals, increased State and local flexibility, improved accountability, and performance measures, the Federal Government will provide to States and localities financial assistance for the improvement and expansion of vocational education for students participating in vocational education.

(b) PURPOSE.—The purpose of this title is to make the United States more competitive in the world economy by developing more fully the academic, technological, vocational, and employability skills of secondary students and postsecondary students who elect to enroll in vocational education programs, by—

(1) building on the efforts of States and localities to develop challenging academic standards;

(2) promoting the development of services and activities that integrate academic, vocational, and technological instruction, and that link secondary and postsecondary education for participating vocational education students;

(3) increasing State and local flexibility in providing services and activities designed to develop, implement, and improve vocational education, including tech-prep education; and

(4) disseminating national research, and providing professional development and technical assistance, that will improve vocational education programs, services, and activities.

SEC. 103. VOLUNTARY SELECTION AND PARTICIPATION.

No funds made available under this title shall be used—

(1) to require any secondary school student to choose or pursue a specific career path or major; and

(2) to mandate that any individual participate in a vocational education program, including a vocational education program that requires the attainment of a federally funded skill level or standard.

SEC. 104. CONSTRUCTION.

Nothing in this Act shall be construed to permit, allow, encourage, or authorize any Federal control over any aspect of a private, religious, or home school, regardless of whether a home school is treated as a private school or home school under State law. This section shall not be construed to bar students attending private, religious, or home schools from participation in programs or services under this Act.

Subtitle A—Vocational Education

CHAPTER 1—FEDERAL PROVISIONS

SEC. 111. RESERVATIONS AND STATE ALLOTMENT.

(a) RESERVATIONS AND STATE ALLOTMENT.—

(1) RESERVATIONS.—From the sum appropriated under section 171 for each fiscal year, the Secretary shall reserve—

(A) 0.2 percent to carry out section 113;

(B) 1.80 percent to carry out sections 114 and 115, of which—

(i) 1.25 percent of the sum shall be available to carry out section 114(b);

(ii) 0.25 percent of the sum shall be available to carry out section 114(c); and

(iii) 0.30 percent of the sum shall be available to carry out section 115; and

(C) 1.3 percent to carry out sections 116, 163, 164, 165, and 166, of which not less than 0.65 percent of the sum shall be available to carry out section 116 for each of the fiscal years 2001 through 2005.

(2) STATE ALLOTMENT FORMULA.—Subject to paragraphs (3) and (4), from the remainder of the sums appropriated under section 171 and not reserved under paragraph (1) for a fiscal year, the Secretary shall allot to a State for the fiscal year—

(A) an amount that bears the same ratio to 50 percent of the sums being allotted as the product of the population aged 15 to 19 inclusive, in the State in the fiscal year preceding the fiscal year for which the determination is made and the State's allotment ratio bears to the sum of the corresponding products for all the States;

(B) an amount that bears the same ratio to 20 percent of the sums being allotted as the prod-

uct of the population aged 20 to 24, inclusive, in the State in the fiscal year preceding the fiscal year for which the determination is made and the State's allotment ratio bears to the sum of the corresponding products for all the States;

(C) an amount that bears the same ratio to 15 percent of the sums being allotted as the product of the population aged 25 to 65, inclusive, in the State in the fiscal year preceding the fiscal year for which the determination is made and the State's allotment ratio bears to the sum of the corresponding products for all the States; and

(D) an amount that bears the same ratio to 15 percent of the sums being allotted as the amounts allotted to the State under subparagraphs (A), (B), and (C) for such years bears to the sum of the amounts allotted to all the States under subparagraphs (A), (B), and (C) for such year.

(3) MINIMUM ALLOTMENT.—

(A) IN GENERAL.—Notwithstanding any other provision of law and subject to subparagraphs (B) and (C), and paragraph (4), no State shall receive for a fiscal year under this subsection less than ½ of 1 percent of the amount

appropriated under section 171 and not reserved under paragraph (1) for such fiscal year. Amounts necessary for increasing such payments to States to comply with the preceding sentence shall be obtained by ratably reducing the amounts to be paid to other States.

(B) REQUIREMENT.—Due to the application of subparagraph (A), for any fiscal year, no State shall receive more than 150 percent of the amount the State received under this subsection for the preceding fiscal year (or in the case of fiscal year 1999 only, under section 101 of the Carl D. Perkins Vocational and Applied Technology Education Act, as such section was in effect on the day before the date of enactment of this Act).

(C) SPECIAL RULE.—

(i) IN GENERAL.—Subject to paragraph (4), no State, by reason of subparagraph (A), shall be allotted for a fiscal year more than the lesser of—

(I) 150 percent of the amount that the State received in the preceding fiscal year (or in the case of fiscal year 1999 only, under section 101 of the

Carl D. Perkins Vocational and Applied Technology Education Act, as such section was in effect on the day before the date of enactment of this Act); and

(II) the amount calculated under clause (ii).

(ii) AMOUNT.—The amount calculated under this clause shall be determined by multiplying—

(I) the number of individuals in the State counted under paragraph (2) in the preceding fiscal year; by

(II) 150 percent of the national average per pupil payment made with funds available under this section for that year (or in the case of fiscal year 1999, only, under section 101 of the Carl D. Perkins Vocational and Applied Technology Education Act, as such section was in effect on the day before the date of enactment of this Act).

(4) HOLD HARMLESS.—

(A) IN GENERAL.—No State shall receive an allotment under this section for a fiscal year that is less than the allotment the State received under part A of title I of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2311 et seq.) (as such part was in effect on the day before the date of enactment of this Act) for fiscal year 1997.

(B) RATABLE REDUCTION.—If for any fiscal year the amount appropriated for allotments under this section is insufficient to satisfy the provisions of subparagraph (A), the payments to all States under such subparagraph shall be ratably reduced.

(b) REALLOTMENT.—If the Secretary determines that any amount of any State's allotment under subsection (a) for any fiscal year will not be required for such fiscal year for carrying out the activities for which such amount has been allotted, the Secretary shall make such amount available for reallotment. Any such reallotment among other States shall occur on such dates during the same year as the Secretary shall fix, and shall be made on the basis of criteria established by regulation. No funds may be reallotted for any use other than the use for which the funds were appropriated. Any amount reallotted to a State under this

subsection for any fiscal year shall remain available for obligation during the succeeding fiscal year and shall be deemed to be part of the State's allotment for the year in which the amount is obligated.

(c) ALLOTMENT RATIO.—

(1) IN GENERAL.—The allotment ratio for any State shall be 1.00 less the product of—

(A) 0.50; and

(B) the quotient obtained by dividing the per capita income for the State by the per capita income for all the States (exclusive of the Commonwealth of Puerto Rico and the United States Virgin Islands), except that—

(i) the allotment ratio in no case shall be more than 0.60 or less than 0.40; and

(ii) the allotment ratio for the Commonwealth of Puerto Rico and the United States Virgin Islands shall be 0.60.

(2) PROMULGATION.—The allotment ratios shall be promulgated by the Secretary for each fiscal year between October 1 and December 31 of the fiscal year preceding the fiscal year for which the determination is made. Allotment ratios shall be computed on the basis of the average of the appropriate per capita in-

comes for the 3 most recent consecutive fiscal years for which satisfactory data are available.

(3) DEFINITION OF PER CAPITA INCOME.—For the purpose of this section, the term "per capita income" means, with respect to a fiscal year, the total personal income in the calendar year ending in such year, divided by the population of the area concerned in such year.

(4) POPULATION DETERMINATION.—For the purposes of this section, population shall be determined by the Secretary on the basis of the latest estimates available to the Department of Education.

(d) DEFINITION OF STATE.—For the purpose of this section, the term "State" means each of the several States of the United States, the Commonwealth of Puerto Rico, the District of Columbia, and the United States Virgin Islands.

SEC. 112. PERFORMANCE MEASURES AND EXPECTED LEVELS OF PERFORMANCE.

(a) PUBLICATION OF PERFORMANCE MEASURES.—

(1) IN GENERAL.—The Secretary shall publish the following performance measures to assess the progress of each eligible agency:

(A) Student attainment of academic skills.

(B) Student attainment of job readiness skills.

(C) Student attainment of vocational skill proficiencies for students in vocational education programs, that are necessary for the receipt of a secondary school diploma or its recognized equivalent, or a secondary school skill certificate.

(D) Receipt of a postsecondary degree or certificate.

(E) Retention in, and completion of, secondary school education (as determined under State law), placement in, retention in, and completion of postsecondary education, employment, or military service.

(F) Participation in and completion of vocational education programs that lead to nontraditional employment.

(2) SPECIAL RULE.—The Secretary shall establish 1 set of performance measures for students served under this title, including populations described in section 124(c)(16).

(b) EXPECTED LEVELS OF PERFORMANCE.—In developing a State plan, each eligible agency shall negotiate with the Secretary the expected levels of performance for the performance measures described in subsection (a).

SEC. 113. ASSISTANCE FOR THE OUTLYING AREAS.

(a) IN GENERAL.—From the funds reserved under section 111(a)(1)(A), the Secretary—

(1) shall award a grant in the amount of $500,000 to Guam for vocational education and training for the purpose of providing direct educational services related to vocational education, including—

(A) teacher and counselor training and retraining;

(B) curriculum development; and

(C) improving vocational education programs in secondary schools and institutions of higher education, or improving cooperative education programs involving both secondary schools and institutions of higher education; and

(2) shall award a grant in the amount of $190,000 to each of American Samoa and the Commonwealth of the Northern Mariana Islands for vocational education for the purpose described in paragraph (1).

(b) SPECIAL RULE.—

(1) IN GENERAL.—From funds reserved under section 111(a)(1)(A) and not awarded under subsection (a), the Secretary shall make available the amount awarded to the Republic of the Marshall Is-

lands, the Federated States of Micronesia, and the Republic of Palau under section 101A of the Carl D. Perkins Vocational and Applied Technology Education Act (as such section was in effect on the day before the date of enactment of this Act) to award grants under the succeeding sentence. From the amount made available under the preceding sentence, the Secretary shall award grants, to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau for the purpose described in subsection (a)(1).

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

(3) TERMINATION OF ELIGIBILITY.—Notwithstanding any other provision of law, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau shall not receive any funds under this title for any fiscal year that begins after September 30, 2004.

(4) ADMINISTRATIVE COSTS.—The Secretary may provide not more than 5 percent of the funds

made available for grants under this subsection to pay the administrative costs of the Pacific Region Educational Laboratory regarding activities assisted under this subsection.

SEC. 114. INDIAN AND HAWAIIAN NATIVE PROGRAMS.

(a) DEFINITIONS; AUTHORITY OF SECRETARY.—

(1) DEFINITIONS.—For the purpose of this section—

(A) the term "Act of April 16, 1934" means the Act entitled "An Act authorizing the Secretary of the Interior to arrange with States or territories for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes", enacted April 16, 1934 (48 Stat. 596; 25 U.S.C. 452 et seq.);

(B) the term "Bureau funded school" has the meaning given the term in section 1146 of the Education Amendments of 1978 (25 U.S.C. 2026);

(C) the term "Hawaiian native" means any individual any of whose ancestors were natives, prior to 1778, of the area which now comprises the State of Hawaii; and

(D) the terms "Indian" and "Indian tribe" have the meanings given the terms in section 2

of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801).

(2) AUTHORITY.—From the funds reserved pursuant to section 111(a)(1)(B), the Secretary shall award grants and enter into contracts for Indian and Hawaiian native programs in accordance with this section, except that such programs shall not include secondary school programs in Bureau funded schools.

(b) INDIAN PROGRAMS.—

(1) AUTHORITY.—

(A) IN GENERAL.—Except as provided in subparagraph (B), from the funds reserved pursuant to section 111(a)(1)(B)(i), the Secretary is directed—

(i) upon the request of any Indian tribe, or a tribal organization serving an Indian tribe, which is eligible to contract with the Secretary of the Interior for the administration of programs under the Indian Self-Determination Act (25 U.S.C. 450 et seq.) or under the Act of April 16, 1934; or

(ii) upon an application received from a Bureau funded school offering postsecondary or adult education programs filed at

such time and under such conditions as the Secretary may prescribe,

to make grants to or enter into contracts with any Indian tribe or tribal organization, or to make a grant to such Bureau funded school, as appropriate, to plan, conduct, and administer programs or portions of programs authorized by, and consistent with the purpose of, this title.

(B) REQUIREMENTS.—The grants or contracts described in subparagraph (A), shall be subject to the following:

(i) TRIBES AND TRIBAL ORGANIZATIONS.—Such grants or contracts with any tribes or tribal organization shall be subject to the terms and conditions of section 102 of the Indian Self-Determination Act (25 U.S.C. 450f) and shall be conducted in accordance with the provisions of sections 4, 5, and 6 of the Act of April 16, 1934, which are relevant to the programs administered under this subsection.

(ii) BUREAU FUNDED SCHOOLS.—Such grants to Bureau funded schools shall not be subject to the requirements of the Indian

Self-Determination Act (25 U.S.C. 450f et seq.) or the Act of April 16, 1934.

(C) REGULATIONS.—If the Secretary promulgates any regulations applicable to subparagraph (B), the Secretary shall—

(i) confer with, and allow for active participation by, representatives of Indian tribes, tribal organizations, and individual tribal members; and

(ii) promulgate the regulations under subchapter III of chapter 5 of title 5, United States Code, commonly known as the "Negotiated Rulemaking Act of 1990".

(D) APPLICATION.—Any Indian tribe, tribal organization, or Bureau funded school eligible to receive assistance under this paragraph may apply individually or as part of a consortium with another such Indian tribe, tribal organization, or Bureau funded school.

(E) PERFORMANCE MEASURES AND EVALUATION.—Any Indian tribe, tribal organization, or Bureau funded school that receives assistance under this section shall—

(i) establish performance measures and expected levels of performance to be achieved by students served under this section; and

(ii) evaluate the quality and effectiveness of activities and services provided under this subsection.

(F) MINIMUM.—In the case of a Bureau funded school, the minimum amount of a grant awarded or contract entered into under this section shall be $35,000.

(G) RESTRICTIONS.—The Secretary may not place upon grants awarded or contracts entered into under this paragraph any restrictions relating to programs other than restrictions that apply to grants made to or contracts entered into with States pursuant to allotments under section 111(a). The Secretary, in awarding grants and entering into contracts under this paragraph, shall ensure that the grants and contracts will improve vocational education programs, and shall give special consideration to—

(i) grants or contracts which involve, coordinate with, or encourage tribal economic development plans; and

(ii) applications from tribally controlled community colleges that—

(I) are accredited or are candidates for accreditation by a nationally recognized accreditation organization as an institution of postsecondary vocational education; or

(II) operate vocational education programs that are accredited or are candidates for accreditation by a nationally recognized accreditation organization, and issue certificates for completion of vocational education programs.

(H) STIPENDS.—

(i) IN GENERAL.—Funds received pursuant to grants or contracts described in subparagraph (A) may be used to provide stipends to students who are enrolled in vocational education programs and who have acute economic needs which cannot be met through work-study programs.

(ii) AMOUNT.—Stipends described in clause (i) shall not exceed reasonable amounts as prescribed by the Secretary.

(2) MATCHING.—If sufficient funding is available, the Bureau of Indian Affairs shall expend an amount equal to the amount made available under this subsection, relating to programs for Indians, to pay a part of the costs of programs funded under this subsection. During each fiscal year the Bureau of Indian Affairs shall expend no less than the amount expended during the prior fiscal year on vocational education programs, services, and activities administered either directly by, or under contract with, the Bureau of Indian Affairs, except that in no year shall funding for such programs, services, and activities be provided from accounts and programs that support other Indian education programs. The Secretary and the Assistant Secretary of the Interior for Indian Affairs shall prepare jointly a plan for the expenditure of funds made available and for the evaluation of programs assisted under this subsection. Upon the completion of a joint plan for the expenditure of the funds and the evaluation of the programs, the Secretary shall assume responsibility for the administration of the program, with the assistance and consultation of the Bureau of Indian Affairs.

(3) SPECIAL RULE.—Programs funded under this subsection shall be in addition to such other pro-

grams, services, and activities as are made available to eligible Indians under other provisions of this Act.

(c) HAWAIIAN NATIVE PROGRAMS.—From the funds reserved pursuant to section 111(a)(1)(B)(ii), the Secretary shall award grants or enter into contracts, with organizations primarily serving and representing Hawaiian natives which are recognized by the Governor of the State of Hawaii, for the planing, conduct, or administration of programs, or portions thereof, that are described in this title and consistent with the purpose of this title, for the benefit of Hawaiian natives.

SEC. 115. TRIBALLY CONTROLLED POSTSECONDARY VOCATIONAL INSTITUTIONS.

(a) IN GENERAL.—It is the purpose of this section to provide grants for the operation and improvement of tribally controlled postsecondary vocational institutions to ensure continued and expanded educational opportunities for Indian students, and to allow for the improvement and expansion of the physical resources of such institutions.

(b) GRANTS AUTHORIZED.—

(1) IN GENERAL.—From the funds reserved pursuant to section 111(a)(1)(B)(iii), the Secretary shall make grants to tribally controlled postsecondary vocational institutions to provide basic support for the vocational education and training of Indian students.

(2) AMOUNT OF GRANTS.—

(A) IN GENERAL.—If the sum appropriated for any fiscal year for grants under this section is not sufficient to pay in full the total amount that approved applicants are eligible to receive under this section for such fiscal year, the Secretary shall first allocate to each such applicant that received funds under this part for the preceding fiscal year an amount equal to 100 percent of the product of the per capita payment for the preceding fiscal year and such applicant's Indian student count for the current program year, plus an amount equal to the actual cost of any increase to the per capita figure resulting from inflationary increases to necessary costs beyond the institution's control.

(B) PER CAPITA DETERMINATION.—For the purposes of paragraph (1), the per capita payment for any fiscal year shall be determined by dividing the amount available for grants to tribally controlled postsecondary vocational institutions under this part for such program year by the sum of the Indian student counts of such institutions for such program year. The Secretary shall, on the basis of the most accurate data

available from the institutions, compute the Indian student count for any fiscal year for which such count was not used for the purpose of making allocations under this section.

(c) ELIGIBLE GRANT RECIPIENTS.—To be eligible for assistance under this section a tribally controlled postsecondary vocational institution shall—

(1) be governed by a board of directors or trustees, a majority of whom are Indians;

(2) demonstrate adherence to stated goals, a philosophy, or a plan of operation which fosters individual Indian economic and self-sufficiency opportunity, including programs that are appropriate to stated tribal goals of developing individual entrepreneurships and self-sustaining economic infrastructures on reservations;

(3) have been in operation for at least 3 years;

(4) hold accreditation with or be a candidate for accreditation by a nationally recognized accrediting authority for postsecondary vocational education; and

(5) enroll the full-time equivalency of not less than 100 students, of whom a majority are Indians.

(d) GRANT REQUIREMENTS.—

(1) APPLICATIONS.—Any tribally controlled postsecondary vocational institution that desires to

receive a grant under this section shall submit an application to the Secretary. Such application shall include a description of recordkeeping procedures for the expenditure of funds received under this section that will allow the Secretary to audit and monitor programs.

(2) NUMBER.—The Secretary shall award not less than 2 grants under this section for each fiscal year.

(3) CONSULTATION.—In awarding grants under this section, the Secretary shall, to the extent practicable, consult with the boards of trustees of, and the tribal governments chartering, the institutions desiring the grants.

(4) LIMITATION.—Amounts made available through grants under this section shall not be used in connection with religious worship or sectarian instruction.

(e) USES OF GRANTS.—

(1) IN GENERAL.—The Secretary shall, subject to the availability of appropriations, provide for each program year to each tribally controlled postsecondary vocational institution having an application approved by the Secretary, an amount necessary to pay expenses associated with—

(A) the maintenance and operation of the program, including development costs, costs of basic and special instruction (including special programs for individuals with disabilities and academic instruction), materials, student costs, administrative expenses, boarding costs, transportation, student services, daycare and family support programs for students and their families (including contributions to the costs of education for dependents), and student stipends;

(B) capital expenditures, including operations and maintenance, and minor improvements and repair, and physical plant maintenance costs, for the conduct of programs funded under this section; and

(C) costs associated with repair, upkeep, replacement, and upgrading of the instructional equipment.

(2) ACCOUNTING.—Each institution receiving a grant under this section shall provide annually to the Secretary an accurate and detailed accounting of the institution's operating and maintenance expenses and such other information concerning costs as the Secretary may reasonably require.

(f) EFFECT ON OTHER PROGRAMS.—

(1) IN GENERAL.—Except as specifically provided in this Act, eligibility for assistance under this section shall not preclude any tribally controlled postsecondary vocational institution from receiving Federal financial assistance under any program authorized under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) or any other applicable program for the benefit of institutions of higher education or vocational education.

(2) PROHIBITION ON ALTERATION OF GRANT AMOUNT.—The amount of any grant for which tribally controlled postsecondary vocational institutions are eligible under this section shall not be altered because of funds allocated to any such institution from funds appropriated under the Act of November 2, 1921 (commonly known as the "Snyder Act") (42 Stat. 208, chapter 115; 25 U.S.C. 13).

(3) PROHIBITION ON CONTRACT DENIAL.—No tribally controlled postsecondary vocational institution for which an Indian tribe has designated a portion of the funds appropriated for the tribe from funds appropriated under such Act of November 2, 1921, may be denied a contract for such portion under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b et seq.) (except as pro-

vided in that Act), or denied appropriate contract support to administer such portion of the appropriated funds.

(g) NEEDS ESTIMATE AND REPORT ON FACILITIES AND FACILITIES IMPROVEMENT.—

(1) NEEDS ESTIMATE.—The Secretary shall, based on the most accurate data available from the institutions and Indian tribes whose Indian students are served under this section, and in consideration of employment needs, economic development needs, population training needs, and facilities needs, prepare an actual budget needs estimate for each institution eligible under this section for each subsequent program year, and submit such budget needs estimate to Congress in such a timely manner as will enable the appropriate committees of Congress to consider such needs data for purposes of the uninterrupted flow of adequate appropriations to such institutions. Such data shall take into account the goals and requirements of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat. 2105).

(2) STUDY OF TRAINING AND HOUSING NEEDS.—

(A) IN GENERAL.—The Secretary shall conduct a detailed study of the training, housing,

and immediate facilities needs of each institution eligible under this section. The study shall include an examination of—

(i) training equipment needs;

(ii) housing needs of families whose heads of households are students and whose dependents have no alternate source of support while such heads of households are students; and

(iii) immediate facilities needs.

(B) REPORT.—The Secretary shall report to Congress not later than July 1, 1999, on the results of the study required by subparagraph (A).

(C) CONTENTS.—The report required by subparagraph (B) shall include the number, type, and cost of meeting the needs described in subparagraph (A), and rank each institution by relative need.

(D) PRIORITY.—In conducting the study required by subparagraph (A), the Secretary shall give priority to institutions that are receiving assistance under this section.

(3) LONG-TERM STUDY OF FACILITIES.—

(A) IN GENERAL.—The Secretary shall provide for the conduct of a long-term study of the

facilities of each institution eligible for assistance under this section.

(B) CONTENTS.—The study required by subparagraph (A) shall include a 5-year projection of training facilities, equipment, and housing needs and shall consider such factors as projected service population, employment, and economic development forecasting, based on the most current and accurate data available from the institutions and Indian tribes affected.

(C) SUBMISSION.—The Secretary shall submit to Congress a detailed report on the results of such study not later than the end of the 18-month period beginning on the date of enactment of this Act.

(h) DEFINITIONS.—For the purposes of this section:

(1) INDIAN; INDIAN TRIBE.—The terms "Indian" and "Indian tribe" have the meaning given such terms in section 2 of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801).

(2) TRIBALLY CONTROLLED POSTSECONDARY VOCATIONAL INSTITUTION.—The term "tribally controlled postsecondary vocational institution" means an institution of higher education that—

(A) is formally controlled, or has been formally sanctioned or chartered by the governing body of an Indian tribe or tribes; and

(B) offers technical degrees or certificate granting programs.

(3) INDIAN STUDENT COUNT.—The term "Indian student count" means a number equal to the total number of Indian students enrolled in each tribally controlled postsecondary vocational institution, determined as follows:

(A) REGISTRATIONS.—The registrations of Indian students as in effect on October 1 of each year.

(B) SUMMER TERM.—Credits or clock hours toward a certificate earned in classes offered during a summer term shall be counted toward the computation of the Indian student count in the succeeding fall term.

(C) ADMISSION CRITERIA.—Credits or clock hours toward a certificate earned in classes during a summer term shall be counted toward the computation of the Indian student count if the institution at which the student is in attendance has established criteria for the admission of such student on the basis of the student's ability to

benefit from the education or training offered. The institution shall be presumed to have established such criteria if the admission procedures for such studies include counseling or testing that measures the student's aptitude to successfully complete the course in which the student has enrolled. No credit earned by such student for purposes of obtaining a secondary school diploma or its recognized equivalent shall be counted toward the computation of the Indian student count.

(D) DETERMINATION OF HOURS.—Indian students earning credits in any continuing education program of a tribally controlled postsecondary vocational institution shall be included in determining the sum of all credit or clock hours.

(E) CONTINUING EDUCATION.—Credits or clock hours earned in a continuing education program shall be converted to the basis that is in accordance with the institution's system for providing credit for participation in such programs.

SEC. 116. INCENTIVE GRANTS.

(a) IN GENERAL.—The Secretary may make grants to States that exceed the expected levels of performance for performance measures established under this Act.

(b) USE OF FUNDS.—A State that receives an incentive grant under this section shall use the funds made available through the grant to carry out innovative vocational education, adult education and literacy, or workforce investment programs as determined by the State.

CHAPTER 2—STATE PROVISIONS

SEC. 121. STATE ADMINISTRATION.

Each eligible agency shall be responsible for the State administration of activities under this subtitle, including—

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

(2) the efficient and effective performance of the eligible agency's duties under this subtitle; and

(3) consultation with other appropriate agencies, groups, and individuals that are involved in the development and implementation of activities assisted under this subtitle, such as employers, parents, students, teachers, labor organizations, State and local elected officials, and local program administrators.

SEC. 122. STATE USE OF FUNDS.

(a) RESERVATIONS.—From funds allotted to each State under section 111(a) for each fiscal year, the eligible agency shall reserve—

(1) not more than 14 percent of the funds to carry out section 123;

(2) not more than 10 percent of the funds, or $300,000, whichever is greater, of which—

(A) $60,000 shall be available to provide technical assistance and advice to local educational agencies, postsecondary educational institutions, and other interested parties in the State for gender equity activities; and

(B) the remainder may be used to—

(i) develop the State plan;

(ii) review local applications;

(iii) monitor and evaluate program effectiveness;

(iv) provide technical assistance; and

(v) assure compliance with all applicable Federal laws, including required services and activities for individuals who are members of populations described in section 124(c)(16); and

(3) 1 percent of the funds, or the amount the State expended under the Carl D. Perkins Vocational

and Applied Technology Education Act (20 U.S.C. 2301 et seq.) for vocational education programs for criminal offenders for the fiscal year 1997, whichever is greater, to carry out programs for criminal offenders.

(b) REMAINDER.—From funds allotted to each State under section 111(a) for each fiscal year and not reserved under subsection (a), the eligible agency shall determine the portion of the funds that will be available to carry out sections 131 and 132.

(c) MATCHING REQUIREMENT.—Each eligible agency receiving funds under this subtitle shall match, from non-Federal sources and on a dollar-for-dollar basis, the funds received under subsection (a)(2).

SEC. 123. STATE LEADERSHIP ACTIVITIES.

(a) MANDATORY.—Each eligible agency shall use the funds reserved under section 122(a)(1) to conduct programs, services, and activities that further the development, implementation, and improvement of vocational education within the State and that are integrated, to the maximum extent possible, with challenging State academic standards, including—

(1) providing comprehensive professional development (including initial teacher preparation) for vo-

cational, academic, guidance, and administrative personnel, that—

(A) will help the teachers and personnel to assist students in meeting the expected levels of performance established under section 112;

(B) reflects the eligible agency's assessment of the eligible agency's needs for professional development; and

(C) is integrated with the professional development activities that the State carries out under title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6001 et seq.);

(2) developing and disseminating curricula that are aligned, as appropriate, with challenging State academic standards, and vocational and technological skills;

(3) monitoring and evaluating the quality of, and improvement in, activities conducted with assistance under this subtitle;

(4) providing gender equity programs in secondary and postsecondary vocational education;

(5) supporting tech-prep education activities;

(6) improving and expanding the use of technology in instruction;

(7) supporting partnerships among local educational agencies, institutions of higher education, adult education providers, and, as appropriate, other entities, such as employers, labor organizations, parents, and local partnerships, to enable students to achieve State academic standards, and vocational and technological skills; and

(8) serving individuals in State institutions, such as State correctional institutions and institutions that serve individuals with disabilities.

(b) PERMISSIVE.—Each eligible agency may use the funds reserved under section 122(a)(1) for—

(1) improving guidance and counseling programs that assist students in making informed education and vocational decisions;

(2) supporting vocational student organizations, especially with respect to efforts to increase the participation of students who are members of populations described in section 124(c)(16);

(3) providing vocational education programs for adults and school dropouts to complete their secondary school education; and

(4) providing assistance to students who have participated in services and activities under this sub-

title in finding an appropriate job and continuing their education.

SEC. 124. STATE PLAN.

(a) STATE PLAN.—

(1) IN GENERAL.—Each eligible entity desiring assistance under this subtitle for any fiscal year shall prepare and submit to the Secretary a State plan for a 3-year period, together with such annual revisions as the eligible agency determines to be necessary.

(2) COORDINATION.—The period required by paragraph (1) shall be coordinated with the period covered by the State plan described in section 304.

(3) HEARING PROCESS.—The eligible agency shall conduct public hearings in the State, after appropriate and sufficient notice, for the purpose of affording all segments of the public and interested organizations and groups (including employers, labor organizations, and parents), an opportunity to present their views and make recommendations regarding the State plan. A summary of such recommendations and the eligible agency's response to such recommendations shall be included with the State plan.

(b) PLAN DEVELOPMENT.—The eligible agency shall develop the State plan with representatives of secondary and postsecondary vocational education, parents, represent-

atives of populations described in section 124(c)(16), and businesses, in the State and shall also consult the Governor of the State.

(c) PLAN CONTENTS.—The State plan shall include information that—

(1) describes the vocational education activities to be assisted that are designed to meet and reach the State performance measures;

(2) describes the integration of academic and technological education with vocational education;

(3) describes how the eligible agency will disaggregate data relating to students participating in vocational education in order to adequately measure the progress of the students;

(4) describes how the eligible agency will adequately address the needs of students in alternative education programs;

(5) describes how the eligible agency will provide local educational agencies, area vocational education schools, and eligible institutions in the State with technical assistance;

(6) describes how the eligible agency will encourage the participation of the parents of secondary school students who are involved in vocational education activities;

(7) identifies how the eligible agency will obtain the active participation of business, labor organizations, and parents in the development and improvement of vocational education activities carried out by the eligible agency;

(8) describes how vocational education relates to State and regional employment opportunities;

(9) describes the methods proposed for the joint planning and coordination of programs carried out under this subtitle with other Federal education programs;

(10) describes how funds will be used to promote gender equity in secondary and postsecondary vocational education;

(11) describes how funds will be used to improve and expand the use of technology in instruction;

(12) describes how funds will be used to serve individuals in State correctional institutions;

(13) describes how funds will be used effectively to link secondary and postsecondary education;

(14) describes how funds will be allocated and used at the secondary and postsecondary level, any consortia that will be formed among secondary schools and eligible institutions, and how funds will be allocated among the members of the consortia;

(15) describes how the eligible agency will ensure that the data reported to the eligible agency from local educational agencies and eligible institutions under this subtitle and the data the eligible agency reports to the Secretary are complete, accurate, and reliable;

(16) describes the eligible agency's program strategies for populations that include, at a minimum—

(A) low-income individuals, including foster children;

(B) individuals with disabilities;

(C) single parents and displaced homemakers; and

(D) individuals with other barriers to educational achievement, including individuals with limited English proficiency;

(17) describes how individuals who are members of the special populations described in subsection (c)(16)—

(A) will be provided with equal access to activities assisted under this title; and

(B) will not be discriminated against on the basis of their status as members of the special populations; and

(18) contains the description and information specified in paragraphs (9) and (17) of section 304(b) concerning the provision of services only for post-secondary students and school dropouts.

(d) PLAN APPROVAL.—

(1) IN GENERAL.—The Secretary shall approve a State plan, or a revision to an approved State plan, only if the Secretary determines that—

(A) the State plan, or revision, respectively, meets the requirements of this section; and

(B) the State's performance measures and expected levels of performance under section 112 are sufficiently rigorous to meet the purpose of this title.

(2) DISAPPROVAL.—The Secretary shall not finally disapprove a State plan, except after giving the eligible agency notice and an opportunity for a hearing.

(3) PEER REVIEW.—The Secretary shall establish a peer review process to make recommendations regarding approval of State plans.

(4) TIMEFRAME.—A State plan shall be deemed approved if the Secretary has not responded to the eligible agency regarding the plan within 90 days of the date the Secretary receives the plan.

(e) ASSURANCES.—A State plan shall contain assurances that the State will comply with the requirements of this title and the provisions of the State plan, and provide for such fiscal control and fund accounting procedures that may be necessary to ensure the proper disbursement of, and accounting for, funds paid to the State under this title.

(f) ELIGIBLE AGENCY REPORT.—

(1) IN GENERAL.—The eligible agency shall annually report to the Secretary regarding—

(A) the quality and effectiveness of the programs, services, and activities, assisted under this subtitle, based on the performance measures and expected levels of performance described in section 112; and

(B) the progress each population of individuals described in section 124(c)(16) is making toward achieving the expected levels of performance.

(2) CONTENTS.—The eligible agency report also—

(A) shall include such information, in such form, as the Secretary may reasonably require, in order to ensure the collection of uniform data; and

(B) shall be made available to the public.

CHAPTER 3—LOCAL PROVISIONS

SEC. 131. DISTRIBUTION FOR SECONDARY SCHOOL VOCATIONAL EDUCATION.

(a) ALLOCATION.—Except as otherwise provided in this section, each eligible agency shall distribute the portion of the funds made available for secondary school vocational education activities under section 122(b) for any fiscal year to local educational agencies within the State as follows:

(1) SEVENTY PERCENT.—From 70 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 70 percent as the amount such local educational agency was allocated under section 1124 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333) for the preceding fiscal year bears to the total amount received under such section by all local educational agencies in the State for such year.

(2) TWENTY PERCENT.—From 20 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 20 percent as the number of students with disabilities who have individualized education programs under section 614(d) of the Individuals With Disabilities Education Act (20 U.S.C. 1414(d)) served by

such local educational agency for the preceding fiscal year bears to the total number of such students served by all local educational agencies in the State for such year.

(3) TEN PERCENT.—From 10 percent of such portion, each local educational agency shall be allocated an amount that bears the same relationship to such 10 percent as the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of such local educational agency for the preceding fiscal year bears to the number of students enrolled in schools and adults enrolled in training programs under the jurisdiction of all local educational agencies in the State for such year.

(b) MINIMUM ALLOCATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), no local educational agency shall receive an allocation under subsection (a) unless the amount allocated to such agency under subsection (a) is not less than $25,000. A local educational agency may enter into a consortium with other local educational agencies for purposes of meeting the minimum allocation requirement of this paragraph.

(2) WAIVER.—The eligible agency may waive the application of paragraph (1) for a local educational

agency that is located in a rural, sparsely populated area.

(3) REALLOCATION.—Any amounts that are not allocated by reason of paragraph (1) or (2) shall be reallocated to local educational agencies that meet the requirements of paragraph (1) or (2) in accordance with the provisions of this section.

(c) LIMITED JURISDICTION AGENCIES.—

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

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

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

(1) IN GENERAL.—Each eligible agency shall distribute the portion of funds made available for any fiscal year by such entity for secondary school vocational education activities under section 122(b) to the appropriate area vocational education school or educational service agency in any case in which—

(A) the area vocational education school or educational service agency, and the local educational agency concerned—

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

(ii) have entered into or will enter into a cooperative arrangement for such purpose; and

(B)(i) the area vocational education school or educational service agency serves an approximately equal or greater proportion of students who are individuals with disabilities or are low-income than the proportion of such students attending the secondary schools under the jurisdiction of all of the local educational agencies sending students to the area vocational education school or the educational service agency; or

(ii) the area vocational education school, educational service agency, or local educational agency demonstrates that the vocational education school or educational service agency is unable to meet the criterion described in clause (i) due to the lack of interest by students described in clause (i) in attending vocational education programs in that area vocational education school or educational service agency.

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

(A) the amount that will otherwise be distributed to the local educational agency under this section shall be allocated to the area vocational education school, the educational service agency, and the local educational agency, based on each school's or agency's relative share of students described in paragraph (1)(B)(i) who are attending vocational education programs (based, if practicable, on the average enrollment for the prior 3 years); or

(B) such amount may be allocated on the basis of an agreement between the local edu-

cational agency and the area vocational education school or educational service agency.

(3) STATE DETERMINATION.—

(A) IN GENERAL.—For the purposes of this subsection, the eligible agency may determine the number of students who are low-income on the basis of—

(i) eligibility for—

(I) free or reduced-price meals under the National School Lunch Act (7 U.S.C. 1751 et seq.);

(II) assistance under a State program funded under part A of title IV of the Social Security Act;

(III) benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

(IV) services under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.); or

(ii) another index of economic status, including an estimate of such index, if the eligible agency demonstrates to the satisfaction of the Secretary that such index is a

more representative means of determining such number.

(B) DATA.—If an eligible agency elects to use more than 1 factor described in subparagraph (A) for purposes of making the determination described in such subparagraph, the eligible agency shall ensure that the data used is not duplicative.

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

(5) SPECIAL RULE.—Notwithstanding the provisions of paragraphs (1), (2), (3), and (4), any local educational agency receiving an allocation that is not sufficient to conduct a secondary school vocational education program of sufficient size, scope, and quality to be effective may—

(A) form a consortium or enter into a cooperative agreement with an area vocational education school or educational service agency offer-

ing secondary school vocational education programs of sufficient size, scope, and quality to be effective and that are accessible to students who are individuals with disabilities or are low-income, and are served by such local educational agency; and

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

(e) SPECIAL RULE.—Each eligible agency distributing funds under this section shall treat a secondary school funded by the Bureau of Indian Affairs within the State as if such school were a local educational agency within the State for the purpose of receiving a distribution under this section.

SEC. 132. DISTRIBUTION FOR POSTSECONDARY VOCATIONAL EDUCATION.

(a) DISTRIBUTION.—

(1) IN GENERAL.—Except as otherwise provided in this section, each eligible agency shall distribute the portion of funds made available for postsecondary vocational education under section 122(b) for any fiscal year to eligible institutions within the State in accordance with paragraph (2).

(2) ALLOCATION.—Each eligible institution in the State having an application approved under section 134 for a fiscal year shall be allocated an amount that bears the same relationship to the amount of funds made available for postsecondary vocational education under section 122(b) for the fiscal year as the number of Pell Grant recipients and recipients of assistance from the Bureau of Indian Affairs enrolled for the preceding fiscal year by such eligible institution in vocational education programs that do not exceed 2 years in duration bears to the number of such recipients enrolled in such programs within the State for such fiscal year.

(3) SPECIAL RULE FOR CONSORTIA.—In order for a consortium described in section 2(12)(E) to receive assistance under this section, such consortium shall operate joint projects that—

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

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

(4) MINIMUM ALLOCATION.—

(A) IN GENERAL.—Except as provided in subparagraph (B), no eligible institution shall receive an allocation under paragraph (2) unless

the amount allocated to the eligible institution under paragraph (2) is not less than $65,000.

(B) WAIVER.—The eligible agency may waive the application of subparagraph (A) in any case in which the eligible institution is located in a rural, sparsely populated area.

(C) REALLOCATION.—Any amounts that are not allocated by reason of subparagraph (A) or (B) shall be reallocated to eligible institutions that meet the requirements of subparagraph (A) or (B) in accordance with the provisions of this section.

(5) DEFINITION OF PELL GRANT RECIPIENT.—The term "Pell Grant recipient" means a recipient of financial aid under subpart 1 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070a).

(b) ALTERNATIVE ALLOCATION.—An eligible agency may allocate funds made available for postsecondary education under section 122(b) for a fiscal year using an alternative formula if the eligible agency demonstrates to the Secretary's satisfaction that—

(1) the alternative formula better meets the purpose of this title; and

(2)(A) the formula described in subsection (a) does not result in an allocation of funds to the eligible institutions that serve the highest numbers or percentages of low-income students; and

(B) the alternative formula will result in such a distribution.

SEC. 133. LOCAL ACTIVITIES.

(a) MANDATORY.—Funds made available to a local educational agency or an eligible institution under this subtitle shall be used—

(1) to initiate, improve, expand, and modernize quality vocational education programs;

(2) to improve or expand the use of technology in vocational instruction, including professional development in the use of technology, which instruction may include distance learning;

(3) to provide services and activities that are of sufficient size, scope, and quality to be effective;

(4) to integrate academic education with vocational education for students participating in vocational education;

(5) to link secondary education (as determined under State law) and postsecondary education, including implementing tech-prep programs;

(6) to provide professional development activities to teachers, counselors, and administrators, including—

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

(B) internship programs that provide business experience to teachers; and

(C) programs designed to train teachers specifically in the use and application of technology;

(7) to develop and implement programs that provide access to, and the supportive services needed to participate in, quality vocational education programs for students, including students who are members of the populations described in section 124(c)(16);

(8) to develop and implement performance management systems and evaluations; and

(9) to promote gender equity in secondary and postsecondary vocational education.

(b) PERMISSIVE.—Funds made available to a local educational agency or an eligible institution under this subtitle may be used—

(1) to carry out student internships;

(2) to provide guidance and counseling for students participating in vocational education programs;

(3) to provide vocational education programs for adults and school dropouts to complete their secondary school education;

(4) to acquire and adapt equipment, including instructional aids;

(5) to support vocational student organizations;

(6) to provide assistance to students who have participated in services and activities under this subtitle in finding an appropriate job and continuing their education; and

(7) to support other vocational education activities that are consistent with the purpose of this title.

SEC. 134. LOCAL APPLICATION.

(a) IN GENERAL.—Each local educational agency or eligible institution desiring assistance under this subtitle shall submit an application to the eligible agency at such time, in such manner, and accompanied by such information as the eligible agency (in consultation with such other educational entities as the eligible agency determines to be appropriate) may require.

(b) CONTENTS.—Each application shall, at a minimum—

(1) describe how the vocational education activities will be carried out pertaining to meeting the expected levels of performance;

(2) describe the process that will be used to independently evaluate and continuously improve the performance of the local educational agency or eligible institution, as appropriate;

(3) describe how the local educational agency or eligible institution, as appropriate, will plan and consult with students, parents, representatives of populations described in section 124(c)(16), businesses, labor organizations, and other interested individuals, in carrying out activities under this subtitle;

(4) describe how the local educational agency or eligible institution, as appropriate, will review vocational education programs, and identify and adopt strategies to overcome barriers that result in lowering rates of access to the programs, for populations described in section 124(c)(16); and

(5) describe how individuals who are members of the special populations described in section 124(c)(16) will not be discriminated against on the basis of their status as members of the special populations.

SEC. 135. CONSORTIA.

A local educational agency and an eligible institution may form a consortium to carry out the provisions of this chapter if the sum of the amount the consortium receives for a fiscal year under sections 131 and 132 equals or exceeds $65,000.

Subtitle B—Tech-Prep Education

SEC. 151. SHORT TITLE.

This subtitle may be cited as the "Tech-Prep Education Act".

SEC. 152. PURPOSES.

The purposes of this subtitle are—

(1) to provide implementation grants to consortia of local educational agencies, postsecondary educational institutions, and employers or labor organizations, for the development and operation of programs designed to provide a tech-prep education program leading to a 2-year associate degree or a 2-year certificate;

(2) to provide, in a systematic manner, strong, comprehensive links among secondary schools, postsecondary educational institutions, and local or regional employers, or labor organizations; and

(3) to support the use of contextual, authentic, and applied teaching and curriculum based on each

State's academic, occupational, and employability standards.

SEC. 153. DEFINITIONS.

(a) In this subtitle:

(1) ARTICULATION AGREEMENT.—The term "articulation agreement" means a written commitment to a program designed to provide students with a non duplicative sequence of progressive achievement leading to degrees or certificates in a tech-prep education program.

(2) COMMUNITY COLLEGE.—The term "community college"—

(A) has the meaning provided in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141) for an institution which provides not less than a 2-year program which is acceptable for full credit toward a bachelor's degree; and

(B) includes tribally controlled community colleges.

(3) TECH-PREP PROGRAM.—The term "tech-prep program" means a program of study that—

(A) combines at a minimum 2 years of secondary education (as determined under State law) with a minimum of 2 years of postsecond-

ary education in a nonduplicative, sequential course of study;

(B) integrates academic and vocational instruction, and utilizes work-based and worksite learning where appropriate and available;

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

(D) builds student competence in mathematics, science, reading, writing, communications, economics, and workplace skills through applied, contextual academics, and integrated instruction, in a coherent sequence of courses;

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

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

SEC. 154. PROGRAM AUTHORIZED.

(a) DISCRETIONARY AMOUNTS.—

(1) IN GENERAL.—For any fiscal year for which the amount appropriated under section 157 to carry out this subtitle is equal to or less than $50,000,000,

the Secretary shall award grants for tech-prep education programs to consortia between or among—

(A) a local educational agency, an intermediate educational agency or area vocational education school serving secondary school students, or a secondary school funded by the Bureau of Indian Affairs; and

(B)(i) a nonprofit institution of higher education that offers—

(I) a 2-year associate degree program, or a 2-year certificate program, and is qualified as institutions of higher education pursuant to section 481(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)), including an institution receiving assistance under the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801 et seq.) and a tribally controlled postsecondary vocational institution; or

(II) a 2-year apprenticeship program that follows secondary instruction,

if such nonprofit institution of higher education is not prohibited from receiving assistance under part B of the Higher Education Act of 1965 (20

U.S.C. 1071 et seq.) pursuant to the provisions of section 435(a)(3) of such Act (20 U.S.C. 1083(a)); or

(ii) a proprietary institution of higher education that offers a 2-year associate degree program and is qualified as an institution of higher education pursuant to section 481(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)), if such proprietary institution of higher education is not subject to a default management plan required by the Secretary.

(2) SPECIAL RULE.—In addition, a consortium described in paragraph (1) may include 1 or more—

(A) institutions of higher education that award a baccalaureate degree; and

(B) employer or labor organizations.

(b) STATE GRANTS.—

(1) IN GENERAL.—For any fiscal year for which the amount made available under section 157 to carry out this subtitle exceeds $50,000,000, the Secretary shall allot such amount among the States in the same manner as funds are allotted to States under paragraphs (2), (3), and (4) of section 111(a).

(2) PAYMENTS TO ELIGIBLE AGENCIES.—The Secretary shall make a payment in the amount of a

State's allotment under this paragraph to the eligible agency that serves the State and has an application approved under paragraph (4).

(3) AWARD BASIS.—From amounts made available to each eligible agency under this subsection, the eligible agency shall award grants, on a competitive basis or on the basis of a formula determined by the eligible agency, for tech-prep education programs to consortia described in subsection (a).

(4) STATE APPLICATION.—Each eligible agency desiring assistance under this subtitle shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require.

SEC. 155. TECH-PREP EDUCATION PROGRAMS.

(a) GENERAL AUTHORITY.—Each consortium shall use amounts provided through the grant to develop and operate a tech-prep education program.

(b) CONTENTS OF PROGRAM.—Any such tech-prep program shall—

(1) be carried out under an articulation agreement between the participants in the consortium;

(2) consist of at least 2 years of secondary school preceding graduation and 2 years or more of higher education, or an apprenticeship program of at least

2 years following secondary instruction, with a common core of required proficiency in mathematics, science, reading, writing, communications, and technologies designed to lead to an associate's degree or a certificate in a specific career field;

(3) include the development of tech-prep education program curricula for both secondary and postsecondary levels that—

(A) meets academic standards developed by the State;

(B) links secondary schools and 2-year postsecondary institutions, and where possible and practicable, 4-year institutions of higher education through nonduplicative sequences of courses in career fields;

(C) uses, where appropriate and available, work-based or worksite learning in conjunction with business and industry; and

(D) uses educational technology and distance learning, as appropriate, to involve all the consortium partners more fully in the development and operation of programs.

(4) include a professional development program for academic, vocational, and technical teachers that—

(A) is designed to train teachers to effectively implement tech-prep education curricula;

(B) provides for joint training for teachers from all participants in the consortium;

(C) is designed to ensure that teachers stay current with the needs, expectations, and methods of business and industry;

(D) focuses on training postsecondary education faculty in the use of contextual and applied curricula and instruction; and

(E) provides training in the use and application of technology;

(5) include training programs for counselors designed to enable counselors to more effectively—

(A) make tech-prep education opportunities known to students interested in such activities;

(B) ensure that such students successfully complete such programs;

(C) ensure that such students are placed in appropriate employment; and

(D) stay current with the needs, expectations, and methods of business and industry;

(6) provide equal access to the full range of technical preparation programs to individuals who are members of populations described in section

124(c)(16), including the development of tech-prep education program services appropriate to the needs of such individuals; and

(7) provide for preparatory services that assist all participants in such programs.

(c) ADDITIONAL AUTHORIZED ACTIVITIES.—Each such tech-prep program may—

(1) provide for the acquisition of tech-prep education program equipment;

(2) as part of the program's planning activities, acquire technical assistance from State or local entities that have successfully designed, established and operated tech-prep programs;

(3) acquire technical assistance from State or local entities that have designed, established, and operated tech-prep programs that have effectively used educational technology and distance learning in the delivery of curricula and services and in the articulation process; and

(4) establish articulation agreements with institutions of higher education, labor organizations, or businesses located outside of the State served by the consortium, especially with regard to using distance learning and educational technology to provide for the delivery of services and programs.

SEC. 156. APPLICATIONS.

(a) IN GENERAL.—Each consortium that desires to receive a grant under this subtitle shall submit an application to the Secretary or the eligible agency, as appropriate, at such time and in such manner as the Secretary or the eligible agency, as appropriate, shall prescribe.

(b) THREE-YEAR PLAN.—Each application submitted under this section shall contain a 3-year plan for the development and implementation of activities under this subtitle.

(c) APPROVAL.—The Secretary or the eligible agency, as appropriate, shall approve applications based on the potential of the activities described in the application to create an effective tech-prep education program described in section 155.

(d) SPECIAL CONSIDERATION.—The Secretary or the eligible agency, as appropriate, shall give special consideration to applications that—

(1) provide for effective employment placement activities or the transfer of students to 4-year institutions of higher education;

(2) are developed in consultation with 4-year institutions of higher education;

(3) address effectively the needs of populations described in section 124(c)(16);

(4) provide education and training in areas or skills where there are significant workforce shortages, including the information technology industry; and

(5) demonstrate how tech-prep programs will help students meet high academic and employability competencies.

(e) EQUITABLE DISTRIBUTION OF ASSISTANCE.—In awarding grants under this subtitle, the Secretary shall ensure an equitable distribution of assistance among States, and the Secretary or the eligible agency, as appropriate, shall ensure an equitable distribution of assistance between urban and rural consortium participants.

(f) NOTICE.—

(1) IN GENERAL.—In the case of grants to be awarded by the Secretary, each consortium that submits an application under this section shall provide notice of such submission and a copy of such application to the State educational agency and the State agency for higher education of the State in which the consortium is located.

(2) NOTIFICATION.—The Secretary shall notify the State educational agency and the State agency for higher education of a State each time a consortium located in the State is selected to receive a grant under this subtitle.

SEC. 157. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this subtitle such sums as may be necessary for fiscal year 1999 and each of the 5 succeeding fiscal years.

SEC. 158. DEMONSTRATION PROGRAM.

(a) DEMONSTRATION PROGRAM AUTHORIZED.—From funds appropriated under subsection (e) for a fiscal year, the Secretary shall award grants to consortia described in section 154(a) to enable the consortia to carry out tech-prep education programs.

(b) PROGRAM CONTENTS.—Each tech-prep program referred to in subsection (a)—

(1) shall—

(A) involve the location of a secondary school on the site of a community college;

(B) involve a business as a member of the consortium; and

(C) require the voluntary participation of secondary school students in the tech-prep education program; and

(2) may provide summer internships at a business for students or teachers.

(c) APPLICATION.—Each consortium desiring a grant under this section shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may require.

(d) APPLICABILITY.—The provisions of sections 154, 155, 156, and 157 shall not apply to this section, except that—

(1) the provisions of section 154(a) shall apply for purposes of describing consortia eligible to receive assistance under this section;

(2) each tech-prep education program assisted under this section shall meet the requirements of paragraphs (1), (2), (3)(A), (3)(B), (3)(C), (3)(D), (4), (5), (6), and (7) of section 155(b), except that such paragraph (3)(B) shall be applied by striking ", and where possible and practicable, 4-year institutions of higher education through nonduplicative sequences of courses in career fields"; and

(3) in awarding grants under this section, the Secretary shall give special consideration to consortia submitting applications under subsection (c) that meet the requirements of paragraphs (1), (3), (4), and (5) of section 156(d), except that such paragraph (1) shall be applied by striking "or the transfer of students to 4-year institutions of higher education".

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $25,000,000 for fiscal year 1999 and each of the 5 succeeding fiscal years.

Subtitle C—General Provisions

SEC. 161. ADMINISTRATIVE PROVISIONS.

(a) SUPPLEMENT NOT SUPPLANT.—Funds made available under this title for vocational education activities shall supplement, and shall not supplant, non-Federal funds expended to carry out vocational education and tech-prep activities.

(b) MAINTENANCE OF EFFORT.—

(1) DETERMINATION.—No payments shall be made under this title for any fiscal year to an eligible agency for vocational education or tech-prep activities unless the Secretary determines that the fiscal effort per student or the aggregate expenditures of the State for vocational education for the fiscal year preceding the fiscal year for which the determination is made, equaled or exceeded such effort or expenditures for vocational education for the second fiscal year preceding the fiscal year for which the determination is made.

(2) WAIVER.—The Secretary may waive the requirements of this section, with respect to not more than 5 percent of expenditures by any eligible agency for 1 fiscal year only, on making a determination that such waiver would be equitable due to exceptional or uncontrollable circumstances affecting the ability of the applicant to meet such requirements,

such as a natural disaster or an unforeseen and precipitous decline in financial resources. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort or aggregate expenditures required under this section for years subsequent to the year covered by such waiver. The fiscal effort or aggregate expenditures for the subsequent years shall be computed on the basis of the level of funding that would, but for such waiver, have been required.

(c) REPRESENTATION.—The eligible agency shall provide representation to the statewide partnership.

SEC. 162. EVALUATION, IMPROVEMENT, AND ACCOUNTABILITY.

(a) LOCAL EVALUATION.—Each eligible agency shall evaluate annually the vocational education and tech-prep activities of each local educational agency or eligible institution receiving assistance under this title, using the performance measures established under section 112.

(b) IMPROVEMENT ACTIVITIES.—If, after reviewing the evaluation, an eligible agency determines that a local educational agency or eligible institution is not making substantial progress in achieving the purpose of this title, the local educational agency or eligible institution, in consultation with teachers, parents, and other school staff, shall—

(1) conduct an assessment of the educational and other problems that the local educational agency or eligible institution shall address to overcome local performance problems;

(2) enter into an improvement plan based on the results of the assessment, which plan shall include instructional and other programmatic innovations of demonstrated effectiveness, and where necessary, strategies for appropriate staffing and staff development; and

(3) conduct regular evaluations of the progress being made toward program improvement goals.

(c) TECHNICAL ASSISTANCE.—If the Secretary determines that an eligible agency is not properly implementing the eligible agency's responsibilities under section 124, or is not making substantial progress in meeting the purpose of this title, based on the performance measures and expected levels of performance under section 112 included in the eligible agency's State plan, the Secretary shall work with the eligible agency to implement improvement activities.

(d) WITHHOLDING OF FEDERAL FUNDS.—If, after a reasonable time, but not earlier than 1 year after implementing activities described in subsection (c), the Secretary determines that the eligible agency is not making sufficient

progress, based on the eligible agency's performance measures and expected levels of performance, the Secretary, after notice and opportunity for a hearing, shall withhold from the eligible agency all, or a portion, of the eligible agency's grant funds under this subtitle. The Secretary may use funds withheld under the preceding sentence to provide, through alternative arrangements, services, and activities within the State to meet the purpose of this title.

SEC. 163. NATIONAL ACTIVITIES.

The Secretary may, directly or through grants, contracts, or cooperative agreements, carry out research, development, dissemination, evaluation, capacity-building, and technical assistance activities that carry out the purpose of this title.

SEC. 164. NATIONAL ASSESSMENT OF VOCATIONAL EDUCATION PROGRAMS.

(a) IN GENERAL.—The Secretary shall conduct a national assessment of vocational education programs assisted under this title, through studies and analyses conducted independently through competitive awards.

(b) INDEPENDENT ADVISORY PANEL.—The Secretary shall appoint an independent advisory panel, consisting of vocational education administrators, educators, researchers, and representatives of labor organizations, business, parents, guidance and counseling professionals, and other rel-

evant groups, to advise the Secretary on the implementation of such assessment, including the issues to be addressed and the methodology of the studies involved, and the findings and recommendations resulting from the assessment. The panel shall submit to the Committee on Education and the Workforce of the House of Representatives, the Committee on Labor and Human Resources of the Senate, and the Secretary an independent analysis of the findings and recommendations resulting from the assessment. The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the panel established under this subsection.

(c) CONTENTS.—The assessment required under subsection (a) shall include descriptions and evaluations of—

(1) the effect of the vocational education programs assisted under this title on State and tribal administration of vocational education programs and on local vocational education practices, including the capacity of State, tribal, and local vocational education systems to address the purpose of this title;

(2) expenditures at the Federal, State, tribal, and local levels to address program improvement in vocational education, including the impact of Federal allocation requirements (such as within-State distribution formulas) on the delivery of services;

(3) preparation and qualifications of teachers of vocational and academic curricula in vocational education programs, as well as shortages of such teachers;

(4) participation in vocational education programs;

(5) academic and employment outcomes of vocational education, including analyses of—

(A) the number of vocational education students and tech-prep students who meet State academic standards;

(B) the extent and success of integration of academic and vocational education for students participating in vocational education programs; and

(C) the degree to which vocational education is relevant to subsequent employment or participation in postsecondary education;

(6) employer involvement in, and satisfaction with, vocational education programs;

(7) the use and impact of educational technology and distance learning with respect to vocational education and tech-prep programs; and

(8) the effect of performance measures, and other measures of accountability, on the delivery of vocational education services.

(d) CONSULTATION.—

(1) IN GENERAL.—The Secretary shall consult with the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate in the design and implementation of the assessment required under subsection (a).

(2) REPORTS.—The Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives, the Committee on Labor and Human Resources of the Senate, and the Secretary—

(A) an interim report regarding the assessment on or before July 1, 2001; and

(B) a final report, summarizing all studies and analyses that relate to the assessment and that are completed after the assessment, on or before July 1, 2002.

(3) PROHIBITION.—Notwithstanding any other provision of law or regulation, the reports required by this subsection shall not be subject to any review outside of the Department of Education before their transmittal to the Committee on Education and the Workforce of the House of Representatives, the Committee on Labor and Human Resources of the Senate,

and the Secretary, but the President, the Secretary, and the independent advisory panel established under subsection (b) may make such additional recommendations to Congress with respect to the assessment as the President, the Secretary, or the panel determine to be appropriate.

SEC. 165. NATIONAL RESEARCH CENTER.

(a) GENERAL AUTHORITY.—

(1) IN GENERAL.—The Secretary, through grants, contracts, or cooperative agreements, may establish 1 or more national centers in the areas of—

(A) applied research and development; and

(B) dissemination and training.

(2) CONSULTATION.—The Secretary shall consult with the States prior to establishing 1 or more such centers.

(3) ELIGIBLE ENTITIES.—Entities eligible to receive funds under this section are institutions of higher education, other public or private nonprofit organizations or agencies, and consortia of such institutions, organizations, or agencies.

(b) ACTIVITIES.—

(1) IN GENERAL.—The national center or centers shall carry out such activities as the Secretary determines to be appropriate to assist State and local re-

cipients of funds under this title to achieve the purpose of this title, which may include the research and evaluation activities in such areas as—

(A) the integration of vocational and academic instruction, secondary and postsecondary instruction;

(B) effective inservice and preservice teacher education that assists vocational education systems;

(C) education technology and distance learning approaches and strategies that are effective with respect to vocational education;

(D) performance measures and expected levels of performance that serve to improve vocational education programs and student achievement;

(E) effects of economic changes on the kinds of knowledge and skills required for employment or participation in postsecondary education;

(F) longitudinal studies of student achievement; and

(G) dissemination and training activities related to the applied research and demonstration activities described in this subsection, which may also include—

(i) serving as a repository for information on vocational and technological skills, State academic standards, and related materials; and

(ii) developing and maintaining national networks of educators who facilitate the development of vocational education systems.

(2) REPORT.—The center or centers conducting the activities described in paragraph (1) annually shall prepare a report of key research findings of such center or centers and shall submit copies of the report to the Secretary, the Secretary of Labor, and the Secretary of Health and Human Services. The Secretary shall submit that report to the Committee on Education and the Workforce of the House of Representatives, the Committee on Labor and Human Resources of the Senate, the Library of Congress, and each eligible agency.

(c) REVIEW.—The Secretary shall—

(1) consult at least annually with the national center or centers and with experts in education to ensure that the activities of the national center or centers meet the needs of vocational education programs; and

(2) undertake an independent review of each award recipient under this section prior to extending an award to such recipient beyond a 5-year period.

SEC. 166. DATA SYSTEMS.

(a) IN GENERAL.—The Secretary shall maintain a data system to collect information about, and report on, the condition of vocational education and on the effectiveness of State and local programs, services, and activities carried out under this title in order to provide the Secretary and Congress, as well as Federal, State, local, and tribal agencies, with information relevant to improvement in the quality and effectiveness of vocational education. The Secretary annually shall report to Congress on the Secretary's analysis of performance data collected each year pursuant to this title, including an analysis of performance data regarding the populations described in section 124(c)(16).

(b) DATA SYSTEM.—In maintaining the data system, the Secretary shall ensure that the data system is compatible with other Federal information systems.

(c) ASSESSMENTS.—As a regular part of its assessments, the National Center for Education Statistics shall collect and report information on vocational education for a nationally representative sample of students. Such assessment may include international comparisons.

SEC. 167. PROMOTING SCHOLAR-ATHLETE COMPETITIONS.

Section 10104 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8004) is amended—

(1) in subsection (a), by striking "to be held in 1995"; and

(2) in subsection (b)—

(A) in paragraph (4), by striking "in the summer of 1995;" and inserting "; and";

(B) in paragraph (5), by striking "in 1996 and thereafter, as well as replicate such program internationally; and" and inserting "and internationally."; and

(C) by striking paragraph (6).

SEC. 168. DEFINITION.

In this title, the term "gender equity", used with respect to a program, service, or activity, means a program, service, or activity that is designed to ensure that men and women (including single parents and displaced homemakers) have access to opportunities to participate in vocational education that prepares the men and women to enter high-skill, high-wage careers.

Subtitle D—Authorization of Appropriations

SEC. 171. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out subtitle (A), and sections 163, 164, 165, and 166, such sums

as may be necessary for fiscal year 1999 and each of the 5 succeeding fiscal years.

Subtitle E—Repeal

SEC. 181. REPEAL.

(a) REPEAL.—The Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.) is repealed.

(b) REFERENCES TO CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—

(1) IMMIGRATION AND NATIONALITY ACT.—Section 245A(h)(4)(C) of the Immigration and Nationality Act (8 U.S.C. 1255a(h)(4)(C)) is amended by striking "Vocational Education Act of 1963" and inserting "Carl D. Perkins Vocational and Applied Technology Education Act of 1998".

(2) NATIONAL DEFENSE AUTHORIZATION ACT.—Section 4461 of the National Defense Authorization Act for Fiscal Year 1993 (10 U.S.C. 1143 note) is amended—

(A) by striking paragraph (4); and

(B) by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(3) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—The Elementary and Secondary Edu-

cation Act of 1965 (20 U.S.C. 6301 et seq.) is amended—

(A) in section 1114(b)(2)(C)(v) (20 U.S.C. 6314(b)(2)(C)(v)), by striking "Carl D. Perkins Vocational and Applied Technology Education Act," and inserting "Carl D. Perkins Vocational and Applied Technology Education Act of 1998";

(B) in section 9115(b)(5) (20 U.S.C. 7815(b)(5)), by striking "Carl D. Perkins Vocational and Applied Technology Education Act" and inserting "Carl D. Perkins Vocational and Applied Technology Education Act of 1998";

(C) in section 14302(a)(2) (20 U.S.C. 8852(a)(2))—

(i) by striking subparagraph (C); and

(ii) by redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively; and

(D) in the matter preceding subparagraph (A) of section 14307(a)(1) (20 U.S.C. 8857(a)(1)), by striking "Carl D. Perkins Vocational and Applied Technology Education Act" and inserting "Carl D. Perkins Vocational and Applied Technology Education Act of 1998".

(4) EQUITY IN EDUCATIONAL LAND-GRANT STATUS ACT OF 1994.—Section 533(c)(4)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking "(20 U.S.C. 2397h(3)" and inserting ", as such section was in effect on the day preceding the date of enactment of the Carl D. Perkins Vocational and Applied Technology Education Act of 1998".

(5) IMPROVING AMERICA'S SCHOOLS ACT OF 1994.—Section 563 of the Improving America's Schools Act of 1994 (20 U.S.C. 6301 note) is amended by striking "the date of enactment of an Act reauthorizing the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)" and inserting "July 1, 1999".

(6) INTERNAL REVENUE CODE OF 1986.—Section 135(c)(3)(B) of the Internal Revenue Code of 1986 (26 U.S.C. 135(c)(3)(B)) is amended—

(A) by striking "subparagraph (C) or (D) of section 521(3) of the Carl D. Perkins Vocational Education Act" and inserting "subparagraph (C) or (D) of section 2(3) of the Workforce Investment Partnership Act of 1998"; and

(B) by striking "any State (as defined in section 521(27) of such Act)" and inserting "any

State or outlying area (as the terms 'State' and 'outlying area' are defined in section 2 of such Act)".

(7) APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965.—Section 214(c) of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 214(c)) (as amended by subsection (c)(5)) is further amended by striking "Carl D. Perkins Vocational Education Act" and inserting "Carl D. Perkins Vocational and Applied Technology Education Act of 1998".

(8) VOCATIONAL EDUCATION AMENDMENTS OF 1968.—Section 104 of the Vocational Education Amendments of 1968 (82 Stat. 1091) is amended by striking "section 3 of the Carl D. Perkins Vocational Education Act" and inserting "the Carl D. Perkins Vocational and Applied Technology Education Act of 1998".

(9) OLDER AMERICANS ACT OF 1965.—The Older Americans Act of 1965 (42 U.S.C. 3001 et seq.) is amended—

(A) in section 502(b)(1)(N)(i) (42 U.S.C. 3056(b)(1)(N)(i)), by striking "or the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)"; and

(B) in section 505(d)(2) (42 U.S.C. 3056c(d)(2))—

(i) by striking "employment and training programs" and inserting "workforce investment activities"; and

(ii) by striking "the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.)" and inserting "the Carl D. Perkins Vocational and Applied Technology Education Act of 1998".

TITLE II—ADULT EDUCATION AND LITERACY

SEC. 201. SHORT TITLE.

This title may be cited as the "Adult Education and Literacy Act".

SEC. 202. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress finds that—

(1) the National Adult Literacy Survey and other studies have found that more than one-fifth of American adults demonstrate very low literacy skills that make it difficult for the adults to be economically self-sufficient, much less enter high-skill, high-wage jobs;

(2) data from the National Adult Literacy Survey show that adults with very low levels of literacy are 10 times as likely to be poor as adults with high levels of literacy; and

(3) our Nation's well-being is dependent on the knowledge and skills of all of our Nation's citizens.

(b) PURPOSE.—It is the purpose of this title to create a partnership among the Federal Government, States, and localities to help provide for adult education and literacy services so that adults who need such services, will, as appropriate, be able to—

(1) become literate and obtain the knowledge and skills needed to compete in a global economy;

(2) complete a secondary school education; and

(3) have the education skills necessary to support the educational development of their children.

Subtitle A—Adult Education and Literacy Programs

CHAPTER 1—FEDERAL PROVISIONS

SEC. 211. RESERVATION; GRANTS TO STATES; ALLOTMENTS.

(a) RESERVATION OF FUNDS FOR NATIONAL LEADERSHIP ACTIVITIES.—From the amount appropriated for any fiscal year under section 246, the Secretary shall reserve—

(1) 1.5 percent to carry out section 213;

(2) 2 percent to carry out section 243; and

(3) 1.5 percent to carry out section 245.

(b) GRANTS TO STATES.—From the sum appropriated under section 246 and not reserved under subsection (a) for a fiscal year, the Secretary shall award a grant to each eligible agency having a State plan approved under section 224 in an amount equal to the sum of the initial allotment under subsection (c)(1) and the additional allotment under subsection (c)(2) for the eligible agency for the fiscal year to enable the eligible agency to carry out the activities assisted under this subtitle.

(c) ALLOTMENTS.—

(1) INITIAL ALLOTMENTS.—From the sum appropriated under section 246 and not reserved under subsection (a) for a fiscal year, the Secretary first shall allot to each eligible agency having a State plan approved under section 224 the following amounts:

(A) $100,000 in the case of an eligible agency serving the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

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

(2) ADDITIONAL ALLOTMENTS.—From the sum appropriated under section 246, not reserved under subsection (a), and not allotted under paragraph (1), for any fiscal year, the Secretary shall allot to each eligible agency an amount that bears the same relationship to such sum as the number of qualifying adults in the State or outlying area served by the eligible agency bears to the number of such adults in all States and outlying areas.

(d) QUALIFYING ADULT.—For the purposes of this subsection, the term "qualifying adult" means an adult who—

(1) is at least 16 years of age;

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

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

(4) is not enrolled in secondary school.

(e) SPECIAL RULE.—

(1) IN GENERAL.—From amounts made available under subsection (c) for the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau, the Secretary shall award grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Mi-

cronesia, or the Republic of Palau to carry out activities described in this part in accordance with the provisions of this subtitle that the Secretary determines are not inconsistent with this subsection.

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

(3) TERMINATION OF ELIGIBILITY.—Notwithstanding any other provision of law, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau shall not receive any funds under this part for any fiscal year that begins after September 30, 2004.

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

(f) MAINTENANCE OF EFFORT.—

(1) IN GENERAL.—An eligible agency may receive a grant under this subtitle for any fiscal year only if the Secretary finds that the amount expended

by the State for adult education and literacy, in the second fiscal year preceding the fiscal year for which the determination is made, was not less than 90 percent of the amount expended for adult education and literacy in the third fiscal year preceding the fiscal year for which the determination is made.

(2) WAIVER.—The Secretary may waive the requirements of this subsection for 1 fiscal year only if the Secretary determines that such a waiver is equitable due to exceptional or uncontrollable circumstances, such as a natural disaster or an unforeseen and precipitous decline in the financial resources of the State.

(g) REALLOTMENT.—If the Secretary determines that any amount of a State's allotment under this section for any fiscal year will not be required for carrying out the program for which such amount has been allotted, the Secretary shall make such amount available for reallotment to 1 or more States on the basis that the Secretary determines would best serve the purpose of this title.

SEC. 212. PERFORMANCE MEASURES AND EXPECTED LEVELS OF PERFORMANCE.

(a) PERFORMANCE MEASURES.—The Secretary shall publish the following performance measures to assess the progress of each eligible agency:

(1) Demonstrated improvements in literacy skill levels in reading, writing and speaking the English language, numeracy, and problem-solving.

(2) Attainment of secondary school diplomas or their recognized equivalent.

(3) Placement in, retention in, or completion of, postsecondary education, training, or unsubsidized employment.

(b) EXPECTED LEVELS OF PERFORMANCE.—In developing a State plan, each eligible agency shall negotiate with the Secretary the expected levels of performance for the performance measures described in subsection (a).

SEC. 213. NATIONAL LEADERSHIP ACTIVITIES.

(a) AUTHORITY.—From the amount reserved under section 211(a)(1) for any fiscal year, the Secretary may establish a program of national leadership and evaluation activities to enhance the quality of adult education and literacy nationwide.

(b) METHOD OF FUNDING.—The Secretary may carry out national leadership and evaluation activities directly or through grants, contracts, or cooperative agreements.

(c) USES OF FUNDS.—Funds made available to carry out this section shall be used for—

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

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

(3) dissemination, such as dissemination of information regarding promising practices resulting from federally funded demonstration programs;

(4) evaluations and assessments, such as periodic independent evaluations of activities assisted under this subtitle and assessments of the condition and progress of literacy in the United States;

(5) efforts to support capacity building at the State and local levels, such as technical assistance in program planning, assessment, evaluation, and monitoring of activities under this subtitle;

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

(7) professional development, such as technical assistance activities to advance effective training practices, identify exemplary professional development projects, and disseminate new findings in adult education training;

(8) technical assistance, such as endeavors that aid distance learning, and promote and improve the use of technology in the classroom; or

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

CHAPTER 2—STATE PROVISIONS

SEC. 221. STATE ADMINISTRATION.

(a) IN GENERAL.—Each eligible agency shall be responsible for the State administration of activities under this subtitle, including—

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

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

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

(b) STATE-IMPOSED REQUIREMENTS.—Whenever a State imposes any rule or policy relating to the administration and operation of activities funded under this subtitle (including any rule or policy based on State interpretation of any Federal law, regulation, or guideline), the State shall identify the rule or policy as a State-imposed requirement.

SEC. 222. STATE DISTRIBUTION OF FUNDS; STATE SHARE.

(a) STATE DISTRIBUTION OF FUNDS.—Each eligible agency receiving a grant under this subtitle for a fiscal year—

(1) shall use not less than 80 percent of the grant funds to carry out section 225 and to award grants and contracts under section 231, of which not more than 10 percent of the 80 percent shall be available to carry out section 225;

(2) shall use not more than 15 percent of the grant funds to carry out State leadership activities under section 223; and

(3) shall use not more than 5 percent of the grant funds, or $80,000, whichever is greater, for administrative expenses of the eligible agency.

(b) STATE SHARE REQUIREMENT.—

(1) IN GENERAL.—In order to receive a grant from the Secretary under section 211(b) each eligible agency shall provide an amount equal to 25 percent

of the total amount of funds expended for adult education in the State or outlying area, except that the Secretary may decrease the amount of funds required under this subsection for an eligible agency serving an outlying area.

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

SEC. 223. STATE LEADERSHIP ACTIVITIES.

(a) IN GENERAL.—Each eligible agency shall use funds made available under section 222(a)(2) for 1 or more of the following activities:

(1) Professional development and training, including training in the use of software and technology.

(2) Developing and disseminating curricula for adult education and literacy activities.

(3) Monitoring and evaluating the quality of, and improvement in, services and activities conducted with assistance under this subtitle.

(4) Establishing challenging performance measures and levels of performance for literacy proficiency in order to assess program quality and improvement.

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

(6) Linkages with postsecondary institutions.

(7) Supporting State or regional networks of literacy resource centers.

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

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

SEC. 224. STATE PLAN.

(a) 3-YEAR PLANS.—

(1) IN GENERAL.—Each eligible agency desiring a grant under this subtitle for any fiscal year shall submit to, or have on file with, the Secretary a 3-year State plan.

(2) COMPREHENSIVE PLAN OR APPLICATION.—The eligible agency may submit the State plan as part of a comprehensive plan or application for Federal education assistance.

(b) PLAN CONTENTS.—In developing the State plan, and any revisions to the State plan, the eligible agency shall include in the State plan or revisions—

(1) an objective assessment of the needs of individuals in the State for adult education and literacy activities, including individuals most in need or hardest to serve, such as educationally disadvantaged adults, immigrants, individuals with limited English proficiency, incarcerated individuals, homeless individuals, recipients of public assistance, and individuals with disabilities;

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

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

(4) a description of how the eligible agency will ensure that the data reported to the eligible agency from eligible providers under this subtitle and the data the eligible agency reports to the Secretary are complete, accurate, and reliable;

(5) a description of the performance measures required under section 212(a) and how such perform-

ance measures and the expected levels of performance will ensure improvement of adult education and literacy activities in the State or outlying area;

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

(7) a description of how the eligible agency will fund local activities in accordance with the priorities described in section 242(a);

(8) a description of how the eligible agency will determine which eligible providers are eligible for funding in accordance with the preferences described in section 242(b);

(9) a description of how funds will be used for State leadership activities, which activities may include professional development and training, instructional technology, and management technology;

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

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

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

(A) low-income students;

(B) individuals with disabilities;

(C) single parents and displaced homemakers; and

(D) individuals with multiple barriers to educational enhancement, including individuals with limited English proficiency;

(13) a description of the measures that will be taken by the eligible agency to assure coordination of and avoid duplication among—

(A) adult education activities authorized under this subtitle;

(B) activities authorized under title III;

(C) programs authorized under the Wagner-Peyser Act (29 U.S.C. 49 et seq.), title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.), part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)), and title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.);

(D) a work program authorized under section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o));

(E) activities authorized under chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.);

(F) activities authorized under chapter 41 of title 38, United States Code;

(G) training activities carried out by the Department of Housing and Urban Development; and

(H) programs authorized under State unemployment compensation laws in accordance with applicable Federal law; and

(14) the description and information specified in paragraphs (9) and (17) of section 304(b).

(c) PLAN REVISIONS.—When changes in conditions or other factors require substantial revisions to an approved State plan, the eligible agency shall submit a revision to the State plan to the Secretary.

(d) CONSULTATION.—The eligible agency shall—

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

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

(e) PLAN APPROVAL.—

(1) IN GENERAL.—The Secretary shall approve a State plan, or a revision to an approved State plan, only if the Secretary determines that—

(A) the State plan, or revision, respectively, meets the requirements of this section; and

(B) the State's performance measures and expected levels of performance under section 212 are sufficiently rigorous to meet the purpose of this title.

(2) DISAPPROVAL.—The Secretary shall not finally disapprove a State plan, except after giving the eligible agency notice and an opportunity for a hearing.

(3) PEER REVIEW.—The Secretary shall establish a peer review process to make recommendations regarding the approval of State plans.

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

(a) PROGRAM AUTHORIZED.—From funds made available under section 222(a)(1) for a fiscal year, each eligible

agency shall carry out corrections education or education for other institutionalized individuals.

(b) USES OF FUNDS.—The funds described in subsection (a) shall be used for the cost of educational programs for criminal offenders in corrections institutions and for other institutionalized individuals, including academic programs for—

(1) basic education;

(2) special education programs as determined by the State;

(3) bilingual programs, or English as a second language programs; and

(4) secondary school credit programs.

(c) DEFINITION OF CRIMINAL OFFENDER.—

(1) CRIMINAL OFFENDER.—The term "criminal offender" means any individual who is charged with or convicted of any criminal offense.

(2) CORRECTIONAL INSTITUTION.—The term "correctional institution" means any—

(A) prison;

(B) jail;

(C) reformatory;

(D) work farm;

(E) detention center; or

(F) halfway house, community-based rehabilitation center, or any other similar institution designed for the confinement or rehabilitation of criminal offenders.

CHAPTER 3—LOCAL PROVISIONS

SEC. 231. GRANTS AND CONTRACTS FOR ELIGIBLE PROVIDERS.

(a) GRANTS.—From funds made available under section 222(a)(1), each eligible agency shall award multiyear grants or contracts to eligible providers within the State to enable the eligible providers to develop, implement, and improve adult education and literacy activities within the State.

(b) SPECIAL RULE.—Each eligible agency receiving funds under this subtitle shall ensure that all eligible providers have direct and equitable access to apply for grants or contracts under this section.

(c) REQUIRED LOCAL ACTIVITIES.—Each eligible provider receiving a grant or contract under this subtitle shall establish programs that provide instruction or services that meet the purpose described in section 202(b), such as—

(1) adult education and literacy services; or

(2) English literacy programs.

SEC. 232. LOCAL APPLICATION.

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

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

(2) how the expected levels of performance of the eligible provider with respect to participant recruitment, retention, and performance measures described in section 212, will be met and reported to the eligible agency; and

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

SEC. 233. LOCAL ADMINISTRATIVE COST LIMITS.

(a) IN GENERAL.—Subject to subsection (b), of the sum that is made available under this subtitle to an eligible provider—

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

(2) the remaining amount, not to exceed 5 percent, shall be used for planning, administration, personnel development, and interagency coordination.

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

CHAPTER 4—GENERAL PROVISIONS

SEC. 241. ADMINISTRATIVE PROVISIONS.

(a) SUPPLEMENT NOT SUPPLANT.—Funds made available for adult education and literacy activities under this subtitle shall supplement and not supplant other State or local public funds expended for adult education and literacy activities.

(b) REPRESENTATION.—The eligible agency shall provide representation to the statewide partnership.

SEC. 242. PRIORITIES AND PREFERENCES.

(a) PRIORITIES.—Each eligible agency and eligible provider receiving assistance under this subtitle shall give priority in using the assistance to adult education and literacy activities that—

(1) are built on a strong foundation of research and effective educational practice;

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

(3) provide learning in real life contexts to ensure that an individual has the skills needed to compete in a global economy and exercise the rights and responsibilities of citizenship;

(4) are staffed by well-trained instructors, counselors, and administrators;

(5) are of sufficient intensity and duration for participants to achieve substantial learning gains, such as by earning a basic skills certificate that reflects skills acquisition and has meaning to employers;

(6) establish measurable performance levels for participant outcomes, such as levels of literacy achieved and attainment of a secondary school diploma or its recognized equivalent, that are tied to challenging State performance levels for literacy proficiency;

(7) coordinate with other available resources in the community, such as by establishing strong links with elementary schools and secondary schools, postsecondary institutions, 1-stop customer service centers, job training programs, and social service agencies;

(8) offer flexible schedules and support services (such as child care and transportation) that are nec-

essary to enable individuals, including individuals with disabilities or other special needs, to attend and complete programs; and

(9) maintain a high-quality information management system that has the capacity to report client outcomes and to monitor program performance against the State performance measures.

(b) PREFERENCES.—In determining which eligible providers will receive funds under this subtitle for a fiscal year, each eligible agency receiving a grant under this subtitle, in addition to addressing the priorities described in subsection (a), shall—

(1) give preference to eligible providers that the eligible agency determines serve—

(A) local areas with high concentrations of individuals in poverty or with low levels of literacy (including English language proficiency); or

(B) local communities that have a demonstrated need for additional English as a second language programs; and

(2) consider—

(A) the results, if any, of the evaluations required under section 244(a); and

(B) the degree to which the eligible provider will coordinate with and utilize other literacy and social services available in the community.

SEC. 243. INCENTIVE GRANTS.

(a) IN GENERAL.—The Secretary may make grants to States that exceed the expected levels of performance for performance measures established under this Act.

(b) USE OF FUNDS.—A State that receives an incentive grant under this section shall use the funds made available through the grant to carry out innovative vocational education, adult education and literacy, or workforce investment programs as determined by the State.

SEC. 244. EVALUATION, IMPROVEMENT, AND ACCOUNTABILITY.

(a) LOCAL EVALUATION.—Each eligible agency shall biennially evaluate the adult education and literacy activities of each eligible provider that receives a grant or contract under this subtitle, using the performance measures established under section 212.

(b) IMPROVEMENT ACTIVITIES.—If, after reviewing the evaluation, an eligible agency determines that an eligible provider is not making substantial progress in achieving the purpose of this subtitle, the eligible agency may work jointly with the eligible provider to develop an improvement plan. If, after not more than 2 years of implementation of

the improvement plan, the eligible agency determines that the eligible provider is not making substantial progress, the eligible agency shall take whatever corrective action the eligible agency deems necessary, which may include termination of funding or the implementation of alternative service arrangements, consistent with State law. The eligible agency shall take corrective action under the preceding sentence only after the eligible agency has provided technical assistance to the eligible provider and shall ensure, to the extent practicable, that any corrective action the eligible agency takes allows for continued services to and activities for the individuals served by the eligible provider.

(c) STATE REPORT.—

(1) IN GENERAL.—The eligible agency shall report annually to the Secretary regarding the quality and effectiveness of the adult education and literacy activities funded through the eligible agency's grants or contracts under this subtitle, based on the performance measures and expected levels of performance included in the State plan.

(2) INFORMATION.—The eligible agency shall include in the reports such information, in such form, as the Secretary may require in order to ensure the collection of uniform national data.

(3) AVAILABILITY.—The eligible agency shall make available to the public the annual report under this subsection.

(d) TECHNICAL ASSISTANCE.—If the Secretary determines that the eligible agency is not properly implementing the eligible agency's responsibilities under subsection (b), or is not making substantial progress in meeting the purpose of this subtitle, based on the performance measures and expected levels of performance included in the eligible agency's State plan, the Secretary shall work with the eligible agency to implement improvement activities.

(e) WITHHOLDING OF FEDERAL FUNDS.—If, not earlier than 2 years after implementing activities described in subsection (d), the Secretary determines that the eligible agency is not making sufficient progress, based on the eligible agency's performance measures and expected levels of performance, the Secretary, after notice and opportunity for a hearing, shall withhold from the eligible agency all, or a portion, of the eligible agency's grant under this subtitle. The Secretary may use funds withheld under the preceding sentence to provide, through alternative arrangements, services and activities within the State to meet the purpose of this title.

SEC. 245. NATIONAL INSTITUTE FOR LITERACY.

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

(1) provides national leadership regarding literacy;

(2) coordinates literacy services and policy; and

(3) is a national resource for adult education and literacy, by providing the best and most current information available and supporting the creation of new ways to offer improved literacy services.

(b) ESTABLISHMENT.—

(1) IN GENERAL.—There shall be a National Institute for Literacy (in this section referred to as the "Institute"). The Institute shall be administered under the terms of an interagency agreement entered into by the Secretary with the Secretary of Labor and the Secretary of Health and Human Services (in this section referred to as the "Interagency Group"). The Secretary may include in the Institute any research and development center, institute, or clearinghouse established within the Department of Education the purpose of which is determined by the Secretary to be related to the purpose of the Institute.

(2) RECOMMENDATIONS.—The Interagency Group shall consider the recommendations of the National Institute for Literacy Advisory Board (in this

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

(3) DAILY OPERATIONS.—The daily operations of the Institute shall be administered by the Director of the Institute.

(c) DUTIES.—

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

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

(i) effective practices in the provision of literacy and basic skills instruction, including the integration of such instruction with occupational skills training;

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

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

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

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

(C) coordinate the support of research and development on literacy and basic skills for adults across Federal agencies, especially with the Office of Educational Research and Improvement in the Department of Education, and carry out basic and applied research and development

on topics that are not being investigated by other organizations or agencies;

(D) collect and disseminate information on methods of advancing literacy;

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

(F) fund a network of State or regional adult literacy resource centers to assist State and local public and private nonprofit efforts to improve literacy by—

(i) encouraging the coordination of literacy services; and

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

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

(2) GRANTS, CONTRACTS, AND COOPERATIVE AGREEMENTS.—The Institute may award grants to, or enter into contracts or cooperative agreements with, individuals, public or private institutions, agencies, organizations, or consortia of such institutions, agencies, or organizations to carry out the activities of the Institute. Such grants, contracts, or agreements shall be subject to the laws and regulations that generally apply to grants, contracts, or agreements entered into by Federal agencies.

(d) LITERACY LEADERSHIP.—

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

(2) FELLOWSHIPS.—Fellowships awarded under this subsection shall be used, under the auspices of the Institute, to engage in research, education, training, technical assistance, or other activities to advance the field of adult education or literacy, including the training of volunteer literacy providers at the national, State, or local level.

(3) INTERNSHIPS.—The Institute, in consultation with the Board, is authorized to award paid and unpaid internships to individuals seeking to assist in carrying out the Institute's purpose and to accept assistance from volunteers.

(e) NATIONAL INSTITUTE FOR LITERACY ADVISORY BOARD.—

(1) ESTABLISHMENT.—

(A) IN GENERAL.—There shall be a National Institute for Literacy Advisory Board, which shall consist of 10 individuals appointed by the President with the advice and consent of the Senate.

(B) COMPOSITION.—The Board shall comprise individuals who are not otherwise officers or employees of the Federal Government and who are representative of such entities as—

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

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

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

(iv) experts in the area of literacy research;

(v) State and local governments;

(vi) State Directors of adult education; and

(vii) labor organizations.

(2) DUTIES.—The Board shall—

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

(B) provide independent advice on the operation of the Institute.

(3) APPOINTMENTS.—

(A) IN GENERAL.—Appointments to the Board made after the date of enactment of the Workforce Investment Partnership Act shall be for 3-year terms, except that the initial terms for members may be established at 1, 2, or 3 years in order to establish a rotation in which 1/3 of the members are selected each year.

(B) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was

appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office.

(4) OFFICERS.—The Chairperson and Vice Chairperson of the Board shall be elected by the members.

(5) MEETINGS.—The Board shall meet at the call of the Chairperson or a majority of its members.

(f) GIFTS, BEQUESTS, AND DEVISES.—

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

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

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

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

(i) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The Director and staff of the Institute may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the annual rate of basic pay payable for level IV of the Executive Schedule.

(j) EXPERTS AND CONSULTANTS.—The Institute may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(k) REPORT.—The Institute shall submit a biennial report to the Interagency Group and Congress.

(l) NONDUPLICATION.—The Institute shall not duplicate any functions carried out by the Secretary, the Secretary of Labor, or the Secretary of Health and Human

Services under this subtitle. This subsection shall not be construed to prohibit the Secretaries from delegating such functions to the Institute.

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

SEC. 246. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this title such sums as may be necessary for fiscal year 1999 and each of the 5 succeeding fiscal years.

Subtitle B—Repeal

SEC. 251. REPEAL.

(a) REPEAL.—The Adult Education Act (20 U.S.C. 1201 et. seq.) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) REFUGEE EDUCATION ASSISTANCE ACT.—Subsection (b) of section 402 of the Refugee Education Assistance Act of 1980 (8 U.S.C. 1522 note) is repealed.

(2) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—

(A) SECTION 1202 OF ESEA.—Section 1202(c)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(c)(1)) is amended by striking "Adult Education Act" and inserting "Workforce Investment Partnership Act of 1998".

(B) SECTION 1205 OF ESEA.—Section 1205(8)(B) of such Act (20 U.S.C. 6365(8)(B)) is amended by striking "Adult Education Act" and inserting "Workforce Investment Partnership Act of 1998".

(C) SECTION 1206 OF ESEA.—Section 1206(a)(1)(A) of such Act (20 U.S.C. 6366(a)(1)(A)) is amended by striking "an adult basic education program under the Adult Education Act" and inserting "adult education and literacy activities under the Workforce Investment Partnership Act of 1998".

(D) SECTION 3113 OF ESEA.—Section 3113(1) of such Act (20 U.S.C. 6813(1)) is amended by striking "section 312 of the Adult Education Act" and inserting "section 2 of the Workforce Investment Partnership Act of 1998".

(E) SECTION 9161 OF ESEA.—Section 9161(2) of such Act (20 U.S.C. 7881(2)) is

amended by striking "section 312(2) of the Adult Education Act" and inserting "section 2 of the Workforce Investment Partnership Act of 1998".

(3) OLDER AMERICANS ACT OF 1965.—Section 203(b)(8) of the Older Americans Act of 1965 (42 U.S.C. 3013(b)(8)) is amended by striking "Adult Education Act" and inserting "Workforce Investment Partnership Act of 1998".

(4) NATIONAL LITERACY ACT OF 1991.—The National Literacy Act of 1991 (20 U.S.C. 1201 note) is repealed.

TITLE III—WORKFORCE INVESTMENT AND RELATED ACTIVITIES

Subtitle A—Workforce Investment Activities

CHAPTER 1—ALLOTMENTS TO STATES FOR ADULT EMPLOYMENT AND TRAINING ACTIVITIES, DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES, AND YOUTH ACTIVITIES

SEC. 301. GENERAL AUTHORIZATION.

The Secretary of Labor shall make an allotment to each State that has a State plan approved under section 304 and a grant to each outlying area that complies with

the requirements of this title, to enable the State or outlying area to assist local areas in providing, through a statewide workforce investment system—

(1) adult employment and training activities;

(2) dislocated worker employment and training activities; and

(3) youth activities, including summer employment opportunities, tutoring, activities to promote study skills, alternative secondary school services, employment skill training, adult mentoring, and supportive services.

SEC. 302. STATE ALLOTMENTS.

(a) IN GENERAL.—The Secretary shall—

(1) make allotments and grants from the total amount appropriated under section 322(a) for a fiscal year in accordance with subsection (b)(1);

(2)(A) reserve 20 percent of the amount appropriated under section 322(b) for a fiscal year for use under subsection (b)(2)(A), and under sections 366(b)(2), 367(f), and 369; and

(B) make allotments from 80 percent of the amount appropriated under section 322(b) for a fiscal year in accordance with subsection (b)(2)(B); and

(3)(A) for each fiscal year in which the amount appropriated under section 322(c) exceeds

$1,000,000,000, reserve a portion determined under subsection (b)(3)(A) of the amount appropriated under section 322(c) for use under sections 362 and 364; and

(B) use the remainder of the amount appropriated under section 322(c) for a fiscal year to make allotments and grants in accordance with subparagraphs (B) and (C) of subsection (b)(3) and make funds available for use under section 361.

(b) ALLOTMENT AMONG STATES.—

(1) ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—

(A) OUTLYING AREAS.—

(i) IN GENERAL.—From the amount made available under subsection (a)(1) for a fiscal year, the Secretary shall reserve not more than ¼ of 1 percent—

(I) to provide assistance to the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands to carry out adult employment and training activities; and

(II) for each of the fiscal years 1999 through 2004, to carry out the

competition described in clause (iii), except that the amount reserved to carry out such clause for any such fiscal year shall not exceed the amount reserved for the Freely Associated States for fiscal year 1998, from amounts reserved under section 202(a)(1) of the Job Training Partnership Act (29 U.S.C. 1602(a)(1)) (as in effect on the day before the date of enactment of this Act).

(ii) APPLICATION.—To be eligible to receive a grant under this subparagraph, an outlying area shall submit an application to the Secretary at such time, in such manner, and containing such information and assurances as the Secretary may require.

(iii) COMPETITIVE GRANTS.—The Secretary shall use funds described in clause (i)(II) to make grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau to carry out adult employment and training activities.

(iv) BASIS.—The Secretary shall make grants pursuant to clause (iii) on a competitive basis and pursuant to the recommendations of experts in the field of employment and training, working through the Pacific Region Educational Laboratory in Honolulu, Hawaii.

(v) ASSISTANCE REQUIREMENTS.—Any Freely Associated State that desires to receive a grant made under clause (iii) shall include in the application of the State for assistance—

(I) information demonstrating that the State will meet all conditions of the regulations described in clause (ix); and

(II) an assurance that, notwithstanding any other provision of this title, the State will use the amounts made available through such grants only for the direct provision of services.

(vi) TERMINATION OF ELIGIBILITY.—Notwithstanding any other provision of law, the Freely Associated States shall not receive any funds under clause (iii) for any

program year that begins after September 30, 2004.

(vii) ADMINISTRATIVE COSTS.—The Secretary may provide not more than 5 percent of the amount made available for grants under clause (iii) to pay the administrative costs of the Pacific Region Educational Laboratory in Honolulu, Hawaii, regarding activities assisted under this subparagraph.

(viii) ADDITIONAL REQUIREMENT.—The provisions of Public Law 95–134, permitting the consolidation of grants by the outlying areas, shall not apply to funds provided to those areas, including the Freely Associated States, under this subparagraph.

(ix) REGULATIONS.—The Secretary shall issue regulations specifying requirements of this title that apply to outlying areas receiving funds under this subparagraph.

(B) STATES.—

(i) IN GENERAL.—After determining the amount to be reserved under subpara-

graph (A), the Secretary shall allot the remainder of the amount referred to in subsection (a)(1) for a fiscal year to the States pursuant to clause (ii) for adult employment and training activities.

(ii) FORMULA.—Subject to clauses (iii) and (iv), of the remainder—

(I) 33⅓ percent shall be allotted on the basis of the relative number of unemployed individuals in areas of substantial unemployment in each State, compared to the total number of unemployed individuals in areas of substantial unemployment in all States;

(II) 33⅓ percent shall be allotted on the basis of the relative excess number of unemployed individuals in each State, compared to the total excess number of unemployed individuals in all States; and

(III) 33⅓ percent shall be allotted on the basis of the relative number of disadvantaged adults in each State, compared to the total number of dis-

advantaged adults in all States, except as described in clause (iii).

(iii) CALCULATION.—In determining an allotment under clause (ii)(III) for any State in which there is a local area designated under section 307(a)(2)(A)(ii), the allotment shall be based on the higher of—

(I) the number of adults in families with an income below the low-income level in such area; or

(II) the number of disadvantaged adults in such area.

(iv) MINIMUM AND MAXIMUM PERCENTAGES AND MINIMUM ALLOTMENTS.—In making allotments under this subparagraph, the Secretary shall ensure the following:

(I) MINIMUM PERCENTAGE.—The Secretary shall ensure that no State shall receive an allotment percentage for a fiscal year that is less than 90 percent of the allotment percentage of the State for the preceding fiscal year.

(II) SMALL STATE MINIMUM ALLOTMENT.—Subject to subclauses (I)

and (III), the Secretary shall ensure that no State shall receive an allotment under this subparagraph that is less than 2/5 of 1 percent of the remainder described in clause (i) for a fiscal year.

(III) MAXIMUM PERCENTAGE.—Subject to subclause (I), the Secretary shall ensure that no State shall receive an allotment percentage for a fiscal year that is more than 130 percent of the allotment percentage of the State for the preceding fiscal year.

(v) DEFINITIONS.—In this subparagraph:

(I) ADULT.—The term "adult" means an individual who is not less than age 22 and not more than age 72.

(II) ALLOTMENT PERCENTAGE.—The term "allotment percentage", used with respect to fiscal year 1999 or a subsequent fiscal year, means a percentage of the remainder described in clause (i), received through an allotment made under this subparagraph, for the fiscal year. The term, used with

respect to fiscal year 1998, means the percentage of the amounts allotted to States under section 202(a) of the Job Training Partnership Act (29 U.S.C. 1602(a)) (as in effect on the day before the date of enactment of this Act) received under such section by the State involved for fiscal year 1998.

(III) AREA OF SUBSTANTIAL UNEMPLOYMENT.—The term "area of substantial unemployment" means any area that is of sufficient size and scope to sustain a program of workforce investment activities carried out under this subtitle and that has an average rate of unemployment of at least 6.5 percent for the most recent 12 months, as determined by the Secretary. For purposes of this subclause, determinations of areas of substantial unemployment shall be made once each fiscal year.

(IV) DISADVANTAGED ADULT.—Subject to subclause (V), the term "disadvantaged adult" means an adult

who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the higher of—

(aa) the poverty line; or

(bb) 70 percent of the lower living standard income level.

(V) DISADVANTAGED ADULT SPECIAL RULE.—The Secretary shall, as appropriate and to the extent practicable, exclude students at an institution of higher education and members of the Armed Forces from the determination of the number of disadvantaged adults.

(VI) EXCESS NUMBER.—The term "excess number" means, used with respect to the excess number of unemployed individuals within a State, the higher of—

(aa) the number that represents the number of unemployed individuals in excess of 4.5 per-

cent of the civilian labor force in the State; or

(bb) the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such State.

(2) DISLOCATED WORKER EMPLOYMENT AND TRAINING.—

(A) OUTLYING AREAS.—

(i) IN GENERAL.—From the amount made available under subsection (a)(2)(A) for a fiscal year, the Secretary shall reserve not more than ¼ of 1 percent of the amount made available under subsection (a)(2)—

(I) to provide assistance to the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands to carry out dislocated worker employment and training activities; and

(II) for each of the fiscal years 1999 through 2004, to carry out the

competition described in clause (iii), except that the amount reserved to carry out such clause for any such fiscal year shall not exceed the amount reserved for the Freely Associated States for fiscal year 1998, from amounts reserved under section 302(e) of the Job Training Partnership Act (29 U.S.C. 1652(e)) (as in effect on the day before the date of enactment of this Act).

(ii) APPLICATION.—To be eligible to receive a grant under this subparagraph, an outlying area shall submit an application to the Secretary at such time, in such manner, and containing such information and assurances as the Secretary may require.

(iii) COMPETITIVE GRANTS.—The Secretary shall use funds described in clause (i)(II) to make grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau to carry out

dislocated worker employment and training activities.

(iv) BASIS.—The Secretary shall make grants pursuant to clause (iii) on a competitive basis and pursuant to the recommendations of experts in the field of employment and training, working through the Pacific Region Educational Laboratory in Honolulu, Hawaii.

(v) ASSISTANCE REQUIREMENTS.—Any Freely Associated State that desires to receive a grant made under clause (iii) shall include in the application of the State for assistance—

(I) information demonstrating that the State will meet all conditions of the regulations described in clause (ix); and

(II) an assurance that, notwithstanding any other provision of this title, the State will use the amounts made available through such grants only for the direct provision of services.

(vi) TERMINATION OF ELIGIBILITY.—Notwithstanding any other provision of law,

the Freely Associated States shall not receive any funds under clause (iii) for any program year that begins after September 30, 2004.

(vii) ADMINISTRATIVE COSTS.—The Secretary may provide not more than 5 percent of the amount made available for grants under clause (iii) to pay the administrative costs of the Pacific Region Educational Laboratory in Honolulu, Hawaii, regarding activities assisted under this subparagraph.

(viii) ADDITIONAL REQUIREMENT.—The provisions of Public Law 95–134, permitting the consolidation of grants by the outlying areas, shall not apply to funds provided to those areas, including the Freely Associated States, under this subparagraph.

(ix) REGULATIONS.—The Secretary shall issue regulations specifying requirements of this title that apply to outlying areas receiving funds under this subparagraph.

(B) STATES.—

(i) IN GENERAL.—The Secretary shall allot the amount referred to in subsection (a)(2)(B) for a fiscal year to the States pursuant to clause (ii) for dislocated worker employment and training activities.

(ii) FORMULA.—Of the amount—

(I) 33⅓ percent shall be allotted on the basis of the relative number of unemployed individuals in each State, compared to the total number of unemployed individuals in all States;

(II) 33⅓ percent shall be allotted on the basis of the relative excess number of unemployed individuals in each State, compared to the total excess number of unemployed individuals in all States; and

(III) 33⅓ percent shall be allotted on the basis of the relative number of individuals in each State who have been unemployed for 15 weeks or more, compared to the total number of individuals in all States who have been unemployed for 15 weeks or more.

(iii) DEFINITION.—In this subparagraph, the term "excess number" means, used with respect to the excess number of unemployed individuals within a State, the number that represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the State.

(3) YOUTH ACTIVITIES.—

(A) YOUTH OPPORTUNITY GRANTS.—

(i) IN GENERAL.—For each fiscal year in which the amount appropriated under section 322(c) exceeds $1,000,000,000, the Secretary shall reserve a portion of the amount to provide youth opportunity grants and other activities under section 364 and provide youth activities under section 362.

(ii) PORTION.—The portion referred to in clause (i) shall equal, for a fiscal year—

(I) except as provided in subclause (II), the difference obtained by subtracting $1,000,000,000 from the amount described in clause (i); and

(II) for any fiscal year in which the amount is $1,250,000,000 or greater, $250,000,000.

(iii) YOUTH ACTIVITIES FOR FARMWORKERS.—From the portion described in clause (i) for a fiscal year, the Secretary shall make available $10,000,000 to provide youth activities under section 362.

(iv) ROLE MODEL ACADEMY PROJECT.—From the portion described in clause (i) for fiscal year 1999, the Secretary shall make available not more than $10,000,000 to carry out section 364(g).

(B) OUTLYING AREAS.—

(i) IN GENERAL.—From the amount made available under subsection (a)(3)(B) for a fiscal year, the Secretary shall reserve not more than ¼ of 1 percent—

(I) to provide assistance to the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands to carry out youth activities; and

(II) for each of the fiscal years 1999 through 2004, to carry out the

competition described in clause (iii), except that the amount reserved to carry out such clause for any such fiscal year shall not exceed the amount reserved for the Freely Associated States for fiscal year 1998, from amounts reserved under sections 252(a) and 262(a)(1) of the Job Training Partnership Act (29 U.S.C. and 1631(a) and 1642(a)(1)) (as in effect on the day before the date of enactment of this Act).

(ii) APPLICATION.—To be eligible to receive a grant under this subparagraph, an outlying area shall submit an application to the Secretary at such time, in such manner, and containing such information and assurances as the Secretary may require.

(iii) COMPETITIVE GRANTS.—The Secretary shall use funds described in clause (i)(II) to make grants to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micro-

nesia, or the Republic of Palau to carry out youth activities.

(iv) BASIS.—The Secretary shall make grants pursuant to clause (iii) on a competitive basis and pursuant to the recommendations of experts in the field of employment and training, working through the Pacific Region Educational Laboratory in Honolulu, Hawaii.

(v) ASSISTANCE REQUIREMENTS.—Any Freely Associated State that desires to receive a grant made under clause (iii) shall include in the application of the State for assistance—

(I) information demonstrating that the State will meet all conditions of the regulations described in clause (ix); and

(II) an assurance that, notwithstanding any other provision of this title, the State will use the amounts made available through such grants only for the direct provision of services.

(vi) TERMINATION OF ELIGIBILITY.—Notwithstanding any other provision of law,

the Freely Associated States shall not receive any funds under clause (iii) for any program year that begins after September 30, 2004.

(vii) ADMINISTRATIVE COSTS.—The Secretary may provide not more than 5 percent of the amount made available for grants under clause (iii) to pay the administrative costs of the Pacific Region Educational Laboratory in Honolulu, Hawaii, regarding activities assisted under this subparagraph.

(viii) ADDITIONAL REQUIREMENT.—The provisions of Public Law 95–134, permitting the consolidation of grants by the outlying areas, shall not apply to funds provided to those areas, including the Freely Associated States, under this subparagraph.

(ix) REGULATIONS.—The Secretary shall issue regulations specifying requirements of this title that apply to outlying areas receiving funds under this subparagraph.

(C) STATES.—

(i) IN GENERAL.—After determining the amounts to be reserved under subparagraph (A) (if any) and subparagraph (B), the Secretary shall—

(I) from the amount referred to in subsection (a)(3)(B) for a fiscal year, make available $15,000,000 to provide youth activities under section 361; and

(II) allot the remainder of the amount referred to in subsection (a)(3)(B) for a fiscal year to the States pursuant to clause (ii) for youth activities.

(ii) FORMULA.—Subject to clauses (iii) and (iv), of the remainder—

(I) 33⅓ percent shall be allotted on the basis described in paragraph (1)(B)(ii)(I);

(II) 33⅓ percent shall be allotted on the basis described in paragraph (1)(B)(ii)(II); and

(III) 33⅓ percent shall be allotted on the basis of the relative number of disadvantaged youth in each State, compared to the total number of dis-

advantaged youth in all States, except as described in clause (iii).

(iii) CALCULATION.—In determining an allotment under clause (ii)(III) for any State in which there is a local area designated under section 307(a)(2)(A)(ii), the allotment shall be based on the higher of—

(I) the number of youth in families with an income below the low-income level in such area; or

(II) the number of disadvantaged youth in such area.

(iv) MINIMUM PERCENTAGE; MAXIMUM PERCENTAGE; SMALL STATE MINIMUM ALLOTMENT.—

(I) IN GENERAL.—Except as provided in subclause (II), the requirements of clauses (iv) and (v) of paragraph (1)(B) shall apply to allotments made under this subparagraph in the same manner and to the same extent as the requirements apply to allotments made under paragraph (1)(B).

(II) EXCEPTIONS.—For purposes of applying the requirements of those clauses under this subparagraph—

(aa) references in those clauses to the remainder described in clause (i) of paragraph (1)(B) shall be considered to be references to the remainder described in clause (i)(II) of this subparagraph; and

(bb) the term "allotment percentage", used with respect to fiscal year 1998, means the percentage of the amounts allotted to States under sections 252(b) and 262(a) of the Job Training Partnership Act (29 U.S.C. 1631(b) and 1642(a)) (as in effect on the day before the date of enactment of this Act) received under such sections by the State involved for fiscal year 1998.

(v) DEFINITIONS.—In this subparagraph:

(I) DISADVANTAGED YOUTH.—The term "disadvantaged youth" means a youth who received an income, or is a member of a family that received a total family income, that, in relation to family size, does not exceed the higher of—

(aa) the poverty line; or

(bb) 70 percent of the lower living standard income level.

(II) DISADVANTAGED YOUTH SPECIAL RULE.—The Secretary shall, as appropriate and to the extent practicable, exclude students at an institution of higher education and members of the Armed Forces from the determination of the number of disadvantaged youth.

(III) YOUTH.—The term "youth" means an individual who is not less than age 16 and not more than age 21.

(4) DEFINITIONS.—In this subsection:

(A) FREELY ASSOCIATED STATES.—The term "Freely Associated States" means the Re-

public of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

(B) LOW-INCOME LEVEL.—The term "low-income level", used with respect to a year, means that amount that bears the same relationship to $7,000 as the Consumer Price Index for that year bears to the Consumer Price Index for 1969, rounded to the nearest $1,000.

SEC. 303. STATEWIDE PARTNERSHIP.

(a) IN GENERAL.—The Governor of a State shall establish and appoint the members of a statewide partnership to assist in the development of the State plan described in section 304 and carry out the functions described in subsection (d).

(b) MEMBERSHIP.—

(1) IN GENERAL.—The statewide partnership shall include—

(A) the Governor;

(B) representatives, appointed by the Governor, who—

(i) are representatives of business in the State;

(ii) are owners of businesses, chief executives or operating officers of private businesses, and other business executives or

employers with optimum policymaking or hiring authority, including members of local partnerships described in section 308(c)(2)(A)(i);

(iii) represent businesses with employment opportunities that reflect the employment opportunities of the State; and

(iv) are appointed from among individuals nominated by State business organizations and business trade associations;

(C) representatives, appointed by the Governor, who are individuals who have optimum policymaking authority, including—

(i) representatives of—

(I) chief elected officials (representing both cities and counties, where appropriate);

(II) labor organizations, who have been nominated by State labor federations; and

(III) individuals, and organizations, that have experience relating to youth activities;

(ii) the eligible agency officials responsible for vocational education, including

postsecondary vocational education, and for adult education and literacy, and the State officials responsible for postsecondary education (including education in community colleges); and

(iii) the State agency official responsible for vocational rehabilitation and, where applicable, the State agency official responsible for providing vocational rehabilitation program activities for the blind;

(D) such other State agency officials as the Governor may designate, such as State agency officials carrying out activities relating to employment and training, economic development, public assistance, veterans, youth, juvenile justice and the employment service established under the Wagner-Peyser Act (29 U.S.C. 49 et seq.); and

(E) two members of each chamber of the State legislature, appointed by the appropriate presiding officer of the chamber.

(2) MAJORITY.—A majority of the members of the statewide partnership shall be representatives described in paragraph (1)(B).

(c) CHAIRMAN.—The Governor shall select a chairperson for the statewide partnership from among the representatives described in subsection (b)(1)(B).

(d) FUNCTIONS.—In addition to developing the State plan, the statewide partnership shall—

(1) advise the Governor on the development of a comprehensive statewide workforce investment system;

(2) assist the Governor in preparing the annual report to the Secretaries described in section 321(d);

(3) assist the Governor in developing the statewide labor market information system described in section 15(e) of the Wagner-Peyser Act; and

(4) assist in the monitoring and continuous improvement of the performance of the statewide workforce investment system, including the evaluation of the effectiveness of workforce investment activities carried out under this subtitle in serving the needs of employers seeking skilled employees and individuals seeking services.

(e) AUTHORITY OF GOVERNOR.—

(1) AUTHORITY.—The Governor shall have the final authority to determine the contents of and submit the State plan described in section 304.

(2) PROCESS.—Prior to the date on which the Governor submits a State plan under section 304, the Governor shall—

(A) make available copies of a proposed State plan to the public;

(B) allow members of the statewide partnership and members of the public, including representatives of labor organizations and businesses, to submit comments on the proposed State plan to the Governor, not later than the end of the 30-day period beginning on the date on which the proposed State plan is made available; and

(C) include with the State plan submitted to the Secretary under section 304 any such comments that represent disagreement with the plan.

(f) ALTERNATIVE ENTITY.—

(1) IN GENERAL.—For purposes of complying with subsections (a), (b), and (c), a State may use any State entity (including a State council, State workforce development board, combination of regional workforce development boards, or similar entity) that—

(A) is in existence on December 31, 1997;

(B)(i) is established pursuant to section 122 or title VII of the Job Training Partnership Act (29 U.S.C. 1532 or 1792 et seq.), as in effect on December 31, 1997; or

(ii) is substantially similar to the statewide partnership described in subsections (a), (b), and (c); and

(C) includes representatives of business in the State and representatives of labor organizations in the State.

(2) REFERENCES.—References in this Act to a statewide partnership shall be considered to include such an entity.

SEC. 304. STATE PLAN.

(a) IN GENERAL.—For a State to be eligible to receive an allotment under section 302, the Governor of the State shall submit to the Secretary for approval a single comprehensive State plan (referred to in this title as the "State plan") that outlines a 3-year strategy for the statewide workforce investment system of the State and that meets the requirements of section 303 and this section.

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

(1) a description of the statewide partnership described in section 303 used in developing the plan;

(2) a description of State-imposed requirements for the statewide workforce investment system;

(3) a description of the State performance measures developed for the workforce investment activities to be carried out through the system, that includes information identifying the State performance measures, established in accordance with section 321(b);

(4) information describing—

(A) the needs of the State with regard to current and projected employment opportunities;

(B) the job skills necessary to obtain the needed employment opportunities;

(C) the economic development needs of the State; and

(D) the type and availability of workforce investment activities in the State;

(5) an identification of local areas designated in the State, including a description of the process used for the designation of such areas, which shall—

(A) ensure a linkage between participants in workforce investment activities funded under this subtitle, and local employment opportunities;

(B) ensure that a significant portion of the population that lives in the local area also works in the same local area;

(C) ensure cooperation and coordination of activities between neighboring local areas; and

(D) take into consideration State economic development areas;

(6) an identification of the criteria for recognition of chief elected officials who will carry out the policy, planning, and other responsibilities authorized for the officials in this title in the local areas identified under paragraph (5);

(7) an identification of criteria for the appointment of members of local partnerships based on the requirements of section 308;

(8) the detailed plans required under section 8 of the Wagner-Peyser Act;

(9) a description of the measures that will be taken by the State to assure coordination of and avoid duplication among—

(A) workforce investment activities authorized under this subtitle;

(B) other activities authorized under this title;

(C) activities authorized under title I or II;

(D) programs authorized under the Wagner-Peyser Act (29 U.S.C. 49 et seq.), title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.), part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), and section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)), and activities authorized under title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.);

(E) work programs authorized under section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o));

(F) activities authorized under chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.);

(G) activities authorized under chapter 41 of title 38, United States Code;

(H) training activities carried out by the Department of Housing and Urban Development; and

(I) programs authorized under State unemployment compensation laws (in accordance with applicable Federal law);

(10) a description of the process used by the State, consistent with section 303(e)(2), to provide an

opportunity for public comment, including comment by representatives of labor organizations and businesses, and input into the development of the State plan, prior to submission of the plan;

(11) a description of the process for the public to comment on members of the local partnerships;

(12) a description of the length of terms and appointment processes for members of the statewide partnership and local partnerships in the State;

(13) information identifying how the State will leverage any funds the State receives under this subtitle with other private and Federal resources;

(14) assurances that the State will provide, in accordance with section 374, for fiscal control and fund accounting procedures that may be necessary to ensure the proper disbursement of, and accounting for, funds paid to the State through the allotment made under section 302;

(15) if appropriate, a description of a within-State allocation formula—

(A) that is based on factors relating to excess poverty in local areas or excess unemployment above the State average in local areas; and

(B) through which the State may distribute the funds the State receives under this subtitle

for adult employment and training activities or youth activities to local areas;

(16) an assurance that the funds made available to the State through the allotment made under section 302 will supplement and not supplant other public funds expended to provide activities described in this subtitle;

(17) information indicating—

(A) how the services of one-stop partners in the State will be provided through the one-stop customer service system;

(B) how the costs of such services and the operating costs of the system will be funded; and

(C) how the State will assist in the development and implementation of the operating agreement described in section 311(c);

(18) information specifying the actions that constitute a conflict of interest prohibited in the State for purposes of section 308(g)(2)(B);

(19) a description of a core set of consistently defined data elements for reporting on the activities carried out through the one-stop customer service system in the State;

(20) with respect to employment and training activities funded under this subtitle—

(A) information describing the employment and training activities that will be carried out with the funds the State receives under this subtitle, describing how the State will provide rapid response activities to dislocated workers, and designating an identifiable State rapid response dislocated worker unit, to be funded under section 306(a)(2) to carry out statewide rapid response activities, and an assurance that veterans will be afforded services under this subtitle to the extent practicable;

(B) information describing the State strategy for development of a fully operational statewide one-stop customer service system as described in section 315(b), including—

(i) criteria for use by chief elected officials and local partnerships, for designating or certifying one-stop customer service center operators, appointing one-stop partners, and conducting oversight with respect to the one-stop customer service system, for each local area; and

(ii) the steps that the State will take over the 3 years covered by the plan to ensure that all publicly funded labor exchange

services described in section 315(c)(2) or the Wagner-Peyser Act (29 U.S.C. 49 et seq.), will be available through the one-stop customer service system of the State;

(C) information describing the criteria used by the local partnership in the development of the local plan described in section 309; and

(D) information describing the procedures the State will use to identify eligible providers of training services, as required under this subtitle; and

(21) with respect to youth activities funded under this subtitle, information—

(A) describing the youth activities that will be carried out with the funds the State receives under this subtitle;

(B) identifying the criteria to be used by the local partnership in awarding grants and contracts under section 313 for youth activities;

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

(D) describing how the State will coordinate the youth activities carried out in the State

under this subtitle with the services provided by Job Corps centers in the State.

(c) PLAN SUBMISSION AND APPROVAL.—A State plan submitted to the Secretary under this section by a Governor shall be considered to be approved by the Secretary at the end of the 60-day period beginning on the day the Secretary receives the plan, unless the Secretary makes a written determination, during the 60-day period, that—

(1) the plan is inconsistent with the provisions of this title;

(2) in the case of the portion of the plan described in section 8(a) of the Wagner-Peyser Act (29 U.S.C. 49g(a)), the portion does not satisfy the criteria for approval provided in section 8(d) of such Act); or

(3) the levels of performance have not been agreed to pursuant to section 321(b)(4).

(d) MODIFICATIONS TO INITIAL PLAN.—A State may submit, for approval by the Secretary, substantial modifications to the State plan in accordance with the requirements of this section and section 303, as necessary, during the 3-year period of the plan.

CHAPTER 2—ALLOCATIONS TO LOCAL WORKFORCE INVESTMENT AREAS

SEC. 306. WITHIN STATE ALLOCATIONS.

(a) RESERVATIONS FOR STATE ACTIVITIES.—

(1) ADULT EMPLOYMENT AND TRAINING ACTIVITIES, DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES, AND YOUTH ACTIVITIES.—The Governor of a State shall reserve not more than 15 percent of each of the amounts allotted to the State under paragraphs (1)(B), (2)(B), and (3)(C)(ii) of section 302(b) for a fiscal year for statewide workforce investment activities described in subsections (b)(2) and (c) of section 314.

(2) STATEWIDE RAPID RESPONSE ACTIVITIES.—The Governor of the State shall reserve not more than 25 percent of the total amount allotted to the State under section 302(b)(2)(B) for a fiscal year for statewide rapid response activities described in section 314(b)(1).

(b) WITHIN STATE ALLOCATION.—

(1) ALLOCATION.—The Governor of the State shall allocate to the local areas the funds that are allotted to the State under section 302(b) and are not reserved under subsection (a) for the purpose of providing employment and training activities to eligible

participants pursuant to section 315 and youth activities to eligible participants pursuant to section 316.

(2) METHODS.—The State, acting in accordance with the State plan, and after consulting with chief elected officials in the local areas, shall allocate—

(A) the funds that are allotted to the State for adult employment and training activities under section 302(b)(1)(B) and are not reserved under subsection (a)(1), in accordance with paragraph (3) or (4);

(B) the funds that are allotted to the State for dislocated worker employment and training activities under section 302(b)(2)(B) and are not reserved under paragraph (1) or (2) of subsection (a), in accordance with paragraph (3); and

(C) the funds that are allotted to the State for youth activities under section 302(b)(3)(C)(ii) and are not reserved under subsection (a)(1), in accordance with paragraph (3) or (4).

(3) ADULT EMPLOYMENT AND TRAINING ACTIVITIES, DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES, AND YOUTH ACTIVITIES FORMULA ALLOCATIONS.—

(A) ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—

(i) ALLOCATION.—In allocating the funds described in paragraph (2)(A) to local areas, a State may allocate—

(I) 33⅓ percent of the funds on the basis described in section 302(b)(1)(B)(ii)(I);

(II) 33⅓ percent of the funds on the basis described in section 302(b)(1)(B)(ii)(II); and

(III) 33⅓ percent of the funds on the basis described in clauses (ii)(III) and (iii) of section 302(b)(1)(B).

(ii) MINIMUM PERCENTAGE.—No local area shall receive an allocation percentage for a fiscal year that is less than 90 percent of the average allocation percentage of the local area (or the service delivery area that most closely corresponds to the local area) for the 2 preceding fiscal years. Amounts necessary for increasing such allocations to local areas to comply with the preceding sentence shall be obtained by ratably reduc-

ing the allocations to be made to other local areas under this subparagraph.

(iii) DEFINITION.—The term "allocation percentage", used with respect to fiscal year 1999 or a subsequent fiscal year, means a percentage of the funds referred to in clause (i), received through an allocation made under this subparagraph, for the fiscal year. The term, used with respect to fiscal year 1998, means the percentage of the amounts allocated to service delivery areas under section 202(b) of the Job Training Partnership Act (29 U.S.C. 1602(b)) (as in effect on the day before the date of enactment of this Act) received under such section by the service delivery area that most closely corresponds to the local area involved for fiscal year 1998.

(B) DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES.—

(i) FORMULA.—In allocating the funds described in paragraph (2)(B) to local areas, a State shall allocate the funds based on an allocation formula prescribed by the Governor of the State. Such formula may be

amended by the Governor not more than once for each program year. Such formula shall utilize the most appropriate information available to the Governor to distribute amounts to address the State's worker readjustment assistance needs.

(ii) INFORMATION.—The information described in clause (i) shall include—

(I) insured unemployment data;

(II) unemployment concentrations;

(III) plant closing and mass layoff data;

(IV) declining industries data;

(V) farmer-rancher economic hardship data; and

(VI) long-term unemployment data.

(C) YOUTH ACTIVITIES.—

(i) ALLOCATION.—In allocating the funds described in paragraph (2)(C) to local areas, a State may allocate—

(I) 33⅓ percent of the funds on the basis described in section 302(b)(3)(C)(ii)(I);

(II) 33⅓ percent of the funds on the basis described in section 302(b)(3)(C)(ii)(II); and

(III) 33⅓ percent of the funds on the basis described in clauses (ii)(III) and (iii) of section 302(b)(3)(C).

(ii) MINIMUM PERCENTAGE.—No local area shall receive an allocation percentage for a fiscal year that is less than 90 percent of the average allocation percentage of the local area (or the service delivery area that most closely corresponds to the local area) for the 2 preceding fiscal years. Amounts necessary for increasing such allocations to local areas to comply with the preceding sentence shall be obtained by ratably reducing the allocations to be made to other local areas under this subparagraph.

(iii) DEFINITION.—The term "allocation percentage", used with respect to fiscal year 1999 or a subsequent fiscal year, means a percentage of the funds referred to in clause (i), received through an allocation made under this subparagraph, for the fiscal year. The term, used with respect to fis-

cal year 1998, means the percentage of the amounts allocated to service delivery areas under sections 252(b) and 262(b) of the Job Training Partnership Act (29 U.S.C. (29 U.S.C. 1631(b), 1642(b)) (as in effect on the day before the date of enactment of this Act) received under such section by the service delivery area that most closely corresponds to the local area involved for fiscal year 1998.

(D) APPLICATION.—For purposes of carrying out subparagraphs (A), (B), and (C), and subparagraphs (A) and (B) of paragraph (4)—

(i) references in section 302(b) to a State shall be deemed to be references to a local area;

(ii) references in section 302(b) to all States shall be deemed to be references to all local areas in the State involved;

(iii) except as described in clauses (i) and (ii), references in paragraphs (1) and (3) of section 302(b) to the term "excess number" shall be considered to be references to the term as defined in section 302(b)(1); and

(iv) except as described in clause (i), a reference in section 302(b)(2) to the term "excess number" shall be considered to be a reference to the term as defined in such section.

(4) ADULT EMPLOYMENT AND TRAINING AND YOUTH DISCRETIONARY ALLOCATIONS.—

(A) ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—In lieu of making the allocation described in paragraph (3)(A), in allocating the funds described in paragraph (2)(A) to local areas, a State may distribute—

(i) a portion equal to not less than 70 percent of the funds in accordance with paragraph (3)(A); and

(ii) the remaining portion of the funds on the basis of a formula that—

(I) incorporates additional factors (other than the factors described in paragraph (3)(A)) relating to excess poverty in local areas or excess unemployment above the State average in local areas; and

(II) was developed by the statewide partnership and approved by the Secretary as part of the State plan.

(B) YOUTH ACTIVITIES.—In lieu of making the allocation described in paragraph (3)(C), in allocating the funds described in paragraph (2)(C) to local areas, a State may distribute—

(i) a portion equal to not less than 70 percent of the funds in accordance with paragraph (3)(C); and

(ii) the remaining portion of the funds on the basis of a formula that—

(I) incorporates additional factors (other than the factors described in paragraph (3)(C)) relating to excess youth poverty in local areas or excess unemployment above the State average in local areas; and

(II) was developed by the statewide partnership and approved by the Secretary as part of the State plan.

(5) LIMITATION.—

(A) IN GENERAL.—Of the amount allocated to a local area under this subsection for a fiscal year—

(i) not more than 15 percent of the amount allocated under paragraph (3)(A) or (4)(A);

(ii) not more than 15 percent of the amount allocated under paragraph (3)(B); and

(iii) not more than 15 percent of the amount allocated under paragraph (3)(C) or (4)(B),

may be used by the local partnership for the administrative cost of carrying out local workforce investment activities described in section 315 or 316.

(B) USE OF FUNDS.—Funds made available for administrative costs under subparagraph (A) may be used for the administrative cost of any of the local workforce investment activities described in sections 315 and 316, regardless of whether the funds were allocated under the provisions described in clause (i), (ii), or (iii) of subparagraph (A).

(C) REGULATIONS.—The Secretary, after consulting with the Governors, shall develop and issue regulations that define the term "administrative cost" for purposes of this title.

(6) TRANSFER AUTHORITY.—A local partnership may transfer, if such a transfer is approved by the Governor, not more than 20 percent of the funds allocated to the local area under paragraph (3)(A) or (4)(A), and 20 percent of the funds allocated to the local area under paragraph (3)(B), for a fiscal year between—

(A) adult employment and training activities; and

(B) dislocated worker employment and training activities.

(7) FISCAL AUTHORITY.—

(A) FISCAL AGENT.—The chief elected official in a local area shall serve as the fiscal agent for, and shall be liable for any misuse of, the funds allocated to the local area under this section, unless the chief elected official reaches an agreement with the Governor for the Governor to act as the fiscal agent and bear such liability.

(B) DISBURSAL.—The fiscal agent shall disburse such funds for workforce investment activities at the direction of the local partnership, pursuant to the requirements of this title, if the direction does not violate a provision of this Act. The fiscal agent shall disburse funds immediately

on receiving such direction from the local partnership.

SEC. 307. LOCAL WORKFORCE INVESTMENT AREAS.

(a) DESIGNATION OF AREAS.—

(1) IN GENERAL.—Except as provided in subsection (b) and paragraph (2), the Governor shall designate local workforce investment areas in the State, in accordance with the State plan requirements described in section 304(b)(5).

(2) AUTOMATIC DESIGNATION.—

(A) IN GENERAL.—The Governor of the State shall approve a request for designation as a local area—

(i) from any unit of general local government with a population of 500,000 or more, if the designation meets the State plan requirements described in section 304(b)(5);

(ii) of the area served by a rural concentrated employment program grant recipient of demonstrated effectiveness that served as a service delivery area under the Job Training Partnership Act, if the grant recipient has submitted the request and if the

designation meets the State plan requirements described in section 304(b)(5); and

(iii) of an area that served as a service delivery area under section 101(a)(4)(A)(ii) of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act) in a State that has a population of 1,100,000 or less and a population density greater than 900 persons per square mile, if the designation meets the State plan requirements described in section 304(b)(5).

(B) LARGE COUNTIES.—A county with a population of 500,000 or more may request such designation only with the agreement of the political subdivisions within the county with populations of 200,000 or more.

(C) LARGE POLITICAL SUBDIVISIONS.—A single unit of general local government with a population of 200,000 or more that is a service delivery area under the Job Training Partnership Act on the date of enactment of this Act, and that is not designated as a local area by the Governor under paragraph (1), shall have an automatic right to submit an appeal regarding

designation to the Secretary. In conducting the appeal, the Secretary may determine that the unit of general local government shall be designated as a local area under paragraph (1), on determining that the programs of the service delivery area have demonstrated effectiveness, if the designation of the unit meets the State plan requirements described in section 304(b)(5).

(3) PERMANENT DESIGNATION.—Once the boundaries for a local area are determined under this section in accordance with the State plan, the boundaries shall not change except with the approval of the Governor.

(b) SMALL STATES.—The Governor of any State determined to be eligible to receive a minimum allotment under paragraph (1) or (3) of section 302(b), in accordance with section 302(b)(1)(B)(iv)(II), for the first year covered by the State plan, or of a State that is a single State service delivery area under the Job Training Partnership Act (29 U.S.C. 1501 et seq.) as of July 1, 1998, may designate the State as a single State local area for the purposes of this title. The Governor shall identify the State as a local area under section 304(b)(5), in lieu of designating local areas as described in subparagraphs (A), (B), and (C) of section 304(b)(5).

SEC. 308. LOCAL WORKFORCE INVESTMENT PARTNERSHIPS AND YOUTH PARTNERSHIPS.

(a) ESTABLISHMENT OF LOCAL PARTNERSHIP.—There shall be established in each local area of a State, and certified by the Governor of the State, a local workforce investment partnership.

(b) ROLE OF LOCAL PARTNERSHIP.—The primary role of the local partnership shall be to set policy for the portion of the statewide workforce investment system within the local area, including—

(1) ensuring that the activities authorized under this subtitle and carried out in the local area meet local performance measures;

(2) ensuring that the activities meet the needs of employers and jobseekers; and

(3) ensuring the continuous improvement of the system.

(c) MEMBERSHIP OF LOCAL PARTNERSHIP.—

(1) STATE CRITERIA.—The Governor of the State shall establish criteria for the appointment of members of the local partnerships for local areas in the State in accordance with the requirements of paragraph (2). Information identifying such criteria shall be included in the State plan, as described in section 304(b)(7).

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

(A) shall include—

(i) a majority of members who—

(I) are representatives of business in the local area;

(II) are owners of businesses, chief executives or operating officers of private businesses, and other business executives or employers with optimum policymaking or hiring authority;

(III) represent businesses with employment opportunities that reflect the employment opportunities of the local area; and

(IV) are appointed from among individuals nominated by local business organizations and business trade associations;

(ii) chief officers representing local postsecondary educational institutions, representatives of vocational education providers, and representatives of adult education providers;

(iii) chief officers representing labor organizations (for a local area in which such representatives reside), nominated by local labor federations, or (for a local area in which such representatives do not reside) other representatives of employees; and

(iv) chief officers representing economic development agencies, including private sector economic development entities;

(B) may include chief officers who have policymaking authority, from one-stop partners who have entered into an operating agreement described in section 311(c) to participate in the one-stop customer service system in the local area; and

(C) may include such other individuals or representatives of entities as the chief elected official in the local area may determine to be appropriate.

(3) CHAIRPERSON.—The local partnership shall elect a chairperson from among the members of the partnership described in paragraph (2)(A)(i).

(d) APPOINTMENT AND CERTIFICATION OF LOCAL PARTNERSHIP.—

(1) APPOINTMENT OF LOCAL PARTNERSHIP MEMBERS AND ASSIGNMENT OF RESPONSIBILITIES.—

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

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

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

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

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

(ii) LACK OF AGREEMENT.—If, after a reasonable effort, the chief elected officials are unable to reach agreement as provided under clause (i), the Governor may appoint the members of the local partnership from individuals so nominated or recommended.

(C) CONCENTRATED EMPLOYMENT PROGRAMS.—In the case of a local area designated in accordance with section 307(a)(2)(A)(ii), the governing body of the concentrated employment program involved shall act in consultation with the chief elected official in the local area to appoint members of the local partnership, in accordance with the State criteria established under subsection (c), and to carry out any other responsibility relating to workforce investment activities assigned to such official under this Act.

(2) CERTIFICATION.—

(A) IN GENERAL.—The Governor shall annually certify 1 local partnership for each local area in the State.

(B) CRITERIA.—Such certification shall be based on criteria established under subsection (c) and, for a second or subsequent certification, the extent to which the local partnership has ensured

that workforce investment activities carried out in the local area have enabled the local area to meet the local performance measures required under section 321(c).

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

(3) DECERTIFICATION.—

(A) IN GENERAL.—Notwithstanding paragraph (2), the Governor may decertify a local partnership, at any time after providing notice and an opportunity for comment, for—

(i) fraud or abuse; or

(ii) failure to carry out the functions specified for the local partnership in any of paragraphs (1), (2), (4), (5), and (6) of subsection (e).

(B) PLAN.—If the Governor decertifies a local partnership for a local area, the Governor may require that a local partnership be appointed and certified for the local area pursuant to a plan developed by the Governor in consulta-

tion with the chief elected official in the local area and in accordance with the criteria established under subsection (c).

(4) EXCEPTION.—Notwithstanding subsection (c) and paragraphs (1) and (2), if a State described in section 307(b) designates the State as a local area in the State plan, the Governor may designate the statewide partnership described in section 303 to carry out any of the functions described in subsection (e).

(e) FUNCTIONS OF LOCAL PARTNERSHIP.—The functions of the local partnership shall include—

(1) developing and submitting a local plan as described in section 309 in partnership with the appropriate chief elected official;

(2) appointing, certifying, or designating one-stop partners and one-stop customer service center operators, pursuant to the criteria specified in the local plan;

(3) promoting the participation of private sector employers in the statewide workforce investment system, and ensuring the effective provision through the system of connecting, brokering, and coaching activities, through intermediaries such as the entities operating the one-stop customer service center in the local

area or through other organizations, to assist such employers in meeting hiring needs;

(4) conducting oversight with respect to the one-stop customer service system;

(5) modifying the list of eligible providers of training services pursuant to subsections (b)(3)(B) and (c)(2)(B) of section 312;

(6) setting local performance measures pursuant to section 312(b)(2)(D)(ii);

(7) analyzing and identifying—

(A) current and projected local employment opportunities; and

(B) the skills necessary to obtain such local employment opportunities;

(8) coordinating the workforce investment activities carried out in the local area with economic development strategies and developing other employer linkages with such activities; and

(9) assisting the Governor in developing the statewide labor market information system described in section 15(e) of the Wagner-Peyser Act.

(f) SUNSHINE PROVISION.—The local partnership shall make available to the public, on a regular basis through open meetings, information regarding the activities of the local partnership, including information regarding

membership, the appointment of one-stop partners, the designation and certification of one-stop customer service center operators, and the award of grants and contracts to eligible providers of youth activities.

(g) OTHER ACTIVITIES OF LOCAL PARTNERSHIP.—

(1) LIMITATION.—

(A) IN GENERAL.—Except as provided in subparagraph (B), no local partnership may directly carry out or enter into a contract for a training service described in section 315(c)(3).

(B) WAIVERS.—The Governor of the State in which the local partnership is located may grant to the local partnership a written waiver of the prohibition set forth in subparagraph (A), if the local partnership provides sufficient evidence that a private or public entity is not available to provide the training service and that the activity is necessary to provide an employment opportunity described in the local plan described in section 309.

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

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

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

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

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

(h) TECHNICAL ASSISTANCE.—If a local area fails to meet established State or local performance measures, the Governor shall provide technical assistance to the local partnership involved to improve the performance of the local area.

(i) YOUTH PARTNERSHIP.—

(1) ESTABLISHMENT.—There shall be established in each local area of a State, a youth partnership appointed by the local partnership, in cooperation with the chief elected official, in the local area.

(2) MEMBERSHIP.—The membership of each youth partnership—

(A) shall include—

(i) 1 or more members of the local partnership;

(ii) representatives of youth service agencies, including juvenile justice agencies;

(iii) representatives of local public housing authorities;

(iv) parents of youth seeking assistance under this subtitle;

(v) individuals, including former participants, and representatives of organizations, that have experience relating to youth activities;

(vi) representatives of businesses in the local area that employ youth; and

(vii) representatives of the Job Corps, as appropriate; and

(B) may include such other individuals as the chairperson of the local partnership, in cooperation with the chief elected official, determines to be appropriate.

(3) DUTIES.—The duties of the youth partnership include—

(A) the development of the portions of the local plan relating to youth, as determined by the chairperson of the local partnership;

(B) subject to the approval of the local partnership, awarding grants and contracts to, and

conducting oversight with respect to, eligible providers of youth activities, as described in section 313, in the local area;

(C) coordinating youth activities in the local area; and

(D) other duties determined to be appropriate by the chairperson of the local partnership.

(j) ALTERNATIVE ENTITY.—

(1) IN GENERAL.—For purposes of complying with subsections (a), (c), and (d), and paragraphs (1) and (2) of subsection (i), a State may use any local entity (including a local council, regional workforce development board, or similar entity) that—

(A) is established to serve the local area (or the service delivery area that most closely corresponds to the local area);

(B) is in existence on December 31, 1997;

(C) (i) is established pursuant to section 102 of the Job Training Partnership Act (29 U.S.C. 1512), as in effect on December 31, 1997; or

(ii) is substantially similar to the local and youth partnerships described in subsections (a),

(c), and (d), and paragraphs (1) and (2) of subsection (i); and

(D) includes—

(i) representatives of business in the local area; and

(ii)(I) representatives of labor organizations in the local area, for a local area in which such representatives reside; or

(II) for a local area in which such representatives do not reside, other representatives of employees in the local area.

(2) REFERENCES.—References in this Act to a local partnership or a youth partnership shall be considered to include such an entity.

SEC. 309. LOCAL PLAN.

(a) IN GENERAL.—Each local partnership shall develop and submit to the Governor a comprehensive 3-year local plan (referred to in this title as the "local plan"), in partnership with the appropriate chief elected official. The local plan shall be consistent with the State plan.

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

(1) an identification of the needs of the local area with regard to current and projected employment opportunities;

(2) an identification of the job skills necessary to obtain such employment opportunities;

(3) a description of the activities to be used under this subtitle to link local employers and local jobseekers;

(4) an identification and assessment of the type and availability of adult and dislocated worker employment and training activities in the local area;

(5) an identification of successful eligible providers of youth activities in the local area;

(6) a description of the measures that will be taken by the local area to assure coordination of and avoid duplication among the programs and activities described in section 304(b)(9);

(7) a description of the manner in which the local partnership will coordinate activities carried out under this subtitle in the local area with such activities carried out in neighboring local areas;

(8) a description of the competitive process to be used to award grants and contracts in the local area for activities carried out under this subtitle;

(9) information describing local performance measures for the local area that are based on the performance measures in the State plan;

(10) in accordance with the State plan, a description of the criteria that the chief elected official in the local area and the local partnership will use to appoint, designate, or certify, and to conduct oversight with respect to, one-stop customer service center systems in the local area;

(11) a description of the process used by the local partnership, consistent with subsection (c), to provide an opportunity for public comment, including comment by representatives of labor organizations and businesses, and input into the development of the local plan, prior to submission of the plan; and

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

(c) PROCESS.—Prior to the date on which the local partnership submits a local plan under this section, the local partnership shall—

(1) make available copies of a proposed local plan to the public;

(2) allow members of the local partnership and members of the public, including representatives of labor organizations and businesses, to submit comments on the proposed local plan to the local partnership, not later than the end of the 30-day period be-

ginning on the date on which the proposed local plan is made available; and

(3) include with the local plan submitted to the Governor under this section any such comments that represent disagreement with the plan.

(d) PLAN SUBMISSION AND APPROVAL.—A local plan submitted to the Governor under this section shall be considered to be approved by the Governor at the end of the 60-day period beginning on the day the Governor receives the plan, unless the Governor makes a written determination during the 60-day period that—

(1) deficiencies in activities carried out under this subtitle have been identified, through audits conducted under section 374 or otherwise, and the local area has not made acceptable progress in implementing corrective measures to address the deficiencies; or

(2) the plan does not comply with this title.

(e) LACK OF AGREEMENT.—If the local partnership and the appropriate chief elected official in the local area cannot agree on the local plan after making a reasonable effort, the Governor may develop the local plan.

CHAPTER 3—WORKFORCE INVESTMENT ACTIVITIES AND PROVIDERS

SEC. 311. IDENTIFICATION AND OVERSIGHT OF ONE-STOP PARTNERS AND ONE-STOP CUSTOMER SERVICE CENTER OPERATORS.

(a) IN GENERAL.—Consistent with the State plan, the chief elected official and the local partnership shall develop and implement operating agreements described in subsection (c) to appoint one-stop partners, shall designate or certify one-stop customer service center operators, and shall conduct oversight with respect to the one-stop customer service system, in the local area.

(b) ONE-STOP PARTNERS.—

(1) DESIGNATED PARTNERS.—

(A) IN GENERAL.—Each entity that carries out a program, services, or activities described in subparagraph (B) shall make available to participants, through a one-stop customer service center, the services described in section 315(c)(2) that are applicable to such program, and shall participate in the operation of such center as a party to the agreement described in subsection (c), consistent with the requirements of the Federal law in which the program, services, or activities are authorized.

(B) PROGRAMS; SERVICES; ACTIVITIES.—The programs, services, and activities referred to in subparagraph (A) consist of—

(i) core services authorized under this subtitle;

(ii) other activities authorized under this title;

(iii) activities authorized under title I and title II;

(iv) programs authorized under the Wagner-Peyser Act (29 U.S.C. 49 et seq.);

(v) programs authorized under title I of the Rehabilitation Act of 1973 (29 U.S.C. 729 et seq.);

(vi) programs authorized under section 403(a)(5) of the Social Security Act (42 U.S.C. 603(a)(5)) (as added by section 5001 of the Balanced Budget Act of 1997);

(vii) programs authorized under title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.);

(viii) activities authorized under chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.);

(ix) activities authorized under chapter 41 of title 38, United States Code;

(x) training activities carried out by the Department of Housing and Urban Development; and

(xi) programs authorized under State unemployment compensation laws (in accordance with applicable Federal law).

(2) ADDITIONAL PARTNERS.—

(A) IN GENERAL.—In addition to the entities described in paragraph (1), other entities that carry out human resource programs may make available to participants through a one-stop customer service center the services described in section 315(c)(2) that are applicable to such program, and participate in the operation of such centers as a party to the agreement described in subsection (c), if the local partnership and chief elected official involved approve such participation.

(B) PROGRAMS.—The programs referred to in subparagraph (A) include—

(i) programs authorized under part A of title IV of the Social Security Act;

(ii) programs authorized under section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4));

(iii) work programs authorized under section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o)); and

(iv) other appropriate Federal, State, or local programs, including programs in the private sector.

(c) OPERATING AGREEMENTS.—

(1) IN GENERAL.—The one-stop customer service center operator selected pursuant to subsection (d) for a one-stop customer service center shall enter into a written agreement with the local partnership and one-stop partners described in subsection (b) concerning the operation of the center. Such agreement shall be subject to the approval of the chief elected official and the local partnership.

(2) CONTENTS.—The written agreement required under paragraph (1) shall contain—

(A) provisions describing—

(i) the services to be provided through the center;

(ii) how the costs of such services and the operating costs of the system will be funded,

(iii) methods for referral of individuals between the one-stop customer service center operators and the one-stop partners, for the appropriate services and activities;

(iv) the monitoring and oversight of activities carried out under the agreement; and

(v) the duration of the agreement and the procedures for amending the agreement during the term of the agreement; and

(B) such other provisions, consistent with the requirements of this title, as the parties to the agreement determine to be appropriate.

(d) ONE-STOP CUSTOMER SERVICE CENTER OPERATORS.—

(1) IN GENERAL.—To be eligible to receive funds made available under this subtitle to operate a one-stop customer service center, an entity shall—

(A) be designated or certified as a one-stop customer service center operator, as described in subsection (a); and

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

(2) EXCEPTION.—Elementary schools and secondary schools shall not be eligible for designation or certification as one-stop customer service center operators, except that nontraditional public secondary schools and area vocational education schools shall be eligible for such designation or certification.

(e) ESTABLISHED ONE-STOP CUSTOMER SERVICE SYSTEMS.—For a local area in which a one-stop customer service system has been established prior to the date of enactment of this Act, the local partnership, the chief elected official, and the Governor may agree to appoint, designate, or certify the one-stop partners and one-stop customer service center operators of such system, for purposes of this section.

(f) OVERSIGHT.—The local partnership shall conduct oversight with respect to the one-stop customer service center system and may terminate for cause the eligibility of such a partner or operator to provide activities through or operate a one-stop customer service center.

SEC. 312. DETERMINATION AND IDENTIFICATION OF ELIGIBLE PROVIDERS OF TRAINING SERVICES BY PROGRAM.

(a) GENERAL ELIGIBILITY REQUIREMENTS.—

(1) IN GENERAL.—Except as provided in subsection (e), to be eligible to receive funds made available under section 306 to provide training services described in section 315(c)(3) (referred to in this title as "training services") and be identified as an eligible provider of such services, a provider of such services shall meet the requirements of this section.

(2) PROVIDERS.—To be eligible to receive the funds, the provider shall be—

(A) a postsecondary educational institution that—

(i) is eligible to receive Federal funds under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.); and

(ii) provides a program that leads to an associate degree, baccalaureate degree, or certificate; or

(B) another public or private provider of a program.

(b) INITIAL DETERMINATION AND IDENTIFICATION.—

(1) POSTSECONDARY EDUCATIONAL INSTITUTIONS.—To be eligible to receive funds as described in subsection (a), an institution described in subsection (a)(2)(A) shall submit an application at such time, in such manner, and containing such information as the designated State agency described in subsection (f) may require, after consultation with the local partnerships in the State. On submission of the application, the institution shall automatically be initially eligible to receive such funds for the program described in subsection (a)(2)(A).

(2) OTHER PROVIDERS.—

(A) PROCEDURE.—The Governor, in consultation with the local partnerships in the State, shall establish a procedure for determining the initial eligibility of providers described in subsection (a)(2)(B) to receive such funds for specified programs. The procedure shall require a

provider of a program to meet minimum acceptable levels of performance based on—

(i) performance criteria relating to the rates, percentages, increases, and costs described in subparagraph (C) for the program, as demonstrated using verifiable program-specific performance information described in subparagraph (C) and submitted to the designated State agency, as required under subparagraph (C); and

(ii) performance criteria relating to any characteristics for which local partnerships request the submission of information under subparagraph (D) for the program, as demonstrated using the information submitted.

(B) MINIMUM LEVELS.—The Governor shall—

(i) consider, in determining such minimum levels—

(I) criteria relating to the economic, geographic, and demographic factors in the local areas in which the provider provides the program; and

(II) the characteristics of the population served by such provider through the program; and

(ii) verify the minimum levels of performance by using quarterly records described in section 321.

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

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

(ii) the percentage of the graduates of the program placed in unsubsidized employment in an occupation related to the program conducted;

(iii) retention rates of the graduates in unsubsidized employment—

(I) 6 months after the first day of the employment; and

(II) 12 months after the first day of the employment;

(iv) the wages received by the graduates placed in unsubsidized employment after the completion of participation in the program—

(I) on the first day of the employment;

(II) 6 months after the first day of the employment; and

(III) 12 months after the first day of the employment;

(v) where appropriate, the rates of licensure or certification of the graduates, attainment of academic degrees or equivalents, or attainment of other measures of skill; and

(vi) program cost per participant in the program.

(D) ADDITIONAL INFORMATION.—

(i) IN GENERAL.—In addition to the performance information described in subparagraph (C), the local partnerships in the State involved may require that a provider submit, to the local partnerships and to the

designated State agency, other performance information relating to the program to be initially identified as an eligible provider of training services, including information regarding the ability of the provider to provide continued counseling and support regarding the workplace to the graduates, for not less than 12 months after the graduation involved.

(ii) HIGHER LEVELS OF PERFORMANCE ELIGIBILITY.—The local partnership may require higher levels of performance than the minimum levels established under subparagraph (A)(i) for initial eligibility to receive funds as described in subsection (a).

(3) LIST OF ELIGIBLE PROVIDERS BY PROGRAM.—

(A) IN GENERAL.—The designated State agency, after reviewing the performance information described in paragraph (2)(C) and any information required to be submitted under paragraph (2)(D) and using the procedure described in paragraph (2)(B), shall—

(i) identify eligible providers of training services described in subparagraphs (A)

and (B) of subsection (a)(2), including identifying the programs of the providers through which the providers may offer the training services; and

(ii) compile a list of the eligible providers, and the programs, accompanied by the performance information described in paragraph (2)(C) and any information required to be submitted under paragraph (2)(D) for each such provider described in subsection (a)(2)(B).

(B) LOCAL MODIFICATION.—The local partnership may modify such list by reducing the number of eligible providers listed, to ensure that the eligible providers carry out programs that provide skills that enable participants to obtain local employment opportunities.

(c) SUBSEQUENT ELIGIBILITY.—

(1) INFORMATION AND CRITERIA.—To be eligible to continue to receive funds as described in subsection (a) for a program, a provider shall—

(A) submit the performance information described in subsection (b)(2)(C) and any information required to be submitted under subsection (b)(2)(D) annually to the designated State agen-

cy at such time and in such manner as the designated State agency may require for the program; and

(B) annually meet the performance criteria described in subsection (b)(2)(A) for the program, as demonstrated utilizing quarterly records described in section 321.

(2) LIST OF ELIGIBLE PROVIDERS BY PROGRAM.—

(A) IN GENERAL.—The designated State agency, after reviewing the performance information and any other information submitted under paragraph (1) and using the procedure described in subsection (b)(2)(A), shall identify eligible providers and programs, and compile a list of the providers and programs, as described in subsection (b)(3), accompanied by the performance information and other information for each such provider.

(B) LOCAL MODIFICATION.—The local partnership may modify such list by reducing the number of eligible providers listed, to ensure that the eligible providers carry out programs that provide skills that enable participants to obtain local employment opportunities.

(3) AVAILABILITY.—Such list and information shall be made widely available to participants in employment and training activities funded under this subtitle, and to others, through the one-stop customer service system described in section 315(b).

(d) ENFORCEMENT.—

(1) ACCURACY OF INFORMATION.—If the designated State agency, after consultation with the local partnership involved, determines that a provider or individual supplying information on behalf of a provider intentionally supplies inaccurate information under this section, the agency shall terminate the eligibility of the provider to receive funds described in subsection (a) for a period of time, but not less than 2 years.

(2) COMPLIANCE WITH CRITERIA OR REQUIREMENTS.—If the designated State agency, after consultation with the local partnership, determines that a provider described in this section or a program of training services carried out by such a provider fails to meet the required performance criteria described in subsection (c)(1)(B) or subsection (e)(2), as appropriate, or materially violates any provision of this title, including the regulations promulgated to implement this title, the agency may terminate the eligi-

bility of the provider to receive funds described in subsection (a) for such program or take such other action as the agency determines to be appropriate.

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

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

(e) ON-THE-JOB TRAINING EXCEPTION.—

(1) IN GENERAL.—Providers of on-the-job training shall not be subject to the requirements of subsections (a) through (c).

(2) COLLECTION AND DISSEMINATION OF INFORMATION.—A one-stop customer service center operator in a local area shall collect such performance information from on-the-job training providers as the Governor may require, determine whether the providers meet such performance criteria as the Governor may

require, and disseminate such information through the one-stop customer service system.

(f) ADMINISTRATION.—The Governor shall designate a State agency to collect and disseminate the performance information described in subsection (b)(2)(C) and any information required to be submitted under subsection (b)(2)(D) and carry out other duties described in this section.

SEC. 313. IDENTIFICATION OF ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.

The youth partnership is authorized to award grants and contracts on a competitive basis, based on the criteria contained in the State plan and local plan, to providers of youth activities, and conduct oversight with respect to such providers, in the local area.

SEC. 314. STATEWIDE WORKFORCE INVESTMENT ACTIVITIES.

(a) IN GENERAL.—Funds reserved by a Governor for a State—

(1) under section 306(a)(2) shall be used to carry out the statewide rapid response activities described in subsection (b)(1); and

(2) under section 306(a)(1)—

(A) shall be used to carry out the statewide workforce investment activities described in subsection (b)(2); and

(B) may be used to carry out any of the statewide workforce investment activities described in subsection (c),

regardless of whether the funds were allotted to the State under paragraph (1), (2), or (3) of section 302(b).

(b) REQUIRED STATEWIDE WORKFORCE INVESTMENT ACTIVITIES.—

(1) STATEWIDE RAPID RESPONSE ACTIVITIES.—A State shall use funds reserved under section 306(a)(2) to carry out statewide rapid response activities, which shall include—

(A) provision of rapid response activities, carried out in local areas by the State, working in conjunction with the local partnership and the chief elected official in the local area; and

(B) provision of additional assistance to local areas that experience disasters, mass layoffs or plant closings, or other events that precipitate substantial increases in the number of unemployed individuals, carried out in the local areas by the State, working in conjunction with the local partnership and the chief elected official in the local areas.

(2) OTHER REQUIRED STATEWIDE WORKFORCE INVESTMENT ACTIVITIES.—A State shall use funds reserved under section 306(a)(1) to carry out other statewide workforce investment activities, which shall include—

(A) disseminating the list of eligible providers of training services, including eligible providers of nontraditional training services, and the performance information as described in subsections (b) and (c) of section 312, and a list of eligible providers of youth activities described in section 313;

(B) conducting evaluations, under section 321(e), of activities authorized in this section, section 315, and section 316, in coordination with the activities carried out under section 368;

(C) providing incentive grants to local areas for regional cooperation among local partnerships, for local coordination and nonduplication of activities carried out under this Act, and for comparative performance by local areas on the local performance measures described in section 321(c);

(D) providing technical assistance to local areas that fail to meet local performance measures;

(E) assisting in the establishment and operation of a one-stop customer service system; and

(F) operating a fiscal and management accountability information system under section 321(f).

(c) ALLOWABLE STATEWIDE WORKFORCE INVESTMENT ACTIVITIES.—

(1) IN GENERAL.—A State may use funds reserved under section 306(a)(1) to carry out additional statewide workforce investment activities, which may include—

(A) subject to paragraph (2), administration by the State of the workforce investment activities carried out under this subtitle;

(B) identification and implementation of incumbent worker training programs, which may include the establishment and implementation of an employer loan program;

(C) carrying out other activities authorized in section 315 that the State determines to be necessary to assist local areas in carrying out activities described in subsection (c) or (d) of sec-

tion 315 through the statewide workforce investment system; and

(D) carrying out, on a statewide basis, activities described in section 316.

(2) LIMITATION.—

(A) IN GENERAL.—Of the funds allotted to a State under section 302(b) and reserved under section 306(a)(1) for a fiscal year—

(i) not more than 5 percent of the amount allotted under section 302(b)(1);

(ii) not more than 5 percent of the amount allotted under section 302(b)(2); and

(iii) not more than 5 percent of the amount allotted under section 302(b)(3),

may be used by the State for the administration of statewide workforce investment activities carried out under this section.

(B) USE OF FUNDS.—Funds made available for administrative costs under subparagraph (A) may be used for the administrative cost of any of the statewide workforce investment activities, regardless of whether the funds were allotted to the State under paragraph (1), (2), or (3) of section 302(b).

(d) PROHIBITION.—No funds described in subsection (a) shall be used to develop or implement education curricula for school systems in the State.

SEC. 315. LOCAL EMPLOYMENT AND TRAINING ACTIVITIES.

(a) IN GENERAL.—Funds received by a local area under paragraph (3)(A) or (4)(A), as appropriate, of section 306(b), and funds received by the local area under section 306(b)(3)(B)—

(1) shall be used to carry out employment and training activities described in subsection (c) for adults or dislocated workers, as appropriate; and

(2) may be used to carry out employment and training activities described in subsection (d) for adults or dislocated workers, as appropriate.

(b) ESTABLISHMENT OF ONE-STOP CUSTOMER SERVICE SYSTEM.—

(1) IN GENERAL.—There shall be established in a State that receives an allotment under section 302 a one-stop customer service system, which—

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

(B) shall provide access to training services as described in subsection (c)(3);

(C) shall provide access to the activities (if any) carried out under subsection (d); and

(D) shall provide access to the information described in section 15 of the Wagner-Peyser Act and all job search, placement, recruitment, and other labor exchange services authorized under the Wagner-Peyser Act (29 U.S.C. 49 et seq.).

(2) ONE-STOP DELIVERY.—At a minimum, the one-stop customer service system—

(A) shall make each of the services described in paragraph (1) accessible at not less than 1 physical customer service center in each local area of the State; and

(B) may also make services described in paragraph (1) available—

(i) through a network of customer service centers that can provide 1 or more of the services described in paragraph (1) to such individuals; and

(ii) through a network of eligible one-stop partners—

(I) in which each partner provides 1 or more of the services to such individuals and is accessible at a customer service center that consists of a physical location or an electronically

or technologically linked access point; and

(II) that assures individuals that information on the availability of core services will be available regardless of where the individuals initially enter the statewide workforce investment system, including information made available through an access point described in subclause (I).

(c) REQUIRED LOCAL ACTIVITIES.—

(1) IN GENERAL.—Funds received by a local area under paragraph (3)(A) or (4)(A), as appropriate, of section 306(b), and funds received by the local area under section 306(b)(3)(B), shall be used—

(A) to establish a one-stop customer service center described in subsection (b);

(B) to provide the core services described in paragraph (2) to participants described in such paragraph through the one-stop customer service system; and

(C) to provide training services described in paragraph (3) to participants described in such paragraph.

(2) CORE SERVICES.—Funds received by a local area as described in paragraph (1) shall be used to provide core services, which shall be available to all individuals seeking assistance through a one-stop customer service system and shall, at a minimum, include—

(A) determinations of whether the individuals are eligible to receive activities under this subtitle;

(B) outreach, intake (which may include worker profiling), and orientation to the information and other services available through the one-stop customer service system;

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

(D) case management assistance, as appropriate;

(E) job search and placement assistance;

(F) provision of information regarding—

(i) local, State, and, if appropriate, regional or national, employment opportunities; and

(ii) job skills necessary to obtain the employment opportunities;

(G) provision of performance information on eligible providers of training services as described in section 312, provided by program, and eligible providers of youth activities as described in section 313, eligible providers of adult education as described in title II, eligible providers of postsecondary vocational education activities and vocational education activities available to school dropouts as described in title I, and eligible providers of vocational rehabilitation program activities as described in title I of the Rehabilitation Act of 1973;

(H) provision of performance information on the activities carried out by one-stop partners, as appropriate;

(I) provision of information regarding how the local area is performing on the local performance measures described in section 321(c), and any additional performance information provided to the one-stop customer service center by the local partnership;

(J) provision of accurate information relating to the availability of supportive services, including child care and transportation, available

in the local area, and referral to such services, as appropriate;

(K) provision of information regarding filing claims for unemployment compensation;

(L) assistance in establishing eligibility for—

(i) welfare-to-work activities authorized under section 403(a)(5) of the Social Security Act (as added by section 5001 of the Balanced Budget Act of 1997) available in the local area; and

(ii) programs of financial aid assistance for training and education programs that are not funded under this Act and are available in the local area; and

(M) followup services, including counseling regarding the workplace, for participants in workforce investment activities who are placed in unsubsidized employment, for not less than 12 months after the first day of the employment, as appropriate.

(3) REQUIRED TRAINING SERVICES.—

(A) ELIGIBLE PARTICIPANTS.—Funds received by a local area as described in paragraph

(1) shall be used to provide training services to individuals—

(i) who are adults (including dislocated workers);

(ii) who seek the services;

(iii)(I) who are unable to obtain employment through the core services; or

(II) who are employed and who are determined by a one-stop customer service center operator to be in need of such training services in order to gain or retain employment that allows for self-sufficiency;

(iv) who after an interview, evaluation, or assessment, and case management, have been determined by a one-stop customer service center operator or one-stop partner, as appropriate, to be in need of training services and to have the skills and qualifications, to successfully participate in the selected program of training services;

(v) who select programs of training services that are directly linked to the employment opportunities in the local area involved or in another area in which the

adults receiving such services are willing to relocate;

(vi) who meet the requirements of subparagraph (B); and

(vii) who are determined to be eligible in accordance with the priority system, if any, in effect under subparagraph (D).

(B) QUALIFICATION.—

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

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

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

(ii) REIMBURSEMENTS.—Training services may be provided under this paragraph to an individual who otherwise meets the requirements of this paragraph while an

application for a Federal Pell Grant is pending, except that if such individual is subsequently awarded a Federal Pell Grant, appropriate reimbursement shall be made to the local area from such Federal Pell Grant.

(C) TRAINING SERVICES.—Training services may include—

(i) employment skill training;

(ii) on-the-job training;

(iii) job readiness training; and

(iv) adult education services when provided in combination with services described in clause (i), (ii), or (iii).

(D) PRIORITY.—In the event that funds are limited within a local area for adult employment and training activities, priority shall be given to disadvantaged adults for receipt of training services provided under this paragraph. The appropriate local partnership and the Governor shall direct the one-stop customer service center operator in the local area with regard to making determinations related to such priority.

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

(i) except as provided in section 312(e), through eligible providers of such services identified in accordance with section 312; and

(ii) in accordance with subparagraph (F).

(F) CONSUMER CHOICE REQUIREMENTS.—

(i) IN GENERAL.—Training services provided under this paragraph shall be provided in a manner that maximizes consumer choice in the selection of an eligible provider of such services.

(ii) ELIGIBLE PROVIDERS.—Each local partnership, through one-stop customer service centers, shall make available—

(I) the list of eligible providers required under subsection (b)(3) or (c)(2) of section 312, with a description of the programs through which the providers may offer the training services, and a list of the names of on-the-job training providers; and

(II) the performance information on eligible providers of training services as described in section 312.

(iii) EMPLOYMENT INFORMATION.—Each local partnership, through one-stop customer service centers, shall make available—

(I) information regarding local, State, and, if appropriate, regional or national, employment opportunities; and

(II) information regarding the job skills necessary to obtain the employment opportunities.

(iv) INDIVIDUAL TRAINING ACCOUNTS.—An individual who is eligible pursuant to subparagraph (A) and seeks training services may select, in consultation with a case manager, an eligible provider of training services from the lists of providers described in clause (ii)(I). Upon such selection, the operator of the one-stop customer service center shall, to the extent practicable, refer such individual to the eligible provider of training services, and arrange for payment for such services through an individual training account.

(d) PERMISSIBLE LOCAL ACTIVITIES.—

(1) DISCRETIONARY ONE-STOP DELIVERY ACTIVITIES.—Funds received by a local area under paragraph (3)(A) or (4)(A), as appropriate, of section 306(b), and funds received by the local area under section 306(b)(3)(B) may be used to provide, through one-stop delivery described in subsection (b)(2)—

(A) intensive employment-related services for adults;

(B) customized screening and referral of qualified participants in training services to employment; and

(C) customized employment-related services to employers.

(2) SUPPORTIVE SERVICES.—Funds received by the local area as described in paragraph (1) may be used to provide supportive services to participants—

(A) who are participating in activities described in this section; and

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

(3) NEEDS-RELATED PAYMENTS.—

(A) IN GENERAL.—Funds received by the local area under section 306(b)(3)(B) may be used to provide needs-related payments to dis-

located workers who do not qualify for, or have exhausted, unemployment compensation, for the purpose of enabling such individuals to participate in training services.

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

(i) by the end of the 13th week after the most recent layoff that resulted in a determination of the worker's eligibility for employment and training activities for dislocated workers under this subtitle; or

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

(C) LEVEL OF PAYMENTS.—The level of a needs-related payment made to a dislocated worker under this paragraph shall not exceed the greater of—

(i) the applicable level of unemployment compensation; or

(ii) if such worker did not qualify for unemployment compensation, an amount equal to the poverty line, for an equivalent period, which amount shall be adjusted to reflect changes in total family income.

SEC. 316. LOCAL YOUTH ACTIVITIES.

(a) PURPOSES.—The purposes of this section are—

(1) to provide, to youth seeking assistance in achieving academic and employment success, effective and comprehensive activities, which shall include a variety of options for improving educational and skill competencies and provide effective connections to employers;

(2) to ensure continuous contact for youth with committed adults;

(3) to provide opportunities for training to youth;

(4) to provide continued support services for youth;

(5) to provide incentives for recognition and achievement to youth; and

(6) to provide opportunities for youth in activities related to leadership, development, decision-making, citizenship, and community service.

(b) REQUIRED ELEMENTS.—Funds received by a local area under paragraph (3)(C) or (4)(B) of section 306(b) shall be used to carry out, for youth who seek the activities, activities that—

(1) consist of the provision of—

(A) tutoring, study skills training, and instruction, leading to completion of secondary school, including dropout prevention strategies;

(B) alternative secondary school services;

(C) summer employment opportunities and other paid and unpaid work experiences, including internships and job shadowing;

(D) employment skill training, as appropriate;

(E) community service and leadership development opportunities;

(F) services described in section 315(c)(2);

(G) supportive services;

(H) adult mentoring for the period of participation and a subsequent period, for a total of not less than 12 months; and

(I) followup services for not less than 12 months after the completion of participation, as appropriate;

(2) provide—

(A) preparation for postsecondary educational opportunities, in appropriate cases;

(B) strong linkages between academic and occupational learning;

(C) preparation for unsubsidized employment opportunities, in appropriate cases; and

(D) effective connections to intermediaries with strong links to—

(i) the job market; and

(ii) local and regional employers; and

(3) involve parents, participants, and other members of the community with experience relating to youth in the design and implementation of the activities.

(c) PRIORITY.—

(1) IN GENERAL.—At a minimum, 50 percent of the funds described in subsection (b) shall be used to provide youth activities to out-of-school youth.

(2) EXCEPTION.—A State that receives a minimum allotment under paragraph (1) or (3) of section 302(b) in accordance with section 302(b)(1)(B)(iv)(II)

may reduce the percentage described in paragraph (1) for a local area in the State, if—

(A) after an analysis of the youth population in the local area, the State determines that the local area will be unable to meet the percentage described in paragraph (1) due to a low number of out-of-school youth; and

(B)(i) the State submits to the Secretary, for the local area, a request including a proposed reduced percentage for purposes of paragraph (1), and the summary of the youth population analysis; and

(ii) the request is approved by the Secretary.

(d) PROHIBITIONS.—

(1) NO LOCAL EDUCATION CURRICULUM.—No funds described in subsection (b) shall be used to develop or implement local school system education curricula.

(2) NONDUPLICATION.—No funds described in subsection (b) shall be used to carry out activities that duplicate federally funded activities available to youth in the local area.

(3) NONINTERFERENCE AND NONREPLACEMENT OF REGULAR ACADEMIC REQUIREMENTS.—No funds

described in subsection (b) shall be used to provide an activity for youth who are not school dropouts if participation in the activity would interfere with or replace the regular academic requirements of the youth.

CHAPTER 4—GENERAL PROVISIONS

SEC. 321. ACCOUNTABILITY.

(a) PURPOSE.—The purpose of this section is to establish comprehensive performance measures to assess the effectiveness of States and local areas in achieving continuous improvement of workforce investment activities funded under this subtitle, in order to maximize the return on investment of Federal funds in State and local workforce development activities.

(b) STATE PERFORMANCE MEASURES.—

(1) IN GENERAL.—To be eligible to receive an allotment under section 302, a State shall establish, and identify in the State plan, State performance measures. Each State performance measure shall consist of an indicator of performance referred to in paragraph (2) or (3) and a level of performance referred to in paragraph (4).

(2) CORE INDICATORS OF PERFORMANCE.—

(A) IN GENERAL.—The State performance measures shall include indicators of performance for workforce investment activities provided

under this subtitle (except for self-service and informational activities) for each of the population groups described in subparagraph (B). Such indicators, at a minimum, shall consist of—

(i) entry into unsubsidized employment;

(ii) retention in unsubsidized employment 6 months after entry into the employment;

(iii) earnings received in unsubsidized employment 6 months after entry into the employment; and

(iv) attainment of a recognized credential relating to achievement of educational skills (including basic skills) or occupational skills, by participants who entered unsubsidized employment, or by participants who are in-school youth, taking into account attainment of more than 1 such credential.

(B) POPULATION GROUPS.—The indicators described in subparagraph (A) shall be applicable to each of the following populations:

(i) Dislocated workers.

(ii) Economically disadvantaged adults.

(iii) Youth.

(3) ADDITIONAL INDICATORS OF PERFORMANCE.—

(A) CUSTOMER SATISFACTION INDICATORS.—A State shall identify in the State plan an indicator of performance concerning customer satisfaction of employers and workers with results achieved from the workforce investment activities in which the employers and workers participated under this subtitle. The customer satisfaction may be measured through surveys conducted after the conclusion of participation in the workforce investment activities.

(B) ADDITIONAL INDICATORS.—A State may identify in the State plan additional indicators of performance relating to State goals for workforce investment, including goals for the economic success of the citizens of the State or other State goals related to the objectives of this subtitle.

(4) STATE LEVELS OF PERFORMANCE.—

(A) IN GENERAL.—The Secretary and each Governor shall reach agreement on the levels of

performance expected to be achieved by the State on the State performance measures established pursuant to this subsection. In reaching the agreement, the Secretary and Governor shall establish a level of performance for each of the indicators of performance described in paragraphs (2) and (3). Such agreement shall take into account—

(i) how the levels compare with the levels established by other States, taking into account factors including differences in economic conditions, the characteristics of participants when the participants entered the program, and the services to be provided;

(ii) the extent to which such levels promote continuous improvement in performance on the performance measures by such State and ensure maximum return on the investment of Federal funds; and

(iii) the extent to which the levels will assist the State in attaining the workforce investment goals of the State.

(B) ADJUSTMENTS.—If unanticipated circumstances arise in a State resulting in a significant change in the factors described in sub-

paragraph (A)(i), the Governor may request that the levels of performance agreed to under subparagraph (A) be adjusted. The Secretary, after collaboration with the representatives described in subsection (i), shall issue objective criteria and methods for making such adjustments.

(c) LOCAL PERFORMANCE MEASURES.—

(1) IN GENERAL.—Each Governor shall negotiate and reach agreement with the local partnership and the chief elected official in each local area on local performance measures, based on the State performance measures identified in the State plan. Each local performance measure shall consist of an indicator of performance referred to in paragraph (2) or (3) of subsection (b) and a level of performance referred to in paragraph (2).

(2) AGREEMENT.—

(A) IN GENERAL.—In reaching the agreement, the Governor, local partnership, and chief elected official shall establish an expected level of performance for each of the indicators of performance.

(B) CONSIDERATIONS.—Such agreement shall take into account at the local level the mat-

ters considered at the State level under clauses (i), (ii), and (iii) of subsection (b)(4)(A).

(C) ADJUSTMENTS.—If unanticipated circumstances arise in a local area resulting in a significant change in the factors referred to in subsection (b)(4)(A)(i), the local partnership and chief elected official may request that the levels of performance agreed to under paragraph (1) be adjusted, using criteria and methods referred to in subsection (b)(4)(B).

(d) REPORT.—

(1) IN GENERAL.—Each State that receives an allotment under section 302 shall annually prepare and submit to the Secretary a report on the progress of the State in achieving State performance measures. The annual report also shall include information regarding the progress of local areas in achieving local performance measures. The report also shall include information on the status of State evaluations of workforce investment activities described in subsection (e).

(2) ADDITIONAL INFORMATION.—In preparing such report, the State shall include, at a minimum, information on participants in workforce investment activities relating to—

(A) entry by participants who have completed training services provided under section 315(c)(3) into unsubsidized employment related to the training received;

(B) wages at entry into employment for participants in workforce investment activities who entered unsubsidized employment, including the rate of wage replacement for such participants who are dislocated workers;

(C) cost of workforce investment activities relative to the effect of the activities on the performance of participants;

(D) retention and earnings received in unsubsidized employment 12 months after entry into the employment;

(E) performance with respect to the indicators of performance specified in subsection (b)(2) of participants in workforce investment activities who received the training services compared with the performance of participants in workforce investment activities who received only services other than the training services (excluding participants who received only self-service and informational activities); and

(F) performance with respect to the indicators of performance specified in subsection (b)(2) of welfare recipients, out-of-school youth, veterans, and individuals with disabilities.

(3) INFORMATION DISSEMINATION.—The Secretary shall make the information contained in such reports available to Congress, the Library of Congress, and the public through publication and other appropriate methods. The Secretary shall disseminate State-by-State comparisons of the information after adjusting the information to take account of differences in specific circumstances, including economic circumstances, of the States and after consulting with each Governor as to the accuracy of the information after adjustment.

(e) EVALUATION OF STATE PROGRAMS.—

(1) IN GENERAL.—Using funds made available under this subtitle, the State, in coordination with local partnerships in the State, shall conduct ongoing evaluation studies of workforce investment activities carried out in the State under this subtitle in order to promote, establish, implement, and utilize methods for continuously improving the activities in order to achieve high-level performance within, and high-level outcomes from, the statewide workforce investment

system. To the maximum extent practicable, the State shall coordinate the evaluations with the evaluations provided for by the Secretary under section 368.

(2) DESIGN.—The evaluation studies conducted under this subsection shall be designed in conjunction with the statewide partnership and local partnerships and shall include analysis of customer feedback and outcome and process measures in the statewide workforce investment system.

(3) RESULTS.—The State shall periodically prepare and submit to the statewide partnership and local partnerships in the State reports containing the results of evaluation studies conducted under this subsection, to promote the efficiency and effectiveness of the statewide workforce investment system in improving employability for jobseekers and competitiveness for employers.

(f) FISCAL AND MANAGEMENT ACCOUNTABILITY INFORMATION SYSTEMS.—

(1) IN GENERAL.—Using funds made available under this subtitle, the Governor, in coordination with local partnerships and chief elected officials in the State, shall establish and operate a fiscal and management accountability information system based on guidelines established by the Secretary after con-

sultation with the Governors, local elected officials, and officers of agencies that administer workforce investment activities in local areas. Such guidelines shall promote efficient collection and use of fiscal and management information for reporting and monitoring the use of funds made available under this subtitle and for preparing the annual report described in subsection (d).

(2) WAGE RECORDS.—In measuring the progress of the State on State and local performance measures, a State shall utilize quarterly wage records. The Secretary shall make arrangements to ensure that the wage records of any State are available to any other State to the extent that such wage records are required by the State in carrying out the State plan of the State or completing the annual report described in subsection (d).

(3) CONFIDENTIALITY.—In carrying out the requirements of this Act, the State shall comply with section 444 of the General Education Provisions Act (20 U.S.C. 1232g) (as added by the Family Educational Rights and Privacy Act of 1974).

(g) SANCTIONS.—

(1) TECHNICAL ASSISTANCE OR REDUCTION OF ALLOTMENTS.—The Secretary shall—

(A) if a State failed to meet ⅓ or more of the State performance measures for any year, provide technical assistance in accordance with section 366(b) to the State to improve the level of performance of the State; and

(B) if a State failed to meet ½ or more of the State performance measures for each of 2 consecutive years, or failed to meet the State performance measures and the extent of the failure with respect to ⅓ of such measures was significant for each of 2 consecutive years—

(i) determine whether the failure involved is attributable to—

(I) adult employment and training activities;

(II) dislocated worker employment and training activities; or

(III) youth activities; and

(ii) reduce, by not more than 5 percent, the allotment of the State under section 302 for 1 year for the category of activities described in clause (i) to which the failure is attributable.

(2) CRITERIA.—The Secretary, after collaboration with the representatives described in subsection

(i), shall issue objective criteria for determining cases in which the extent of failure is significant for purposes of paragraph (1)(B).

(3) FUNDS RESULTING FROM REDUCED ALLOTMENTS.—The Secretary shall use an amount retained, as a result of a reduction in an allotment to a State made under paragraph (1)(B), to provide technical assistance in accordance with section 366 to such State.

(h) INCENTIVE GRANTS.—The Secretary shall make incentive grants under this title in accordance with section 365 to States that exceed the levels of performance for performance measures established under this Act. In awarding incentive grants under this title, the Secretary shall give special consideration to those States achieving the highest levels of performance on indicators of performance related to employment retention and earnings.

(i) OTHER MEASURES AND TERMINOLOGY.—

(1) RESPONSIBILITIES.—The Secretary, after collaboration with representatives of appropriate Federal agencies, and representatives of States and political subdivisions, business and industry, employees, eligible providers of employment and training activities, educators, and participants, with expertise re-

garding workforce investment policies and workforce investment activities, shall issue—

(A) definitions for information required to be reported under subsection (d)(2);

(B) terms for a menu of additional indicators of performance described in subsection (b)(3)(B) to assist States in assessing their progress toward State workforce investment goals;

(C) objective criteria and methods described in subsection (b)(4)(B) for making adjustments to levels of performance; and

(D) objective criteria described in subsection (g)(2) for determining significant extent of failure on performance measures.

(2) DEFINITIONS FOR CORE INDICATORS.—The Secretary and the representatives described in paragraph (1) shall participate in the activities described in section 502 concerning the issuance of definitions for indicators of performance described in subsection (b)(2).

(3) ASSISTANCE.—The Secretary shall make the services of objective staff available to the representatives to assist the representatives in participating in

the collaboration described in paragraph (1) and in the activities described in section 502.

SEC. 322. AUTHORIZATION OF APPROPRIATIONS.

(a) ADULT EMPLOYMENT AND TRAINING ACTIVITIES.—There are authorized to be appropriated to carry out the activities described in section 302(a)(1) under this subtitle, such sums as may be necessary for each of fiscal years 1999 through 2004.

(b) DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES.—There are authorized to be appropriated to carry out the activities described in section 302(a)(2) under this subtitle, such sums as may be necessary for each of fiscal years 1999 through 2004.

(c) YOUTH ACTIVITIES.—There are authorized to be appropriated to carry out the activities described in section 302(a)(3) under this subtitle, such sums as may be necessary for each of fiscal years 1999 through 2004.

Subtitle B—Job Corps

SEC. 331. PURPOSES.

The purposes of this subtitle are—

(1) to maintain a national Job Corps program, carried out in partnership with States and communities, to assist eligible youth who need and can benefit from an intensive program, operated in a group setting in residential and nonresidential centers, to

become more responsible, employable, and productive citizens;

(2) to set forth standards and procedures for selecting individuals as enrollees in the Job Corps;

(3) to authorize the establishment of Job Corps centers in which enrollees will participate in intensive programs of activities described in this subtitle; and

(4) to prescribe various other powers, duties, and responsibilities incident to the operation and continuing development of the Job Corps.

SEC. 332. DEFINITIONS.

In this subtitle:

(1) APPLICABLE LOCAL PARTNERSHIP.—The term "applicable local partnership" means a local partnership—

(A) that provides information for a Job Corps center on local employment opportunities and the job skills needed to obtain the opportunities; and

(B) that serves communities in which the graduates of the Job Corps center seek employment.

(2) APPLICABLE ONE-STOP CUSTOMER SERVICE CENTER.—The term "applicable one-stop customer

service center'' means a one-stop customer service center that provides services, such as referral, intake, recruitment, and placement, to a Job Corps center.

(3) ENROLLEE.—The term ''enrollee'' means an individual who has voluntarily applied for, been selected for, and enrolled in the Job Corps program, and remains with the program, but has not yet become a graduate.

(4) FORMER ENROLLEE.—The term ''former enrollee'' means an individual who has voluntarily applied for, been selected for, and enrolled in the Job Corps program, but left the program before completing the requirements of a vocational training program, or receiving a secondary school diploma or recognized equivalent, as a result of participation in the Job Corps program.

(5) GRADUATE.—The term ''graduate'' means an individual who has voluntarily applied for, been selected for, and enrolled in the Job Corps program and has completed the requirements of a vocational training program, or received a secondary school diploma or recognized equivalent, as a result of participation in the Job Corps program.

(6) JOB CORPS.—The term ''Job Corps'' means the Job Corps described in section 333.

(7) JOB CORPS CENTER.—The term "Job Corps center" means a center described in section 333.

(8) OPERATOR.—The term "operator" means an entity selected under this subtitle to operate a Job Corps center.

(9) REGION.—The term "region" means an area served by a regional office of the Employment and Training Administration.

(10) SERVICE PROVIDER.—The term "service provider" means an entity selected under this subtitle to provide services described in this subtitle to a Job Corps center.

SEC. 333. ESTABLISHMENT.

There shall be established in the Department of Labor a Job Corps program, to carry out activities described in this subtitle for individuals enrolled in a Job Corps and assigned to a center.

SEC. 334. INDIVIDUALS ELIGIBLE FOR THE JOB CORPS.

To be eligible to become an enrollee, an individual shall be—

(1) not less than age 16 and not more than age 21 on the date of enrollment, except that—

(A) not more than 20 percent of the individuals enrolled in the Job Corps may be not less

than age 22 and not more than age 24 on the date of enrollment; and

(B) either such maximum age limitation may be waived by the Secretary, in accordance with regulations of the Secretary, in the case of an individual with a disability;

(2) a low-income individual; and

(3) an individual who is 1 or more of the following:

(A) Basic skills deficient.

(B) A school dropout.

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

(D) A parent.

(E) An individual who requires additional education, vocational training, or intensive counseling and related assistance, in order to participate successfully in regular schoolwork or to secure and hold employment.

SEC. 335. RECRUITMENT, SCREENING, SELECTION, AND ASSIGNMENT OF ENROLLEES.

(a) STANDARDS AND PROCEDURES.—

(1) IN GENERAL.—The Secretary shall prescribe specific standards and procedures for the recruitment, screening, and selection of eligible applicants for the Job Corps, after considering recommendations from

the Governors, local partnerships, and other interested parties.

(2) METHODS.—In prescribing standards and procedures under paragraph (1), the Secretary, at a minimum, shall—

(A) prescribe procedures for informing enrollees that drug tests will be administered to the enrollees and the results received within 45 days after the enrollees enroll in the Job Corps;

(B) establish standards for recruitment of Job Corps applicants;

(C) establish standards and procedures for—

(i) determining, for each applicant, whether the educational and vocational needs of the applicant can best be met through the Job Corps program or an alternative program in the community in which the applicant resides; and

(ii) obtaining from each applicant pertinent data relating to background, needs, and interests for determining eligibility and potential assignment;

(D) where appropriate, take measures to improve the professional capability of the indi-

viduals conducting screening of the applicants; and

(E) assure that an appropriate number of enrollees are from rural areas.

(3) IMPLEMENTATION.—To the extent practicable, the standards and procedures shall be implemented through arrangements with—

(A) applicable one-stop customer service centers;

(B) community action agencies, business organizations, and labor organizations; and

(C) agencies and individuals that have contact with youth over substantial periods of time and are able to offer reliable information about the needs and problems of youth.

(4) CONSULTATION.—The standards and procedures shall provide for necessary consultation with individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers.

(5) REIMBURSEMENT.—The Secretary is authorized to enter into contracts with and make payments to individuals and organizations for the cost of conducting recruitment, screening, and selection of eligible applicants for the Job Corps, as provided for in

this section. The Secretary shall make no payment to any individual or organization solely as compensation for referring the names of applicants for the Job Corps.

(b) SPECIAL LIMITATIONS ON SELECTION.—

(1) IN GENERAL.—No individual shall be selected as an enrollee unless the individual or organization implementing the standards and procedures determines that—

(A) there is a reasonable expectation that the individual considered for selection can participate successfully in group situations and activities, and is not likely to engage in behavior that would prevent other enrollees from receiving the benefit of the Job Corps program or be incompatible with the maintenance of sound discipline and satisfactory relationships between the Job Corps center to which the individual might be assigned and communities surrounding the Job Corps center;

(B) the individual manifests a basic understanding of both the rules to which the individual will be subject and of the consequences of failure to observe the rules; and

(C) the individual has passed a background check conducted in accordance with procedures established by the Secretary.

(2) INDIVIDUALS ON PROBATION, PAROLE, OR SUPERVISED RELEASE.—An individual on probation, parole, or supervised release may be selected as an enrollee only if release from the supervision of the probation or parole official involved is satisfactory to the official and the Secretary and does not violate applicable laws (including regulations). No individual shall be denied a position in the Job Corps solely on the basis of individual contact with the criminal justice system.

(c) ASSIGNMENT PLAN.—

(1) IN GENERAL.—Every 2 years, the Secretary shall develop and implement an assignment plan for assigning enrollees to Job Corps centers. In developing the plan, the Secretary shall, based on the analysis described in paragraph (2), establish targets, applicable to each Job Corps center, for—

(A) the maximum attainable percentage of enrollees at the Job Corps center that reside in the State in which the center is located; and

(B) the maximum attainable percentage of enrollees at the Job Corps center that reside in

the region in which the center is located, and in surrounding regions.

(2) ANALYSIS.—In order to develop the plan described in paragraph (1), the Secretary shall, every 2 years, analyze, for the Job Corps center—

(A) the size of the population of individuals eligible to participate in Job Corps in the State and region in which the Job Corps center is located, and in surrounding regions;

(B) the relative demand for participation in the Job Corps in the State and region, and in surrounding regions; and

(C) the capacity and utilization of the Job Corps center, including services provided through the center.

(d) ASSIGNMENT OF INDIVIDUAL ENROLLEES.—

(1) IN GENERAL.—After an individual has been selected for the Job Corps in accordance with the standards and procedures of the Secretary under subsection (a), the enrollee shall be assigned to the Job Corps center that is closest to the home of the enrollee, except that the Secretary may waive this requirement if—

(A) the enrollee chooses a vocational training program, or requires an English as a second

language program, that is not available at such center;

(B) the enrollee is an individual with a disability and may be better served at another center;

(C) the enrollee would be unduly delayed in participating in the Job Corps program because the closest center is operating at full capacity; or

(D) the parent or guardian of the enrollee requests assignment of the enrollee to another Job Corps center due to circumstances in the community of the enrollee that would impair prospects for successful participation in the Job Corps program.

(2) ENROLLEES WHO ARE YOUNGER THAN 18.—An enrollee who is younger than 18 shall not be assigned to a Job Corps center other than the center closest to the home of the enrollee pursuant to paragraph (1) if the parent or guardian of the enrollee objects to the assignment.

SEC. 336. ENROLLMENT.

(a) RELATIONSHIP BETWEEN ENROLLMENT AND MILITARY OBLIGATIONS.—Enrollment in the Job Corps shall not relieve any individual of obligations under the Military Selective Service Act (50 U.S.C. App. 451 et seq.).

(b) PERIOD OF ENROLLMENT.—No individual may be enrolled in the Job Corps for more than 2 years, except—

(1) in a case in which completion of an advanced career training program under section 338(b) would require an individual to participate in the Job Corps for not more than 1 additional year; or

(2) as the Secretary may authorize in a special case.

SEC. 337. JOB CORPS CENTERS.

(a) OPERATORS AND SERVICE PROVIDERS.—

(1) ELIGIBLE ENTITIES.—

(A) OPERATORS.—The Secretary shall enter into an agreement with a Federal, State, or local agency, such as individuals participating in a statewide partnership or in a local partnership or an agency that operates or wishes to develop an area vocational education school facility or residential vocational school, or with a private organization, for the operation of each Job Corps center.

(B) PROVIDERS.—The Secretary may enter into an agreement with a local entity to provide activities described in this subtitle to the Job Corps center.

(2) SELECTION PROCESS.—

(A) COMPETITIVE BASIS.—Except as provided in subsections (c) and (d) of section 303 of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253), the Secretary shall select on a competitive basis an entity to operate a Job Corps center and entities to provide activities described in this subtitle to the Job Corps center. In developing a solicitation for an operator or service provider, the Secretary shall consult with the Governor of the State in which the center is located, the industry council for the Job Corps center (if established), and the applicable local partnership regarding the contents of such solicitation, including elements that will promote the consistency of the activities carried out through the center with the objectives set forth in the State plan or in a local plan.

(B) RECOMMENDATIONS AND CONSIDERATIONS.—

(i) OPERATORS.—In selecting an entity to operate a Job Corps center, the Secretary shall consider—

(I) the ability of the entity to coordinate the activities carried out through the Job Corps center with ac-

tivities carried out under the appropriate State plan and local plans;

(II) the degree to which the vocational training that the entity proposes for the center reflects local employment opportunities in the local areas in which enrollees at the center intend to seek employment;

(III) the degree to which the entity is familiar with the surrounding communities, applicable one-stop centers, and the State and region in which the center is located; and

(IV) the past performance of the entity, if any, relating to operating or providing activities described in this subtitle to a Job Corps center.

(ii) PROVIDERS.—In selecting a service provider for a Job Corps center, the Secretary shall consider the factors described in subclauses (I) through (IV) of clause (i), as appropriate.

(b) CHARACTER AND ACTIVITIES.—Job Corps centers may be residential or nonresidential in character, and shall be designed and operated so as to provide enrollees, in a

well-supervised setting, with access to activities described in this subtitle. In any year, no more than 20 percent of the individuals enrolled in the Job Corps may be nonresidential participants in the Job Corps.

(c) CIVILIAN CONSERVATION CENTERS.—

(1) IN GENERAL.—The Job Corps centers may include Civilian Conservation Centers operated under agreements with the Secretary of Agriculture or the Secretary of the Interior, located primarily in rural areas, which shall provide, in addition to other vocational training and assistance, programs of work experience to conserve, develop, or manage public natural resources or public recreational areas or to develop community projects in the public interest.

(2) SELECTION PROCESS.—The Secretary may select an entity to operate a Civilian Conservation Center on a competitive basis, as provided in subsection (a), if the center fails to meet such national performance standards as the Secretary shall establish.

(d) INDIAN TRIBES.—

(1) GENERAL AUTHORITY.—The Secretary may enter into agreements with Indian tribes to operate Job Corps centers for Indians.

(2) DEFINITIONS.—In this subsection, the terms "Indian" and "Indian tribe", have the meanings given such terms in subsections (d) and (e), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

SEC. 338. PROGRAM ACTIVITIES.

(a) ACTIVITIES PROVIDED BY JOB CORPS CENTERS.—

(1) IN GENERAL.—Each Job Corps center shall provide enrollees with an intensive, well organized, and fully supervised program of education, vocational training, work experience, recreational activities, and counseling. Each Job Corps center shall provide enrollees assigned to the center with access to core services described in subtitle A.

(2) RELATIONSHIP TO OPPORTUNITIES.—

(A) IN GENERAL.—The activities provided under this subsection shall provide work-based learning throughout the enrollment of the enrollees and assist the enrollees in obtaining meaningful unsubsidized employment, participating in secondary education or postsecondary education programs, enrolling in other suitable vocational training programs, or satisfying Armed Forces requirements, on completion of their enrollment.

(B) LINK TO EMPLOYMENT OPPORTUNITIES.—The vocational training provided shall be linked to the employment opportunities in the local area in which the enrollee intends to seek employment after graduation.

(b) ADVANCED CAREER TRAINING PROGRAMS.—

(1) IN GENERAL.—The Secretary may arrange for programs of advanced career training for selected enrollees in which the enrollees may continue to participate for a period of not to exceed 1 year in addition to the period of participation to which the enrollees would otherwise be limited. The advanced career training may be provided through the eligible providers of training services identified by the State involved under section 312.

(2) BENEFITS.—

(A) IN GENERAL.—During the period of participation in an advanced career training program, an enrollee shall be eligible for full Job Corps benefits, or a monthly stipend equal to the average value of the residential support, food, allowances, and other benefits provided to enrollees assigned to residential Job Corps centers.

(B) CALCULATION.—The total amount for which an enrollee shall be eligible under sub-

paragraph (A) shall be reduced by the amount of any scholarship or other educational grant assistance received by such enrollee for advanced career training.

(3) DEMONSTRATION.—Each year, any operator seeking to enroll additional enrollees in an advanced career training program shall demonstrate that participants in such program have achieved a reasonable rate of completion and placement in training-related jobs before the operator may carry out such additional enrollment.

(c) CONTINUED SERVICES.—The Secretary shall also provide continued services to graduates, including providing counseling regarding the workplace for 12 months after the date of graduation of the graduates. In selecting a provider for such services, the Secretary shall give priority to one-stop partners.

SEC. 339. COUNSELING AND JOB PLACEMENT.

(a) COUNSELING AND TESTING.—The Secretary shall arrange for counseling and testing for each enrollee at regular intervals to measure progress in the education and vocational training programs carried out through the Job Corps.

(b) PLACEMENT.—The Secretary shall arrange for counseling and testing for enrollees prior to their scheduled

graduations to determine their capabilities and, based on their capabilities, shall make every effort to arrange to place the enrollees in jobs in the vocations for which the enrollees are trained or to assist the enrollees in obtaining further activities described in this subtitle. In arranging for the placement of graduates in jobs, the Secretary shall utilize the one-stop customer service system to the fullest extent possible.

(c) STATUS AND PROGRESS.—The Secretary shall determine the status and progress of enrollees scheduled for graduation and make every effort to assure that their needs for further activities described in this subtitle are met.

SEC. 340. SUPPORT.

(a) PERSONAL ALLOWANCES.—The Secretary shall provide enrollees assigned to Job Corps centers with such personal allowances as the Secretary may determine to be necessary or appropriate to meet the needs of the enrollees.

(b) READJUSTMENT ALLOWANCES.—The Secretary shall arrange for a readjustment allowance to be paid to eligible former enrollees and graduates. The Secretary shall arrange for the allowance to be paid at the one-stop customer service center nearest to the home of such a former enrollee or graduate who is returning home, or at the one-stop customer service center nearest to the location where the former enrollee or graduate has indicated an intent to

seek employment. If the Secretary uses any organization, in lieu of a one-stop customer service center, to provide placement services under this Act, the Secretary shall arrange for that organization to pay the readjustment allowance.

SEC. 341. OPERATING PLAN.

(a) IN GENERAL.—The provisions of the contract between the Secretary and an entity selected to operate a Job Corps center shall, at a minimum, serve as an operating plan for the Job Corps center.

(b) ADDITIONAL INFORMATION.—The Secretary may require the operator, in order to remain eligible to operate the Job Corps center, to submit such additional information as the Secretary may require, which shall be considered part of the operating plan.

(c) AVAILABILITY.—The Secretary shall make the operating plan described in subsections (a) and (b), excluding any proprietary information, available to the public.

SEC. 342. STANDARDS OF CONDUCT.

(a) PROVISION AND ENFORCEMENT.—The Secretary shall provide, and directors of Job Corps centers shall stringently enforce, standards of conduct within the centers. Such standards of conduct shall include provisions forbidding the actions described in subsection (b)(2)(A).

(b) DISCIPLINARY MEASURES.—

(1) IN GENERAL.—To promote the proper moral and disciplinary conditions in the Job Corps, the directors of Job Corps centers shall take appropriate disciplinary measures against enrollees. If such a director determines that an enrollee has committed a violation of the standards of conduct, the director shall dismiss the enrollee from the Job Corps if the director determines that the retention of the enrollee in the Job Corps will jeopardize the enforcement of such standards or diminish the opportunities of other enrollees.

(2) ZERO TOLERANCE POLICY AND DRUG TESTING.—

(A) GUIDELINES.—The Secretary shall adopt guidelines establishing a zero tolerance policy for an act of violence, for use, sale, or possession of a controlled substance, for abuse of alcohol, or for other illegal or disruptive activity.

(B) DRUG TESTING.—The Secretary shall require drug testing of all enrollees for controlled substances in accordance with procedures prescribed by the Secretary under section 335(a).

(C) DEFINITIONS.—In this paragraph:

(i) CONTROLLED SUBSTANCE.—The term "controlled substance" has the mean-

ing given the term in section 102 of the Controlled Substances Act (21 U.S.C. 802).

(ii) ZERO TOLERANCE POLICY.—The term "zero tolerance policy" means a policy under which an enrollee shall be automatically dismissed from the Job Corps after a determination by the director that the enrollee has carried out an action described in subparagraph (A).

(c) APPEAL.—A disciplinary measure taken by a director under this section shall be subject to expeditious appeal in accordance with procedures established by the Secretary.

SEC. 343. COMMUNITY PARTICIPATION.

(a) BUSINESS AND COMMUNITY LIAISON.—Each Job Corps center shall have a Business and Community Liaison (referred to in this Act as a "Liaison"), designated by the director of the center.

(b) RESPONSIBILITIES.—The responsibilities of the Liaison shall include—

(1) establishing and developing relationships and networks with—

(A) local and distant employers; and

(B) applicable one-stop customer service centers and applicable local partnerships,

for the purpose of providing job opportunities for Job Corps graduates; and

(2) establishing and developing relationships with members of the community in which the Job Corps center is located, informing members of the community about the projects of the Job Corps center and changes in the rules, procedures, or activities of the center that may affect the community, and planning events of mutual interest to the community and the Job Corps center.

(c) NEW CENTERS.—The Liaison for a Job Corps center that is not yet operating shall establish and develop the relationships and networks described in subsection (b) at least 3 months prior to the date on which the center accepts the first enrollee at the center.

SEC. 344. INDUSTRY COUNCILS.

(a) IN GENERAL.—Each Job Corps center shall have an industry council, appointed by the director of the center after consultation with the Liaison, in accordance with procedures established by the Secretary.

(b) INDUSTRY COUNCIL COMPOSITION.—

(1) IN GENERAL.—An industry council shall be comprised of—

(A) a majority of members who shall be local and distant owners of business concerns,

chief executives or chief operating officers of non-governmental employers, or other private sector employers, who—

(i) have substantial management, hiring, or policy responsibility; and

(ii) represent businesses with employment opportunities that reflect the employment opportunities of the applicable local area; and

(B) representatives of labor organizations (where present) and representatives of employees.

(2) LOCAL PARTNERSHIP.—The industry council may include members of the applicable local partnerships who meet the requirements described in paragraph (1).

(c) RESPONSIBILITIES.—The responsibilities of the industry council shall be—

(1) to work closely with all applicable local partnerships in order to determine, and recommend to the Secretary, appropriate vocational training for the center;

(2) to review all the relevant labor market information to—

(A) determine the employment opportunities in the local areas in which the enrollees intend to seek employment after graduation;

(B) determine the skills and education that are necessary to obtain the employment opportunities; and

(C) recommend to the Secretary the type of vocational training that should be implemented at the center to enable the enrollees to obtain the employment opportunities; and

(3) to meet at least once every 6 months to re-evaluate the labor market information, and other relevant information, to determine, and recommend to the Secretary, any necessary changes in the vocational training provided at the center.

(d) NEW CENTERS.—The industry council for a Job Corps center that is not yet operating shall carry out the responsibilities described in subsection (c) at least 3 months prior to the date on which the center accepts the first enrollee at the center.

SEC. 345. ADVISORY COMMITTEES.

The Secretary may establish and use advisory committees in connection with the operation of the Job Corps program, and the operation of Job Corps centers, whenever the Secretary determines that the availability of outside advice

and counsel on a regular basis would be of substantial benefit in identifying and overcoming problems, in planning program or center development, or in strengthening relationships between the Job Corps and agencies, institutions, or groups engaged in related activities.

SEC. 346. EXPERIMENTAL, RESEARCH, AND DEMONSTRATION PROJECTS.

The Secretary may carry out experimental, research, or demonstration projects relating to carrying out the Job Corps program and may waive any provisions of this subtitle that the Secretary finds would prevent the Secretary from carrying out the projects.

SEC. 347. APPLICATION OF PROVISIONS OF FEDERAL LAW.

(a) ENROLLEES NOT CONSIDERED TO BE FEDERAL EMPLOYEES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection and in section 8143(a) of title 5, United States Code, enrollees shall not be considered to be Federal employees and shall not be subject to the provisions of law relating to Federal employment, including such provisions regarding hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

(2) PROVISIONS RELATING TO TAXES AND SOCIAL SECURITY BENEFITS.—For purposes of the Internal

Revenue Code of 1986 and title II of the Social Security Act (42 U.S.C. 401 et seq.), enrollees shall be deemed to be employees of the United States and any service performed by an individual as an enrollee shall be deemed to be performed in the employ of the United States.

(3) PROVISIONS RELATING TO COMPENSATION TO FEDERAL EMPLOYEES FOR WORK INJURIES.—For purposes of subchapter I of chapter 81 of title 5, United States Code (relating to compensation to Federal employees for work injuries), enrollees shall be deemed to be civil employees of the Government of the United States within the meaning of the term "employee" as defined in section 8101 of title 5, United States Code, and the provisions of such subchapter shall apply as specified in section 8143(a) of title 5, United States Code.

(4) FEDERAL TORT CLAIMS PROVISIONS.—For purposes of the Federal tort claims provisions in title 28, United States Code, enrollees shall be considered to be employees of the Government.

(b) ADJUSTMENTS AND SETTLEMENTS.—Whenever the Secretary finds a claim for damages to a person or property resulting from the operation of the Job Corps to be a proper charge against the United States, and the claim is not cog-

nizable under section 2672 of title 28, United States Code, the Secretary may adjust and settle the claim in an amount not exceeding $1,500.

(c) PERSONNEL OF THE UNIFORMED SERVICES.—Personnel of the uniformed services who are detailed or assigned to duty in the performance of agreements made by the Secretary for the support of the Job Corps shall not be counted in computing strength under any law limiting the strength of such services or in computing the percentage authorized by law for any grade in such services.

SEC. 348. SPECIAL PROVISIONS.

(a) ENROLLMENT.—The Secretary shall ensure that women and men have an equal opportunity to participate in the Job Corps program, consistent with section 335.

(b) STUDIES, EVALUATIONS, PROPOSALS, AND DATA.—The Secretary shall assure that all studies, evaluations, proposals, and data produced or developed with Federal funds in the course of carrying out the Job Corps program shall become the property of the United States.

(c) TRANSFER OF PROPERTY.—

(1) IN GENERAL.—Notwithstanding title II of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 481 et seq.) and any other provision of law, the Secretary and the Secretary of Education shall receive priority by the Secretary of Defense for

the direct transfer, on a nonreimbursable basis, of the property described in paragraph (2) for use in carrying out programs under this Act or under any other Act.

(2) PROPERTY.—The property described in this paragraph is real and personal property under the control of the Department of Defense that is not used by such Department, including property that the Secretary of Defense determines is in excess of current and projected requirements of such Department.

(d) GROSS RECEIPTS.—Transactions conducted by a private for-profit or nonprofit entity that is an operator or service provider for a Job Corps center shall not be considered to be generating gross receipts. Such an operator or service provider shall not be liable, directly or indirectly, to any State or subdivision of a State (nor to any person acting on behalf of such a State or subdivision) for any gross receipts taxes, business privilege taxes measured by gross receipts, or any similar taxes imposed on, or measured by, gross receipts in connection with any payments made to or by such entity for operating or providing services to a Job Corps center. Such an operator or service provider shall not be liable to any State or subdivision of a State to collect or pay any sales, excise, use, or similar tax imposed on the sale to or use by such operator or service

provider of any property, service, or other item in connection with the operation of or provision of services to a Job Corps center.

(e) MANAGEMENT FEE.—The Secretary shall provide each operator and (in an appropriate case, as determined by the Secretary) service provider with an equitable and negotiated management fee of not less than 1 percent of the amount of the funding provided under the appropriate agreement specified in section 337.

(f) DONATIONS.—The Secretary may accept on behalf of the Job Corps or individual Job Corps centers charitable donations of cash or other assistance, including equipment and materials, if such donations are available for appropriate use for the purposes set forth in this subtitle.

(g) SALE OF PROPERTY.—Notwithstanding any other provision of law, if the Administrator of General Services sells a Job Corps center facility, the Administrator shall transfer the proceeds from the sale to the Secretary, who shall use the proceeds to carry out the Job Corps program.

SEC. 349. MANAGEMENT INFORMATION.

(a) FINANCIAL MANAGEMENT INFORMATION SYSTEM.—

(1) IN GENERAL.—The Secretary shall establish procedures to ensure that each operator, and each

service provider, maintains a financial management information system that will provide—

(A) accurate, complete, and current disclosures of the costs of Job Corps operations; and

(B) sufficient data for the effective evaluation of activities carried out through the Job Corps program.

(2) ACCOUNTS.—Each operator and service provider shall maintain funds received under this subtitle in accounts in a manner that ensures timely and accurate reporting as required by the Secretary.

(3) FISCAL RESPONSIBILITY.—Operators shall remain fiscally responsible and control costs, regardless of whether the funds made available for Job Corps centers are incrementally increased or decreased between fiscal years.

(b) AUDIT.—

(1) ACCESS.—The Secretary, the Inspector General of the Department of Labor, the Comptroller General of the United States, and any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the operators and service providers described in subsection (a) that are pertinent to the Job Corps program, for purposes

of conducting surveys, audits, and evaluations of the operators and service providers.

(2) SURVEYS, AUDITS, AND EVALUATIONS.—The Secretary shall survey, audit, or evaluate, or arrange for the survey, audit, or evaluation of, the operators and service providers, using Federal auditors or independent public accountants. The Secretary shall conduct such surveys, audits, or evaluations not less often than once every 3 years.

(c) INFORMATION ON CORE PERFORMANCE MEASURES.—

(1) ESTABLISHMENT.—The Secretary shall, with continuity and consistency from year to year, establish core performance measures, and expected performance levels on the performance measures, for Job Corps centers and the Job Corps program, relating to—

(A) the number of graduates and the rate of such graduation, analyzed by type of vocational training received through the Job Corps program and by whether the vocational training was provided by a local or national service provider;

(B) the number of graduates who entered unsubsidized employment related to the vocational training received through the Job Corps

program and the number who entered unsubsidized employment not related to the vocational training received, analyzed by whether the vocational training was provided by a local or national service provider and by whether the placement in the employment was conducted by a local or national service provider;

(C) the average wage received by graduates who entered unsubsidized employment related to the vocational training received through the Job Corps program and the average wage received by graduates who entered unsubsidized employment unrelated to the vocational training received;

(D) the average wage received by graduates placed in unsubsidized employment after completion of the Job Corps program—

(i) on the first day of the employment;

(ii) 6 months after the first day of the employment; and

(iii) 12 months after the first day of the employment,

analyzed by type of vocational training received through the Job Corps program;

(E) the number of graduates who entered unsubsidized employment and were retained in the unsubsidized employment—

(i) 6 months after the first day of the employment; and

(ii) 12 months after the first day of the employment;

(F) the number of graduates who entered unsubsidized employment—

(i) for 32 hours per week or more;

(ii) for not less than 20 but less than 32 hours per week; and

(iii) for less than 20 hours per week;

(G) the number of graduates who entered postsecondary education or advanced training programs, including registered apprenticeship programs, as appropriate; and

(H) the number of graduates who attained job readiness and employment skills.

(2) PERFORMANCE OF RECRUITERS.—The Secretary shall also establish performance measures, and expected performance levels on the performance measures, for local and national recruitment service providers serving the Job Corps program. The performance measures shall relate to the number of enrollees

retained in the Job Corps program for 30 days and for 60 days after initial placement in the program.

(3) REPORT.—The Secretary shall collect, and annually submit a report to the appropriate committees of Congress containing, information on the performance of each Job Corps center, and the Job Corps program, on the core performance measures, as compared to the expected performance level for each performance measure. The report shall also contain information on the performance of the service providers described in paragraph (2) on the performance measures established under such paragraph, as compared to the expected performance levels for the performance measures.

(d) ADDITIONAL INFORMATION.—The Secretary shall also collect, and submit in the report described in subsection (c), information on the performance of each Job Corps center, and the Job Corps program, regarding—

(1) the number of enrollees served;

(2) the average level of learning gains for graduates and former enrollees;

(3) the number of former enrollees and graduates who entered the Armed Forces;

(4) the number of former enrollees who entered postsecondary education;

(5) the number of former enrollees who entered unsubsidized employment related to the vocational training received through the Job Corps program and the number who entered unsubsidized employment not related to the vocational training received;

(6) the number of former enrollees and graduates who obtained a secondary school diploma or its recognized equivalent;

(7) the number and percentage of dropouts from the Job Corps program including the number dismissed under the zero tolerance policy described in section 342(b); and

(8) any additional information required by the Secretary.

(e) METHODS.—The Secretary may, to collect the information described in subsections (c) and (d), use methods described in subtitle A.

(f) PERFORMANCE ASSESSMENTS AND IMPROVEMENTS.—

(1) ASSESSMENTS.—The Secretary shall conduct an annual assessment of the performance of each Job Corps center. Based on the assessment, the Secretary shall take measures to continuously improve the performance of the Job Corps program.

(2) PERFORMANCE IMPROVEMENT PLANS.—With respect to a Job Corps center that fails to meet the expected levels of performance relating to the core performance measures specified in subsection (c), the Secretary shall develop and implement a performance improvement plan. Such a plan shall require action including—

(A) providing technical assistance to the center;

(B) changing the vocational training offered at the center;

(C) changing the management staff of the center;

(D) replacing the operator of the center;

(E) reducing the capacity of the center;

(F) relocating the center; or

(G) closing the center.

(3) ADDITIONAL PERFORMANCE IMPROVEMENT PLANS.—In addition to the performance improvement plans required under paragraph (2), the Secretary may develop and implement additional performance improvement plans. Such a plan shall require improvements, including the actions described in paragraph (2), for a Job Corps center that fails to meet criteria established by the Secretary other than the ex-

pected levels of performance described in paragraph (2).

SEC. 350. GENERAL PROVISIONS.

The Secretary is authorized to—

(1) disseminate, with regard to the provisions of section 3204 of title 39, United States Code, data and information in such forms as the Secretary shall determine to be appropriate, to public agencies, private organizations, and the general public;

(2) subject to section 347(b), collect or compromise all obligations to or held by the Secretary and exercise all legal or equitable rights accruing to the Secretary in connection with the payment of obligations until such time as such obligations may be referred to the Attorney General for suit or collection; and

(3) expend funds made available for purposes of this subtitle—

(A) for printing and binding, in accordance with applicable law (including regulation); and

(B) without regard to any other law (including regulation), for rent of buildings and space in buildings and for repair, alteration, and improvement of buildings and space in buildings rented by the Secretary, except that the

Secretary shall not expend funds under the authority of this subparagraph—

(i) except when necessary to obtain an item, service, or facility, that is required in the proper administration of this subtitle, and that otherwise could not be obtained, or could not be obtained in the quantity or quality needed, or at the time, in the form, or under the conditions in which the item, service, or facility is needed; and

(ii) prior to having given written notification to the Administrator of General Services (if the expenditure would affect an activity that otherwise would be under the jurisdiction of the General Services Administration) of the intention of the Secretary to make the expenditure, and the reasons and justifications for the expenditure.

SEC. 351. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this subtitle such sums as may be necessary for each of the fiscal years 1999 through 2004.

Subtitle C—National Programs

SEC. 361. NATIVE AMERICAN PROGRAMS.

(a) PURPOSE AND POLICY.—

(1) PURPOSE.—The purpose of this section is to support workforce investment activities and supplemental services for Indian and Native Hawaiian individuals in order—

(A) to develop more fully the academic, occupational, and literacy skills of such individuals;

(B) to make such individuals more competitive in the workforce; and

(C) to promote the economic and social development of Indian and Native Hawaiian communities in accordance with the goals and values of such communities.

(2) INDIAN POLICY.—All programs assisted under this section shall be administered in a manner consistent with the principles of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) and the government-to-government relationship between the Federal Government and Indian tribal governments.

(b) DEFINITIONS.—In this section:

(1) INDIAN, INDIAN TRIBE, AND TRIBAL ORGANIZATION.—The terms "Indian", "Indian tribe", and "tribal organization" have the meanings given such terms in subsections (d), (e), and (l), respectively, of

section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(2) NATIVE HAWAIIAN AND NATIVE HAWAIIAN ORGANIZATION.—The terms "Native Hawaiian" and "Native Hawaiian organization" have the meanings given such terms in paragraphs (1) and (3), respectively, of section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

(c) PROGRAMS AUTHORIZED.—

(1) IN GENERAL.—The Secretary shall, on a competitive basis, make grants to, or enter into contracts or cooperative agreements with, Indian tribes, tribal organizations, Indian-controlled organizations serving Indians, or Native Hawaiian organizations to carry out the authorized activities described in subsection (d).

(2) EXCEPTION.—The competition for grants, contracts, or cooperative agreements conducted under paragraph (1) shall be conducted every 2 years, except that if a recipient of such a grant, contract, or agreement has performed satisfactorily, the Secretary may waive the requirements for such competition on receipt from the recipient of a satisfactory 2-year program plan for the succeeding 2-year period of the grant, contract, or agreement.

(d) AUTHORIZED ACTIVITIES.—

(1) IN GENERAL.—Funds made available under subsection (c) shall be used to carry out the activities described in paragraph (2) that—

(A) are consistent with this section; and

(B) are necessary to meet the needs of Indians or Native Hawaiians preparing to enter, reenter, or retain unsubsidized employment.

(2) WORKFORCE INVESTMENT ACTIVITIES AND SUPPLEMENTAL SERVICES.—

(A) IN GENERAL.—Funds made available under subsection (c) shall be used for—

(i) building a comprehensive facility to be utilized by American Samoans residing in Hawaii for the co-location of federally funded and State funded workforce investment activities;

(ii) comprehensive workforce investment activities for Indians or Native Hawaiians; or

(iii) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations and in Oklahoma, Alaska, or Hawaii.

(B) SPECIAL RULE.—Notwithstanding any other provision of this section, individuals who were eligible to participate in programs under section 401 of the Job Training Partnership Act (29 U.S.C. 1671) (as such section was in effect on the day before the date of enactment of this Act) shall be eligible to participate in an activity assisted under subparagraph (A)(i).

(e) PROGRAM PLAN.—In order to receive a grant or enter into a contract or cooperative agreement under this section an entity described in subsection (c) shall submit to the Secretary a program plan that describes a 2-year strategy for meeting the needs of Indian or Native Hawaiian individuals, as appropriate, in the area served by such entity. Such plan shall—

(1) be consistent with the purpose of this section;

(2) identify the population to be served;

(3) identify the education and employment needs of the population to be served and the manner in which the activities to be provided will strengthen the ability of the individuals served to obtain or retain unsubsidized employment;

(4) describe the activities to be provided and the manner in which such activities are to be integrated with other appropriate activities; and

(5) describe, after the entity submitting the plan consults with the Secretary, the performance measures to be used to assess the performance of entities in carrying out the activities assisted under this section.

(f) CONSOLIDATION OF FUNDS.—Each entity receiving assistance under subsection (c) may consolidate such assistance with assistance received from related programs in accordance with the provisions of the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C. 3401 et seq.).

(g) NONDUPLICATIVE AND NONEXCLUSIVE SERVICES.—Nothing in this section shall be construed—

(1) to limit the eligibility of any entity described in subsection (c) to participate in any activity offered by a State or local entity under this Act; or

(2) to preclude or discourage any agreement, between any entity described in subsection (c) and any State or local entity, to facilitate the provision of services by such entity or to the population served by such entity.

(h) ADMINISTRATIVE PROVISIONS.—

(1) ORGANIZATIONAL UNIT ESTABLISHED.—The Secretary shall designate a single organizational unit within the Department of Labor that shall have pri-

mary responsibility for the administration of the activities authorized under this section.

(2) REGULATIONS.—The Secretary shall consult with the entities described in subsection (c) in—

(A) establishing regulations to carry out this section, including performance measures for entities receiving assistance under such subsection, taking into account the economic circumstances of such entities; and

(B) developing a funding distribution plan that takes into consideration previous levels of funding (prior to the date of enactment of this Act) to such entities.

(3) WAIVERS.—

(A) IN GENERAL.—With respect to an entity described in subsection (c), the Secretary, notwithstanding any other provision of law, may, pursuant to a request submitted by such entity that meets the requirements established under paragraph (2), waive any of the statutory or regulatory requirements of this title that are inconsistent with the specific needs of the entities described in such subsection, except that the Secretary may not waive requirements relating to wage and labor standards, worker rights, partici-

pation and protection of participants, grievance procedures, and judicial review.

(B) REQUEST AND APPROVAL.—An entity described in subsection (c) that requests a waiver under subparagraph (A) shall submit a plan to the Secretary to improve the program of workforce investment activities carried out by the entity, which plan shall meet the requirements established by the Secretary and shall be generally consistent with the requirements of section 379(i)(4)(B).

(4) ADVISORY COUNCIL.—

(A) IN GENERAL.—Using funds made available to carry out this section, the Secretary shall establish a Native American Employment and Training Council to facilitate the consultation described in paragraph (2).

(B) COMPOSITION.—The Council shall be composed of individuals, appointed by the Secretary, who are representatives of the entities described in subsection (c).

(C) DUTIES.—The Council shall advise the Secretary on all aspects of the operation and administration of the programs assisted under this section, including the selection of the individual

appointed as the head of the unit established under paragraph (1).

(D) PERSONNEL MATTERS.—

(i) COMPENSATION OF MEMBERS.—Members of the Council shall serve without compensation.

(ii) TRAVEL EXPENSES.—The members of the Council shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Council.

(iii) ADMINISTRATIVE SUPPORT.—The Secretary shall provide the Council with such administrative support as may be necessary to perform the functions of the Council.

(E) CHAIRPERSON.—The Council shall select a chairperson from among its members.

(F) MEETINGS.—The Council shall meet not less than twice each year.

(G) APPLICATION.—Section 14 of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Council.

(5) TECHNICAL ASSISTANCE.—The Secretary, acting through the unit established under paragraph (1), is authorized to provide technical assistance to entities described in subsection (c) that receive assistance under subsection (c) to enable such entities to improve the activities authorized under this section that are provided by such entities.

SEC. 362. MIGRANT AND SEASONAL FARMWORKER PROGRAMS.

(a) IN GENERAL.—Every 2 years, the Secretary shall, on a competitive basis, make grants to, or enter into contracts with, eligible entities to carry out the activities described in subsection (d).

(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant or enter into a contract under this section, an entity shall have an understanding of the problems of eligible migrant and seasonal farmworkers (including dependents), a familiarity with the area to be served, and the ability to demonstrate a capacity to administer effectively a diversified program of workforce investment activities (including youth activities) and related assistance for eligible migrant and seasonal farmworkers.

(c) PROGRAM PLAN.—

(1) IN GENERAL.—To be eligible to receive a grant or enter into a contract under this section, an entity described in subsection (b) shall submit to the Secretary a plan that describes a 2-year strategy for meeting the needs of eligible migrant and seasonal farmworkers in the area to be served by such entity.

(2) ADMINISTRATION.—Grants and contracts awarded under this section shall be centrally administered by the Department of Labor and competitively awarded by the Secretary using procedures consistent with standard Federal Government competitive procurement policies.

(3) COMPETITION.—

(A) IN GENERAL.—The competition for grants made and contracts entered into under this section shall be conducted every 2 years.

(B) EXCEPTION.—Notwithstanding subparagraph (A), if a recipient of such a grant or contract has performed satisfactorily under the terms of the grant agreement or contract, the Secretary may waive the requirement for such competition for such recipient upon receipt from the recipient of a satisfactory 2-year plan de-

scribed in paragraph (1) for the succeeding 2-year grant or contract period.

(4) CONTENTS.—Such plan shall—

(A) identify the education and employment needs of the eligible migrant and seasonal farmworkers to be served and the manner in which the workforce investment activities (including youth activities) to be carried out will strengthen the ability of the eligible migrant and seasonal farmworkers to obtain or retain unsubsidized employment or stabilize their unsubsidized employment;

(B) describe the related assistance, including supportive services, to be provided and the manner in which such assistance and services are to be integrated and coordinated with other appropriate services; and

(C) describe, after consultation with the Secretary, the performance measures to be used to assess the performance of such entity in carrying out the activities assisted under this section.

(d) AUTHORIZED ACTIVITIES.—Funds made available under this section shall be used to carry out workforce investment activities (including youth activities) and provide related assistance for eligible migrant and seasonal farm-

workers, which may include employment, training, educational assistance, literacy assistance, an English language program, worker safety training, supportive services, dropout prevention activities, follow-up services for those individuals placed in employment, self-employment and related business enterprise development education as needed by eligible migrant and seasonal farmworkers and identified pursuant to the plan required by subsection (c), and technical assistance relating to capacity enhancement in such areas as management information technology.

(e) CONSULTATION WITH GOVERNORS AND LOCAL PARTNERSHIPS.—In making grants and entering into contracts under this section, the Secretary shall consult with the Governors and local partnerships of the States in which the eligible entities will carry out the activities described in subsection (d).

(f) REGULATIONS.—The Secretary shall consult with eligible migrant and seasonal farmworkers groups and States in establishing regulations to carry out this section, including performance measures for eligible entities that take into account the economic circumstances and demographics of eligible migrant and seasonal farmworkers.

(g) DEFINITIONS.—In this section:

(1) DISADVANTAGED.—The term "disadvantaged", used with respect to a farmworker, means a

farmworker whose income, for 12 consecutive months out of the 24 months prior to application for the program involved, does not exceed the higher of—

(A) the poverty line (as defined in section 334(a)(2)(B)) for an equivalent period; or

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

(2) ELIGIBLE MIGRANT AND SEASONAL FARMWORKERS.—The term "eligible migrant and seasonal farmworkers" means individuals who are eligible migrant farmworkers or are eligible seasonal farmworkers.

(3) ELIGIBLE MIGRANT FARMWORKER.—The term "eligible migrant farmworker" means—

(A) an eligible seasonal farmworker described in paragraph (4)(A) whose agricultural labor requires travel to a job site such that the farmworker is unable to return to a permanent place of residence within the same day; and

(B) a dependent of the farmworker described in subparagraph (A).

(4) ELIGIBLE SEASONAL FARMWORKER.—The term "eligible seasonal farmworker" means—

(A) a disadvantaged person who, for 12 consecutive months out of the 24 months prior to

application for the program involved, has been primarily employed in agricultural labor that is characterized by chronic unemployment or underemployment; and

(B) a dependent of the person described in subparagraph (A).

SEC. 363. VETERANS' WORKFORCE INVESTMENT PROGRAMS.

(a) AUTHORIZATION.—

(1) IN GENERAL.—The Secretary shall conduct, directly or through grants or contracts, programs to meet the needs for workforce investment activities of veterans with service-connected disabilities, veterans who have significant barriers to employment, veterans who served on active duty in the armed forces during a war or in a campaign or expedition for which a campaign badge has been authorized, and recently separated veterans.

(2) CONDUCT OF PROGRAMS.—Programs supported under this section may be conducted through grants and contracts with public agencies and private nonprofit organizations, including recipients of Federal assistance under other provisions of this title, that the Secretary determines have an understanding of the unemployment problems of veterans described

in paragraph (1), familiarity with the area to be served, and the capability to administer effectively a program of workforce investment activities for such veterans.

(3) REQUIRED ACTIVITIES.—Programs supported under this section shall include—

(A) activities to enhance services provided to veterans by other providers of workforce investment activities funded by Federal, State, or local government;

(B) activities to provide workforce investment activities to such veterans that are not adequately provided by other public providers of workforce investment activities; and

(C) outreach and public information activities to develop and promote maximum job and job training opportunities for such veterans and to inform such veterans about employment, job training, on-the-job training and educational opportunities under this title, under title 38, United States Code, and under other provisions of law, which activities shall be coordinated with activities provided through the one-stop customer service centers.

(b) ADMINISTRATION OF PROGRAMS.—

(1) IN GENERAL.—The Secretary shall administer programs supported under this section through the Assistant Secretary for Veterans' Employment and Training.

(2) ADDITIONAL RESPONSIBILITIES.—In carrying out responsibilities under this section, the Assistant Secretary for Veterans' Employment and Training shall—

(A) be responsible for the awarding of grants and contracts and the distribution of funds under this section and for the establishment of appropriate fiscal controls, accountability, and program performance measures for recipients of grants and contracts under this section; and

(B) consult with the Secretary of Veterans Affairs and take steps to ensure that programs supported under this section are coordinated, to the maximum extent feasible, with related programs and activities conducted under title 38, United States Code, including programs and activities conducted under subchapter II of chapter 77 of such title, chapters 30, 31, 32, and 34 of such title, and sections 1712A, 1720A, 3687, and 4103A of such title.

SEC. 364. YOUTH OPPORTUNITY GRANTS.

(a) GRANTS.—

(1) IN GENERAL.—Using funds made available under section 302(b)(3)(A), the Secretary shall make grants to eligible local partnerships and eligible entities described in subsection (d) to provide activities described in subsection (b) for youth to increase the long-term employment of eligible youth who live in empowerment zones, enterprise communities, and high poverty areas and who seek assistance.

(2) GRANT PERIOD.—The Secretary may make a grant under this section for a 1-year period, and may renew the grant for each of the 4 succeeding years.

(3) GRANT AWARDS.—In making grants under this section, the Secretary shall ensure that grants are distributed equitably among local partnerships and entities serving urban areas and local partnerships and entities serving rural areas, taking into consideration the poverty rate in such urban and rural areas, as described in subsection (c)(3)(B).

(b) USE OF FUNDS.—

(1) IN GENERAL.—A local partnership or entity that receives a grant under this section shall use the funds made available through the grant to provide activities that meet the requirements of section 316, except as provided in paragraph (2), as well as youth

development activities such as activities relating to leadership development, citizenship, and community service, and recreation activities.

(2) INTENSIVE PLACEMENT AND FOLLOWUP SERVICES.—In providing activities under this section, a local partnership or entity shall provide—

(A) intensive placement services; and

(B) followup services for not less than 24 months after the completion of participation in the other activities described in this subsection, as appropriate.

(c) ELIGIBLE LOCAL PARTNERSHIPS.—To be eligible to receive a grant under this section, a local partnership shall serve a community that—

(1) has been designated as an empowerment zone or enterprise community under section 1391 of the Internal Revenue Code of 1986;

(2)(A) is a State without a zone or community described in paragraph (1); and

(B) has been designated as a high poverty area by the Governor of the State; or

(3) is 1 of 2 areas in a State that—

(A) have been designated by the Governor as areas for which a local partnership may apply for a grant under this section; and

(B) meet the poverty rate criteria set forth in subsections (a)(4), (b), and (d) of section 1392 of the Internal Revenue Code of 1986.

(d) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section, an entity (other than a local partnership) shall—

(1) be a recipient of financial assistance under section 361; and

(2) serve a community that—

(A) meets the poverty rate criteria set forth in subsections (a)(4), (b), and (d) of section 1392 of the Internal Revenue Code of 1986; and

(B) is located on an Indian reservation.

(e) APPLICATION.—To be eligible to receive a grant under this section, a local partnership or entity shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require, including—

(1) a description of the activities that the local partnership or entity will provide under this section to youth in the community described in subsection (c);

(2) a description of the performance measures negotiated under subsection (f), and the manner in

which the local partnerships or entities will carry out the activities to meet the performance measures;

(3) a description of the manner in which the activities will be linked to activities described in section 316; and

(4) a description of the community support, including financial support through leveraging additional public and private resources, for the activities.

(f) PERFORMANCE MEASURES.—

(1) IN GENERAL.—The Secretary shall negotiate and reach agreement with the local partnership or entity on performance measures for the indicators of performance referred to in paragraphs (2) and (3) of section 321(b) that will be used to evaluate the performance of the local partnership or entity in carrying out the activities described in subsection (b). Each local performance measure shall consist of such a indicator of performance, and a performance level referred to in paragraph (2).

(2) PERFORMANCE LEVELS.—The Secretary shall negotiate and reach agreement with the local partnership or entity regarding the levels of performance expected to be achieved by the local partnership or entity on the indicators of performance.

(g) ROLE MODEL ACADEMY PROJECT.—

(1) IN GENERAL.—Using the funds made available pursuant to section 302(b)(3)(A)(iv) for fiscal year 1999, the Secretary shall provide assistance to an entity to carry out a project establishing a role model academy for out-of-school youth.

(2) RESIDENTIAL CENTER.—The entity shall use the assistance to establish an academy that consists of a residential center located on the site of a military installation closed or realigned pursuant to a law providing for closures and realignments of such installations.

(3) SERVICES.—The academy established pursuant to this subsection shall provide services that—

(A) utilize a military style model that emphasizes leadership skills and discipline, or another model of demonstrated effectiveness; and

(B) include vocational training, secondary school course work leading to a secondary school diploma or recognized equivalent, and the use of mentors who serve as role models and who provide academic training and career counseling to the youth.

SEC. 365. INCENTIVE GRANTS.

(a) IN GENERAL.—Effective July 1, 2000, the Secretary may make grants to States that exceed the expected

levels of performance for performance measures established under this Act.

(b) USE OF FUNDS.—A State that receives an incentive grant under this section shall use the funds made available through the grant to carry out innovative vocational education, adult education and literacy, or workforce investment activity programs, as determined by the State.

(c) INCENTIVE GRANT REGULATIONS.—The Secretary of Labor and the Secretary of Education shall jointly promulgate 1 set of regulations for incentive grants under sections 116 and 243 and this section.

SEC. 366. TECHNICAL ASSISTANCE.

(a) TRANSITION ASSISTANCE.—The Secretary shall provide technical assistance to assist States in making transitions from carrying out activities under provisions described in section 391 to carrying out activities under this title.

(b) PERFORMANCE IMPROVEMENT.—

(1) GENERAL ASSISTANCE.—

(A) AUTHORITY.—The Secretary—

(i) shall provide technical assistance to States who fail to meet ⅓ or more of the State performance measures for a program year; and

(ii) may provide technical assistance to other States, local areas, and recipients of financial assistance under any of sections 361 through 364 to promote the continuous improvement of the programs and activities authorized under this title.

(B) FORM OF ASSISTANCE.—In carrying out this paragraph on behalf of a State, or recipient of financial assistance under any of sections 361 through 364, the Secretary, after consultation with the State or grant recipient, may award grants and enter into contracts and cooperative agreements.

(C) LIMITATION.—Grants or contracts awarded under this paragraph that are for amounts in excess of $50,000 shall only be awarded on a competitive basis.

(2) DISLOCATED WORKER TECHNICAL ASSISTANCE.—

(A) AUTHORITY.—Of the amounts available pursuant to section 302(a)(2), the Secretary shall reserve not more than 5 percent of such amounts to provide technical assistance to States that do not meet the State performance measures described in section 321(b) with respect to employ-

ment and training activities for dislocated workers. Using such reserved funds, the Secretary may provide such assistance to other States, local areas, business and labor organizations, and other entities involved in providing assistance to dislocated workers, to promote the continuous improvement of assistance provided to dislocated workers, under this title.

(B) TRAINING.—Amounts reserved under this paragraph may be used to provide for the training of staff, including specialists, who provide rapid response services. Such training shall include instruction in proven methods of promoting, establishing, and assisting labor-management committees. Such projects shall be administered through the dislocated worker office described in section 369(b).

SEC. 367. DEMONSTRATION, PILOT, MULTISERVICE, RESEARCH, AND MULTISTATE PROJECTS.

(a) STRATEGIC PLAN.—

(1) IN GENERAL.—After consultation with States, localities, and other interested parties, the Secretary shall, every 2 years, publish in the Federal Register, a plan that describes the demonstration and pilot (including dislocated worker demonstration and

pilot), multiservice, research, and multistate project priorities of the Department of Labor concerning employment and training for the 5-year period following the submission of the plan. Copies of the plan shall be transmitted to the appropriate committees of Congress.

(2) LIMITATION.—With respect to a plan published under paragraph (1), the Secretary shall ensure that research projects (referred to in subsection (d)) are considered for incorporation into the plan only after projects referred to in subsections (b), (c), and (e) have been considered and incorporated into the plan, and are funded only as funds remain to permit the funding of such research projects.

(3) FACTORS.—The plan published under paragraph (1) shall contain strategies to address national employment and training problems and take into account factors such as—

(A) the availability of existing research (as of the date of the publication);

(B) the need to ensure results that have interstate validity;

(C) the benefits of economies of scale and the efficiency of proposed projects; and

(D) the likelihood that the results of the projects will be useful to policymakers and stakeholders in addressing employment and training problems.

(b) DEMONSTRATION AND PILOT PROJECTS.—

(1) IN GENERAL.—Under a plan published under subsection (a), the Secretary shall, through grants or contracts, carry out demonstration and pilot projects for the purpose of developing and implementing techniques and approaches, and demonstrating the effectiveness of specialized methods, in addressing employment and training needs. Such projects shall include the provision of direct services to individuals to enhance employment opportunities and an evaluation component.

(2) LIMITATIONS.—

(A) COMPETITIVE AWARDS.—Grants or contracts awarded for carrying out demonstration and pilot projects under this subsection shall be awarded only on a competitive basis, except that a noncompetitive award may be made in the case of a project that is funded jointly with other public or private sector entities that provide a substantial portion of the funding for the project.

(B) ELIGIBLE ENTITIES.—Grants or contracts may be awarded under this subsection only to—

(i) entities with recognized expertise in—

(I) conducting national demonstration projects;

(II) utilizing state-of-the-art demonstration methods; and

(III) conducting evaluations of employment and training projects; or

(ii) State and local entities with expertise in operating or overseeing employment and training programs.

(C) TIME LIMITS.—The Secretary shall establish appropriate time limits for carrying out demonstration and pilot projects under this subsection.

(c) MULTISERVICE PROJECTS.—

(1) IN GENERAL.—Under a plan published under subsection (a), the Secretary shall, through grants or contracts, carry out multiservice projects—

(A) that will test an array of approaches to the provision of employment and training services to a variety of targeted populations;

(B) in which the entity carrying out the project, in conjunction with employers, organized labor, and other groups such as the disability community, will design, develop, and test various training approaches in order to determine effective practices; and

(C) that will assist in the development and replication of effective service delivery strategies for targeted populations for the national employment and training system as a whole.

(2) LIMITATIONS.—

(A) COMPETITIVE AWARDS.—Grants or contracts awarded for carrying out multiservice projects under this subsection shall be awarded only on a competitive basis.

(B) TIME LIMITS.—A grant or contract shall not be awarded under this subsection to the same organization for more than 3 consecutive years unless such grant or contract is competitively reevaluated within such period.

(d) RESEARCH.—

(1) IN GENERAL.—Under a plan published under subsection (a), the Secretary shall, through grants or contracts, carry out research projects that will con-

tribute to the solution of employment and training problems in the United States.

(2) FORMULA IMPROVEMENT STUDY AND REPORT.—

(A) STUDY.—The Secretary shall conduct a 2-year study concerning improvements in the formulas described in section 302(b)(1)(B) and paragraphs (3)(A) and (4)(A) of section 306(b) (regarding distributing funds under subtitle A to States and local areas for adult employment and training activities). In conducting the study, the Secretary shall examine means of improving the formulas by—

(i) developing formulas based on statistically reliable data;

(ii) developing formulas that are consistent with the goals and objectives of this title; and

(iii) developing formulas based on organizational and financial stability of statewide partnerships and local partnerships.

(B) REPORT.—The Secretary shall prepare and submit to Congress a report containing the

results of the study, including recommendations for improved formulas.

(3) LIMITATIONS.—

(A) COMPETITIVE AWARDS.—Grants or contracts awarded for carrying out research projects under this subsection in amounts that exceed $50,000 shall be awarded only on a competitive basis, except that a noncompetitive award may be made in the case of a project that is funded jointly with other public or private sector entities that provide a substantial portion of the funding for the project.

(B) ELIGIBLE ENTITIES.—Grants or contracts shall be awarded under this subsection only to entities with nationally recognized expertise in the methods, techniques, and knowledge of the social sciences.

(C) TIME LIMITS.—The Secretary shall establish appropriate time limits for the duration of research projects funded under this subsection.

(e) MULTISTATE PROJECTS.—

(1) IN GENERAL.—

(A) AUTHORITY.—Under a plan published under subsection (a), the Secretary may, through grants or contracts, carry out multistate projects

that require demonstrated expertise that is available at the national level to effectively disseminate best practices and models for implementing employment and training services, address the specialized employment and training needs of particular service populations, or address industrywide skill shortages.

(B) DESIGN OF GRANTS.—Grants or contracts awarded under this subsection shall be designed to obtain information relating to the provision of services under different economic conditions or to various demographic groups in order to provide guidance at the national and State levels about how best to administer specific employment and training services.

(2) LIMITATIONS.—

(A) COMPETITIVE AWARDS.—Grants or contracts awarded for carrying out multistate projects under this subsection shall be awarded only on a competitive basis.

(B) TIME LIMITS.—A grant or contract shall not be awarded under this subsection to the same organization for more than 3 consecutive years unless such grant or contract is competitively reevaluated within such period.

(f) DISLOCATED WORKER PROJECTS.—Of the amount made available pursuant to section 302(a)(2)(A) for any program year, the Secretary shall use not more than 10 percent of such amount to carry out demonstration and pilot projects, multiservice projects, and multistate projects, relating to the employment and training needs of dislocated workers. Of the requirements of this section, such projects shall be subject only to the provisions relating to review and evaluation of applications under subsection (g). Such projects may include demonstration and pilot projects relating to promoting self-employment, promoting job creation, averting dislocations, assisting dislocated farmers, assisting dislocated fishermen, and promoting public works. Such projects shall be administered through the dislocated worker office described in section 369(b).

(g) PEER REVIEW.—The Secretary shall utilize a peer review process to—

(1) review and evaluate all applications for grants and contracts in amounts that exceed $100,000 that are submitted under this section; and

(2) review and designate exemplary and promising programs under this section.

SEC. 368. EVALUATIONS.

(a) PROGRAMS AND ACTIVITIES CARRIED OUT UNDER THIS TITLE.—For the purpose of improving the manage-

ment and effectiveness of programs and activities carried out under this title, the Secretary shall provide for the continuing evaluation of the programs and activities. Such evaluations shall address—

(1) the general effectiveness of such programs and activities in relation to their cost;

(2) the effectiveness of the performance measures relating to such programs and activities;

(3) the effectiveness of the structure and mechanisms for delivery of services through such programs and activities;

(4) the impact of the programs and activities on the community and participants involved;

(5) the impact of such programs and activities on related programs and activities;

(6) the extent to which such programs and activities meet the needs of various demographic groups; and

(7) such other factors as may be appropriate.

(b) OTHER PROGRAMS AND ACTIVITIES.—The Secretary may conduct evaluations of other federally funded employment-related programs and activities, including programs and activities administered under—

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

(2) the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.);

(3) chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.); and

(4) State unemployment compensation laws (in accordance with applicable Federal law).

(c) TECHNIQUES.—Evaluations conducted under this section shall utilize appropriate methodology and research designs, including the use of control groups chosen by scientific random assignment methodologies. The Secretary shall conduct as least 1 multisite control group evaluation under this section by the end of fiscal year 2004.

(d) REPORTS.—The entity carrying out an evaluation described in subsection (a) or (b) shall prepare and submit to the Secretary a draft report and a final report containing the results of the evaluation.

(e) REPORTS TO CONGRESS.—Not later than 30 days after the completion of such a draft report, the Secretary shall transmit the draft report to the appropriate committees of Congress. Not later than 60 days after the completion of such a final report, the Secretary shall transmit the final report to the appropriate committees of Congress.

(f) COORDINATION.—The Secretary shall ensure the coordination of evaluations carried out by States pursuant

to section 321(e) with the evaluations carried out under this section.

SEC. 369. NATIONAL EMERGENCY GRANTS.

(a) IN GENERAL.—The Secretary is authorized to award national emergency grants in a timely manner—

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

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

(3) to provide additional assistance to a State or local partnership for eligible dislocated workers in a case in which the State or local partnership has expended the funds provided under this section to carry out activities described in paragraphs (1) and (2) and can demonstrate the need for additional funds to

provide appropriate services for such workers, in accordance with requirements prescribed by the Secretary.

(b) ADMINISTRATION.—The Secretary shall designate a dislocated worker office to coordinate the functions of the Secretary under this title relating to employment and training activities for dislocated workers, including activities carried out under the national emergency grants.

(c) EMPLOYMENT AND TRAINING ASSISTANCE REQUIREMENTS.—

(1) GRANT RECIPIENT ELIGIBILITY.—

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

(B) ELIGIBLE ENTITY.—In this paragraph, the term "entity" means a State, a local partnership, an entity described in section 361(c), an employer or employer association, a labor organization, and an entity determined to be eligible by the Governor of the State involved.

(2) PARTICIPANT ELIGIBILITY.—

(A) IN GENERAL.—In order to be eligible to receive employment and training assistance

under a national emergency grant awarded pursuant to subsection (a)(1), an individual shall be—

(i) a dislocated worker;

(ii) a civilian employee of the Department of Defense employed at a military installation that is being closed, or that will undergo realignment, within the next 24 months after the date of the determination of eligibility;

(iii) an individual who is employed in a nonmanagerial position with a Department of Defense contractor, who is determined by the Secretary of Defense to be at-risk of termination from employment as a result of reductions in defense expenditures, and whose employer is converting operations from defense to nondefense applications in order to prevent worker layoffs; or

(iv) a member of the Armed Forces who—

(I) was on active duty or full-time National Guard duty;

(II)(aa) is involuntarily separated (as defined in section 1141 of

title 10, United States Code) from active duty or full-time National Guard duty; or

(bb) is separated from active duty or full-time National Guard duty pursuant to a special separation benefits program under section 1174a of title 10, United States Code, or the voluntary separation incentive program under section 1175 of that title;

(III) is not entitled to retired or retained pay incident to the separation described in subclause (II); and

(IV) applies for such employment and training assistance before the end of the 180-day period beginning on the date of that separation.

(B) RETRAINING ASSISTANCE.—The individuals described in subparagraph (A)(iii) shall be eligible for retraining assistance to upgrade skills by obtaining marketable skills needed to support the conversion described in subparagraph (A)(iii).

(C) ADDITIONAL REQUIREMENTS.—The Secretary shall establish and publish additional re-

quirements related to eligibility for employment and training assistance under the national emergency grants to ensure effective use of the funds available for this purpose.

(D) DEFINITIONS.—In this paragraph, the terms 'military institution' and 'realignment' have the meanings given the terms in section 2910 of the Defense Base Closure and Realignment Act of 1990 (Public Law 101–510; 10 U.S.C. 2687 note).

(d) DISASTER RELIEF EMPLOYMENT ASSISTANCE REQUIREMENTS.—

(1) IN GENERAL.—Funds made available under subsection (a)(2)—

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

(B) may be expended through public and private agencies and organizations engaged in such projects; and

(C) may be expended to provide the services authorized under section 315(c).

(2) ELIGIBILITY.—An individual shall be eligible to be offered disaster relief employment under subsection (a)(2) if such individual is a dislocated worker, is a long-term unemployed individual, or is temporarily or permanently laid off as a consequence of the disaster.

(3) LIMITATIONS ON DISASTER RELIEF EMPLOYMENT.—No individual shall be employed under subsection (a)(2) for more than 6 months for work related to recovery from a single natural disaster.

SEC. 370. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—

(1) NATIVE AMERICAN PROGRAMS; MIGRANT AND SEASONAL FARMWORKER PROGRAMS; VETERANS' EMPLOYMENT PROGRAMS.—Subject to subsection (b)(1), there are authorized to be appropriated to carry out sections 361 through 363 such sums as may be necessary for each of the fiscal years 1999 through 2004.

(2) INCENTIVE GRANTS; TECHNICAL ASSISTANCE; DEMONSTRATION AND PILOT PROJECTS; EVALUATIONS.—Subject to subsection (b)(2), there are authorized to be appropriated to carry out sections 365

through 368, such sums as may be necessary for each of fiscal years 1999 through 2004.

(b) RESERVATIONS.—

(1) NATIVE AMERICAN PROGRAMS; MIGRANT AND SEASONAL FARMWORKER PROGRAMS; VETERANS' EMPLOYMENT PROGRAMS.—Of the amount appropriated under subsection (a)(1) for a fiscal year, the Secretary shall—

(A) reserve not less than $55,000,000 for carrying out section 361;

(B) reserve not less than $70,000,000 for carrying out section 362; and

(C) reserve not less than $7,300,000 for carrying out section 363.

(2) INCENTIVE GRANTS; TECHNICAL ASSISTANCE; DEMONSTRATION AND PILOT PROJECTS; EVALUATIONS.—Of the amount appropriated under subsection (a)(2) for a fiscal year, the Secretary shall—

(A)(i) for fiscal year 1999, reserve no funds for carrying out section 365; and

(ii) for each of fiscal years 2000 through 2004, reserve 36.8 percent for carrying out section 365;

(B)(i) for fiscal year 1999, reserve 61.8 percent for carrying out section 366 (other than section 366(b)(2)); and

(ii) for each of fiscal years 2000 through 2004, reserve 25 percent for carrying out section 366 (other than section 366(b)(2));

(C) reserve 24.2 percent of a carrying out section 367 (other than 367(f)); and

(D) reserve 14 percent for carrying out section 368.

Subtitle D—Administration

SEC. 371. REQUIREMENTS AND RESTRICTIONS.

(a) BENEFITS.—

(1) WAGES.—

(A) IN GENERAL.—Individuals in on-the-job training or individuals employed in programs and activities carried out under this title shall be compensated at the same rates, including periodic increases, as trainees or employees who are similarly situated in similar occupations by the same employer and who have similar skills. Such rates shall be in accordance with applicable law, but in no event less than the higher of the rate specified in section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C.

206(a)(1)) or the applicable State or local minimum wage law.

(B) CONSTRUCTION.—The reference in subparagraph (A) to section 6(a)(1) of the Fair Labor Standards Act of 1938—

(i) shall be deemed to be a reference to section 6(c) of that Act (29 U.S.C. 206(c)) for individuals in the Commonwealth of Puerto Rico;

(ii) shall be deemed to be a reference to section 6(a)(3) (29 U.S.C. 206(a)(3)) of that Act for individuals in American Samoa; and

(iii) shall not be applicable for individuals in other territorial jurisdictions in which section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) does not apply.

(2) TREATMENT OF ALLOWANCES, EARNINGS, AND PAYMENTS.—Allowances, earnings, and payments to individuals participating in programs and activities carried out under this title shall not be considered to be income for the purposes of determining eligibility for, and the amount of income transfer and in-kind aid furnished under, any Federal or federally

assisted program based on need, other than as provided under the Social Security Act (42 U.S.C. 301 et seq.).

(b) LABOR STANDARDS.—

(1) DISPLACEMENT.—

(A) PROHIBITION.—A participant in a program or activity authorized under this title (referred to in this subsection as a "specified activity") shall not displace (including a partial displacement, such as a reduction in the hours of nonovertime work, wages, or employment benefits) any currently employed employee (as of the date of the participation).

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

(2) OTHER PROHIBITIONS.—A participant in a specified activity shall not be employed in a job—

(A) when any other individual is on layoff from the same or any substantially equivalent job with the participating employer;

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

(C) that is created in a promotional line that will infringe in any way on the promotional opportunities of currently employed individuals (as of the date of the participation).

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

(4) EMPLOYMENT CONDITIONS.—Individuals in on-the-job training or individuals employed in programs and activities carried out under this title, shall

be provided benefits and working conditions at the same level and to the same extent as other trainees or employees working a similar length of time and doing the same type of work.

(5) OPPORTUNITY TO SUBMIT COMMENTS.—Interested members of the public, including representatives of labor organizations and businesses, shall be provided an opportunity to submit comments to the Secretary with respect to programs and activities proposed to be funded under subtitle A.

(6) NO IMPACT ON UNION ORGANIZING.—Each recipient of funds under this title shall provide to the Secretary assurances that none of such funds will be used to assist, promote, or deter union organizing.

(c) GRIEVANCE PROCEDURE.—

(1) IN GENERAL.—Each State receiving an allotment under section 302 and each recipient of financial assistance under section 361 or 362 shall establish and maintain a procedure for grievances or complaints alleging violations of the requirements of this title from participants and other interested or affected parties. Such procedure shall include an opportunity for a hearing and be completed within 60 days after the date of the filing of the grievance or complaint.

(2) INVESTIGATION.—

(A) IN GENERAL.—The Secretary shall investigate an allegation of a violation described in paragraph (1) if—

(i) a decision relating to such violation has not been reached within 60 days after the date of the filing of the grievance or complaint and either party appeals the decision to the Secretary; or

(ii) a decision relating to such violation has been reached within 60 days after the date of the filing and the party to which such decision is adverse appeals the decision to the Secretary.

(B) ADDITIONAL REQUIREMENT.—The Secretary shall make a final determination relating to an appeal made under subparagraph (A) no later than 120 days after the date of such appeal.

(3) REMEDIES.—Remedies that may be imposed under this subsection for a violation of any requirement of this title shall be limited—

(A) to suspension or termination of payments under this title to a person that has violated any requirement of this title;

(B) to prohibition of placement of a participant with an employer that has violated any requirement of this title;

(C) where applicable, to reinstatement of an employee, payment of lost wages and benefits, and reestablishment of other relevant terms, conditions, and privileges of employment; and

(D) where appropriate, to other equitable relief.

(4) CONSTRUCTION.—Nothing in paragraph (3) shall be construed to prohibit a grievant or complainant from pursuing a remedy authorized under another Federal, State, or local law for a violation of this title.

(d) RELOCATION.—

(1) PROHIBITION ON USE OF FUNDS TO ENCOURAGE OR INDUCE RELOCATION.—No funds provided under this title shall be used, or proposed for use, to encourage or induce the relocation of a business or part of a business if such relocation would result in a loss of employment for any employee of such business at the original location and such original location is within the United States.

(2) PROHIBITION ON USE OF FUNDS FOR CUSTOMIZED OR SKILL TRAINING AND RELATED ACTIVI-

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

(3) REPAYMENT.—If the Secretary determines that a violation of paragraph (1) or (2) has occurred, the Secretary shall require the State that has violated such paragraph to repay to the United States an amount equal to the amount expended in violation of such paragraph.

(e) LIMITATION ON USE OF FUNDS.—No funds available under this title shall be used for employment generating activities, economic development activities, activities for the capitalization of businesses, investment in contract bidding resource centers, or similar activities. No funds available under subtitle A shall be used for foreign travel.

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

(1) FINDING.—Congress finds that—

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

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

(2) DRUG TESTS.—Each eligible provider of training services shall administer a drug test—

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

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

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

(2)(A) and, if the test is administered to the applicant, shall pass the test.

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

(5) REAPPLICATION.—

(A) IN GENERAL.—Except as provided in subparagraph (B), an individual who is an applicant and is disqualified from eligibility under paragraph (3), or who is a participant and is dismissed under paragraph (4), may reapply, not earlier than 6 months after the date of the disqualification or dismissal, to participate in training services. If the individual demonstrates that the individual has completed a drug treatment program and passed a drug test within the 30-day period prior to the date of the reapplication, the individual may participate in training services, under the same terms and conditions as

apply to other applicants and participants, including submission to drug tests administered as described in paragraph (2).

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

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

(7) NATIONAL UNIFORM GUIDELINES.—

(A) IN GENERAL.—The Secretary of Labor shall develop voluntary guidelines to assist eligi-

ble providers concerning the drug testing required under this subsection.

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

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

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

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

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

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

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

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

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

(iv) a portion of each specimen sample shall be retained in a secure manner to pre-

vent the possibility of tampering, so that if the confirmation test results are positive the individual has an opportunity to have the retained portion assayed by a confirmation test done independently at a second certified laboratory, if the individual requests the independent test not later than 3 days after being advised of the results of the first confirmation test.

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

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

(8) NONLIABILITY OF LOCAL PARTNERSHIPS.—A local partnership, and the individual members of a local partnership, shall be immune from civil liability

with respect to any claim based in whole or part on activities carried out to implement this subsection.

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

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

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

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

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

(C) RANDOM BASIS.—For purposes of the application of this subsection in a State, the term "random basis" has the meaning deter-

mined by the Governor of the State, in the sole discretion of the Governor.

(D) TRAINING SERVICES.—The term "training services" means services described in section 315(c)(3).

SEC. 372. PROMPT ALLOCATION OF FUNDS.

(a) ALLOTMENTS BASED ON LATEST AVAILABLE DATA.—All allotments under section 302 shall be based on the latest available data and estimates satisfactory to the Secretary. All data relating to disadvantaged adults, disadvantaged youth, and low-income individuals shall be based on the most recent satisfactory data from the Bureau of the Census.

(b) PUBLICATION IN FEDERAL REGISTER RELATING TO FORMULA FUNDS.—Whenever the Secretary allots funds required to be allotted under section 302, the Secretary shall publish in a timely fashion in the Federal Register the proposed amount to be distributed to each recipient of the funds.

(c) REQUIREMENT FOR FUNDS DISTRIBUTED BY FORMULA.—All funds required to be allotted or allocated under section 302 or 306 shall be allotted or allocated within 45 days after the date of enactment of the Act appropriating the funds, except that, if such funds are appropriated in advance as authorized by section 379(g), such funds shall

be allotted or allocated not later than the March 31 preceding the program year for which such funds are to be available for obligation.

(d) AVAILABILITY OF FUNDS.—Funds shall be made available under section 306 to the chief elected official for a local area not later than 30 days after the date the funds are made available to the Governor involved, under section 302, or 7 days after the date the local plan for the area is approved, whichever is later.

SEC. 373. MONITORING.

(a) IN GENERAL.—The Secretary is authorized to monitor all recipients of financial assistance under this title to determine whether the recipients are complying with the provisions of this title, including the regulations issued under this title.

(b) INVESTIGATIONS.—The Secretary may investigate any matter the Secretary determines to be necessary to determine the compliance of the recipients with this title, including the regulations issued under this title. The investigations authorized by this subsection may include examining records (including making certified copies of the records), questioning employees, and entering any premises or onto any site in which any part of a program or activity of such a recipient is conducted or in which any of the records of the recipient are kept.

(c) ADDITIONAL REQUIREMENT.—For the purpose of any investigation or hearing conducted under this title by the Secretary, the provisions of section 9 of the Federal Trade Commission Act (15 U.S.C. 49) (relating to the attendance of witnesses and the production of documents) apply to the Secretary, in the same manner and to the same extent as the provisions apply to the Federal Trade Commission.

SEC. 374. FISCAL CONTROLS; SANCTIONS.

(a) ESTABLISHMENT OF FISCAL CONTROLS BY STATES.—

(1) IN GENERAL.—Each State shall establish such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursal of, and accounting for, Federal funds allocated to local areas under subtitle A. Such procedures shall ensure that all financial transactions carried out under subtitle A are conducted and records maintained in accordance with generally accepted accounting principles applicable in each State.

(2) COST PRINCIPLES.—

(A) IN GENERAL.—Each State (including the Governor of the State), local area (including the chief elected official for the area), and provider receiving funds under this title shall com-

ply with the applicable uniform cost principles included in the appropriate circulars of the Office of Management and Budget for the type of entity receiving the funds.

(B) EXCEPTION.—The funds made available to a State for administration of statewide workforce investment activities in accordance with section 314(c)(2) shall be allocable to the overall administration of workforce investment activities, but need not be specifically allocable to—

(i) the administration of adult employment and training activities;

(ii) the administration of dislocated worker employment and training activities; or

(iii) the administration of youth activities.

(3) UNIFORM ADMINISTRATIVE REQUIREMENTS.—

(A) IN GENERAL.—Each State (including the Governor of the State), local area (including the chief elected official for the area), and provider receiving funds under this title shall comply with the appropriate uniform administrative requirements for grants and agreements applica-

ble for the type of entity receiving the funds, as promulgated in circulars or rules of the Office of Management and Budget.

(B) ADDITIONAL REQUIREMENT.—Procurement transactions under this title between local partnerships and units of State or local governments shall be conducted only on a cost-reimbursable basis.

(4) MONITORING.—Each Governor of a State shall conduct onsite monitoring of each local area within the State to ensure compliance with the uniform administrative requirements referred to in paragraph (3).

(5) ACTION BY GOVERNOR.—If the Governor determines that a local area is not in compliance with the uniform administrative requirements referred to in paragraph (3), the Governor shall—

(A) require corrective action to secure prompt compliance; and

(B) impose the sanctions provided under subsection (b) in the event of failure to take the required corrective action.

(6) CERTIFICATION.—The Governor shall, every 3 years, certify to the Secretary that—

(A) the State has implemented the uniform administrative requirements referred to in paragraph (3);

(B) the State has monitored local areas to ensure compliance with the uniform administrative requirements as required under paragraph (4); and

(C) the State has taken appropriate action to secure compliance pursuant to paragraph (5).

(7) ACTION BY THE SECRETARY.—If the Secretary determines that the Governor has not fulfilled the requirements of this subsection, the Secretary shall—

(A) require corrective action to secure prompt compliance; and

(B) impose the sanctions provided under subsection (f) in the event of failure of the Governor to take the required appropriate action to secure compliance.

(b) SUBSTANTIAL VIOLATION.—

(1) ACTION BY GOVERNOR.—If, as a result of a financial or compliance audit or otherwise, the Governor determines that there is a substantial violation of a specific provision of this title, including regulations issued under this title, and corrective action has

not been taken, the Governor shall impose a reorganization plan, which may include—

(A) decertifying the local partnership involved in accordance with section 308(c)(3);

(B) prohibiting the use of providers who have been identified as eligible providers of workforce investment activities under chapter 3 of subtitle A;

(C) selecting an alternative entity to administer a program or activity for the local area involved;

(D) merging the local area into 1 or more other local areas; or

(E) making such other changes as the Secretary or Governor determines to be necessary to secure compliance.

(2) APPEAL.—The action taken by the Governor pursuant to paragraph (1) may be appealed to the Secretary, who shall make a final decision on the appeal not later than 60 days after the receipt of the appeal.

(3) ACTION BY SECRETARY.—If the Governor fails to take promptly the action required under paragraph (1), the Secretary shall take such action.

(c) ACCESS BY COMPTROLLER GENERAL.—For the purpose of evaluating and reviewing programs and activities established or provided for by this title, the Comptroller General shall have access to and the right to copy any books, accounts, records, correspondence, or other documents pertinent to such programs and activities that are in the possession, custody, or control of a State, a local partnership, any recipient of funds under this title, or any subgrantee or contractor of such a recipient.

(d) REPAYMENT OF CERTAIN AMOUNTS TO THE UNITED STATES.—

(1) IN GENERAL.—Every recipient of funds under this title shall repay to the United States amounts found not to have been expended in accordance with this title.

(2) OFFSET OF REPAYMENT.—If the Secretary determines that a State has expended funds made available under this title in a manner contrary to the requirements of this title, the Secretary may offset repayment of such expenditures against any other amount to which the State is or may be entitled, except as provided under subsection (e)(1).

(3) REPAYMENT FROM DEDUCTION BY STATE.—If the Secretary requires a State to repay funds as a result of a determination that a local area of the

State has expended funds contrary to the requirements of this title, the Governor of the State may use an amount deducted under paragraph (4) to repay the funds, except as provided under subsection (e)(1).

(4) DEDUCTION BY STATE.—The Governor may deduct an amount equal to the misexpenditure described in paragraph (3) from subsequent program year allocations to the local area from funds reserved for the administrative costs of the local programs involved, as appropriate.

(5) LIMITATIONS.—A deduction made by a State as described in paragraph (4) shall not be made until such time as the Governor has taken appropriate corrective action to ensure full compliance within such local area with regard to appropriate expenditures of funds under this title.

(e) REPAYMENT OF AMOUNTS.—

(1) IN GENERAL.—Each recipient of funds under this title shall be liable to repay the amounts described in subsection (d)(1), from funds other than funds received under this title, upon a determination by the Secretary that the misexpenditure of funds was due to willful disregard of the requirements of this title, gross negligence, failure to observe accepted standards of administration, or a pattern of

misexpenditure as described in paragraphs (2) and (3) of subsection (d). No such determination shall be made under this subsection or subsection (d) until notice and opportunity for a fair hearing has been given to the recipient.

(2) FACTORS IN IMPOSING SANCTIONS.—In determining whether to impose any sanction authorized by this section against a recipient for violations by a subgrantee or contractor of such recipient under this title (including the regulations issued under this title), the Secretary shall first determine whether such recipient has adequately demonstrated that the recipient has—

(A) established and adhered to an appropriate system for the award and monitoring of grants and contracts with subgrantees and contractors that contains acceptable standards for ensuring accountability;

(B) entered into a written grant agreement or contract with such subgrantee or contractor that established clear goals and obligations in unambiguous terms;

(C) acted with due diligence to monitor the implementation of the grant agreement or contract, including the carrying out of the appro-

priate monitoring activities (including audits) at reasonable intervals; and

(D) taken prompt and appropriate corrective action upon becoming aware of any evidence of a violation of this title, including regulations issued under this title, by such subgrantee or contractor.

(3) WAIVER.—If the Secretary determines that the recipient has demonstrated substantial compliance with the requirements of paragraph (2), the Secretary may waive the imposition of sanctions authorized by this section upon such recipient. The Secretary is authorized to impose any sanction consistent with the provisions of this title and any applicable Federal or State law directly against any subgrantee or contractor for violation of this title, including regulations issued under this title.

(f) IMMEDIATE TERMINATION OR SUSPENSION OF ASSISTANCE IN EMERGENCY SITUATIONS.—In emergency situations, if the Secretary determines it is necessary to protect the integrity of the funds or ensure the proper operation of the program or activity involved, the Secretary may immediately terminate or suspend financial assistance, in whole or in part, to the recipient if the recipient is given prompt notice and the opportunity for a subsequent hearing

within 30 days after such termination or suspension. The Secretary shall not delegate any of the functions or authority specified in this subsection, other than to an officer whose appointment is required to be made by and with the advice and consent of the Senate.

(g) DISCRIMINATION AGAINST PARTICIPANTS.—If the Secretary determines that any recipient of funds under this title has discharged or in any other manner discriminated in violation of section 378 against, a participant or any other individual in connection with the administration of the program or activity involved, or any individual because such individual has filed any complaint or instituted or caused to be instituted any proceeding under or related to this title, or has testified or is about to testify in any such proceeding or investigation under or related to this title, or otherwise unlawfully denied to any individual a benefit to which that individual is entitled under the provisions of this title, including regulations issued under this title, the Secretary shall, within 30 days after the date of the determination, take such action or order such corrective measures, as may be necessary, with respect to the recipient or the aggrieved individual.

(h) REMEDIES.—The remedies described in this section shall not be construed to be the exclusive remedies available for violations described in this section.

SEC. 375. REPORTS; RECORDKEEPING; INVESTIGATIONS.

(a) REPORTS.—

(1) IN GENERAL.—Recipients of funds under this title shall keep records that are sufficient to permit the preparation of reports required by this title and to permit the tracing of funds to a level of expenditure adequate to ensure that the funds have not been spent unlawfully.

(2) SUBMISSION TO THE SECRETARY.—Every such recipient shall maintain such records and submit such reports, in such form and containing such information, as the Secretary may require regarding the performance of programs and activities carried out under this title. Such records and reports shall be submitted to the Secretary but shall not be required to be submitted more than once each quarter unless specifically requested by Congress or a committee of Congress.

(3) MAINTENANCE OF STANDARDIZED RECORDS.—In order to allow for the preparation of the reports required under subsection (c), such recipients shall maintain standardized records for all individual participants and provide to the Secretary a sufficient number of such records to provide for an adequate analysis of the records.

(4) AVAILABILITY TO THE PUBLIC.—

(A) IN GENERAL.—Except as provided in subparagraph (B), records maintained by such recipients pursuant to this subsection shall be made available to the public upon request.

(B) EXCEPTION.—Subparagraph (A) shall not apply to—

(i) information, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy; and

(ii) trade secrets, or commercial or financial information, that is obtained from a person and privileged or confidential.

(C) FEES TO RECOVER COSTS.—Such recipients may charge fees sufficient to recover costs applicable to the processing of requests for records under subparagraph (A).

(b) INVESTIGATIONS OF USE OF FUNDS.—

(1) IN GENERAL.—

(A) SECRETARY.—In order to evaluate compliance with the provisions of this title, the Secretary shall conduct, in several States, in each fiscal year, investigations of the use of funds received by recipients under this title.

(B) COMPTROLLER GENERAL OF THE UNITED STATES.—In order to ensure compliance

with the provisions of this title, the Comptroller General of the United States may conduct investigations of the use of funds received under this title by any recipient.

(2) PROHIBITION.—In conducting any investigation under this title, the Secretary or the Comptroller General of the United States may not request the compilation of any information that the recipient is not otherwise required to compile and that is not readily available to such recipient.

(3) AUDITS.—

(A) IN GENERAL.—In carrying out any audit under this title (other than any initial audit survey or any audit investigating possible criminal or fraudulent conduct), either directly or through grant or contract, the Secretary, the Inspector General of the Department of Labor, or the Comptroller General of the United States shall furnish to the State, recipient, or other entity to be audited, advance notification of the overall objectives and purposes of the audit, and any extensive recordkeeping or data requirements to be met, not later than 14 days (or as soon as practicable), prior to the commencement of the audit.

(B) NOTIFICATION REQUIREMENT.—If the scope, objectives, or purposes of the audit change substantially during the course of the audit, the entity being audited shall be notified of the change as soon as practicable.

(C) ADDITIONAL REQUIREMENT.—The reports on the results of such audits shall cite the law, regulation, policy, or other criteria applicable to any finding contained in the reports.

(D) RULE OF CONSTRUCTION.—Nothing contained in this title shall be construed so as to be inconsistent with the Inspector General Act of 1978 (5 U.S.C. App.) or government auditing standards issued by the Comptroller General of the United States.

(c) ACCESSIBILITY OF REPORTS.—Each State, each local partnership, and each recipient (other than a subrecipient, subgrantee, or contractor of a recipient) receiving funds under this title shall—

(1) make readily accessible such reports concerning its operations and expenditures as shall be prescribed by the Secretary;

(2) prescribe and maintain comparable management information systems, in accordance with guidelines that shall be prescribed by the Secretary, de-

signed to facilitate the uniform compilation, cross tabulation, and analysis of programmatic, participant, and financial data, on statewide, local area, and other appropriate bases, necessary for reporting, monitoring, and evaluating purposes, including data necessary to comply with section 378; and

(3) monitor the performance of providers in complying with the terms of grants, contracts, or other agreements made pursuant to this title.

(d) INFORMATION TO BE INCLUDED IN REPORTS.—

(1) IN GENERAL.—The reports required in subsection (c) shall include information regarding programs and activities carried out under this title pertaining to—

(A) the relevant demographic characteristics (including race, ethnicity, sex, and age) and other related information regarding participants;

(B) the programs and activities in which participants are enrolled, and the length of time that participants are engaged in such programs and activities;

(C) outcomes of the programs and activities for participants, including the occupations of participants, and placement for participants in nontraditional employment;

(D) specified costs of the programs and activities; and

(E) information necessary to prepare reports to comply with section 378.

(2) ADDITIONAL REQUIREMENT.—The Secretary shall ensure that all elements of the information required for the reports described in paragraph (1) are defined and reported uniformly.

(e) RETENTION OF RECORDS.—The Governor of a State that receives funds under this title shall ensure that requirements are established for retention of all records of the State pertinent to all grants awarded, and contracts and agreements entered into, under this title, including financial, statistical, property, and participant records and supporting documentation. For funds allotted to a State under this title for any program year, the State shall retain the records for 2 subsequent program years. The State shall retain records for nonexpendable property that is used to carry out this title for a period of 3 years after final disposition of the property.

(f) QUARTERLY FINANCIAL REPORTS.—

(1) IN GENERAL.—Each local partnership in the State shall submit quarterly financial reports to the Governor with respect to programs and activities carried out under this title. Such reports shall include

information identifying all program and activity costs by cost category in accordance with generally accepted accounting principles and by year of the appropriation involved.

(2) ADDITIONAL REQUIREMENT.—Each State shall submit to the Secretary, on a quarterly basis, a summary of the reports submitted to the Governor pursuant to paragraph (1).

(g) MAINTENANCE OF ADDITIONAL RECORDS.—Each State and local partnership shall maintain records with respect to programs and activities carried out under this title that identify—

(1) any income or profits earned, including such income or profits earned by subrecipients; and

(2) any costs incurred (such as stand-in costs) that are otherwise allowable except for funding limitations.

(h) COST CATEGORIES.—In requiring entities to maintain records of costs by category under this title, the Secretary shall require only that the costs be categorized as administrative or programmatic costs.

SEC. 376. ADMINISTRATIVE ADJUDICATION.

(a) IN GENERAL.—Whenever any applicant for financial assistance under this title is dissatisfied because the Secretary has made a determination not to award financial

assistance in whole or in part to such applicant, the applicant may request a hearing before an administrative law judge of the Department of Labor. A similar hearing may also be requested by any recipient for whom a corrective action has been required or a sanction has been imposed by the Secretary under section 374. Except to the extent provided for in section 371(c) or 378, all other disputes arising under this title relating to the manner in which the recipient carries out a program or activity under this title shall be adjudicated under grievance procedures established by the recipient or under applicable law other than this title.

(b) APPEAL.—The decision of the administrative law judge shall constitute final action by the Secretary unless, within 20 days after receipt of the decision of the administrative law judge, a party dissatisfied with the decision or any part of the decision has filed exceptions with the Secretary specifically identifying the procedure, fact, law, or policy to which exception is taken. Any exception not specifically urged shall be deemed to have been waived. After the 20-day period the decision of the administrative law judge shall become the final decision of the Secretary unless the Secretary, within 30 days after such filing, has notified the parties that the case involved has been accepted for review.

(c) TIME LIMIT.—Any case accepted for review by the Secretary under subsection (b) shall be decided within 180 days after such acceptance. If the case is not decided within the 180-day period, the decision of the administrative law judge shall become the final decision of the Secretary at the end of the 180-day period.

(d) ADDITIONAL REQUIREMENT.—The provisions of section 377 shall apply to any final action of the Secretary under this section.

SEC. 377. JUDICIAL REVIEW.

(a) REVIEW.—

(1) PETITION.—With respect to any final order by the Secretary under section 376 by which the Secretary awards, declines to award, or only conditionally awards, financial assistance under this title, or any final order of the Secretary under section 376 with respect to a corrective action or sanction imposed under section 374, any party to a proceeding which resulted in such final order may obtain review of such final order in the United States Court of Appeals having jurisdiction over the applicant or recipient of funds involved, by filing a review petition within 30 days after the date of issuance of such final order.

(2) ACTION ON PETITION.—The clerk of the court shall transmit a copy of the review petition to the Secretary who shall file the record on which the final order was entered as provided in section 2112 of title 28, United States Code. The filing of a review petition shall not stay the order of the Secretary, unless the court orders a stay. Petitions filed under this subsection shall be heard expeditiously, if possible within 10 days after the date of filing of a reply to the petition.

(3) STANDARD AND SCOPE OF REVIEW.—No objection to the order of the Secretary shall be considered by the court unless the objection was specifically urged, in a timely manner, before the Secretary. The review shall be limited to questions of law and the findings of fact of the Secretary shall be conclusive if supported by substantial evidence.

(b) JUDGMENT.—The court shall have jurisdiction to make and enter a decree affirming, modifying, or setting aside the order of the Secretary in whole or in part. The judgment of the court regarding the order shall be final, subject to certiorari review by the Supreme Court as provided in section 1254(1) of title 28, United States Code.

SEC. 378. NONDISCRIMINATION.

(a) PROHIBITED DISCRIMINATION.—

(1) PROHIBITION ON DISCRIMINATION IN FEDERAL PROGRAMS AND ACTIVITIES.—For the purpose of applying the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.), on the basis of disability under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), on the basis of sex under title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.), on the basis of race, color, or national origin under title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), or on the basis of religion under any applicable provision of Federal law, programs and activities funded or otherwise financially assisted in whole or in part under this title shall be considered to be programs and activities receiving Federal financial assistance, and education programs and activities receiving Federal financial assistance.

(2) PROHIBITION OF DISCRIMINATION REGARDING PARTICIPATION, BENEFITS, AND EMPLOYMENT.—Except as otherwise permitted under title IX of the Education Amendments of 1972, no individual shall be excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in the administration of or in connection with, any such program or activity because of race,

color, religion, sex, national origin, age, disability, or political affiliation or belief.

(3) PROHIBITION ON ASSISTANCE FOR FACILITIES FOR SECTARIAN INSTRUCTION OR RELIGIOUS WORSHIP.—Participants shall not be employed under this title to carry out the construction, operation, or maintenance of any part of any facility that is used or to be used for sectarian instruction or as a place for religious worship (except with respect to the maintenance of a facility that is not primarily or inherently devoted to sectarian instruction or religious worship, in a case in which the organization operating the facility is part of a program or activity providing services to participants).

(4) PROHIBITION ON DISCRIMINATION ON BASIS OF PARTICIPANT STATUS.—No person may discriminate against an individual who is a participant in a program or activity that receives funds under this title, with respect to the terms and conditions affecting, or rights provided to, the individual, solely because of the status of the individual as a participant, in carrying out any endeavor that involves—

(A) participants in programs and activities that receive funding under this title; and

(B) persons who receive no assistance under this title.

(5) PROHIBITION ON DISCRIMINATION AGAINST CERTAIN NONCITIZENS.—Participation in programs and activities or receiving funds under this title shall be available to citizens and nationals of the United States, lawfully admitted permanent resident aliens, refugees, asylees, and parolees, other aliens lawfully present in the United States, and other individuals authorized by the Attorney General to work in the United States.

(b) ACTION OF SECRETARY.—Whenever the Secretary finds that a State or other recipient of funds under this title has failed to comply with a provision of law referred to in subsection (a)(1), or with paragraph (2), (3), (4), or (5) of subsection (a), including an applicable regulation prescribed to carry out such provision or paragraph, the Secretary shall notify such State or recipient and shall request that the State or recipient comply. If within a reasonable period of time, not to exceed 60 days, the State or recipient fails or refuses to comply, the Secretary may—

(1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted;

(2) exercise the powers and functions provided to the head of a Federal department or agency under the Age Discrimination Act of 1975, section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), title IX of the Education Amendments of 1972, or title VI of the Civil Rights Act of 1964, as may be applicable; or

(3) take such other action as may be provided by law.

(c) ACTION OF ATTORNEY GENERAL.—When a matter is referred to the Attorney General pursuant to subsection (b)(1), or whenever the Attorney General has reason to believe that a State or other recipient of funds under this title is engaged in a pattern or practice of discrimination in violation of a provision of law referred to in subsection (a)(1) or in violation of paragraph (2), (3), (4), or (5) of subsection (a), the Attorney General may bring a civil action in any appropriate district court of the United States for such relief as may be appropriate, including injunctive relief.

(d) JOB CORPS MEMBERS.—For purposes of this section, Job Corps members shall be considered as the ultimate beneficiaries of a program or activity receiving Federal financial assistance and an education program or activity receiving Federal financial assistance.

SEC. 379. ADMINISTRATIVE PROVISIONS.

(a) IN GENERAL.—The Secretary may, in accordance with chapter 5 of title 5, United States Code, prescribe rules and regulations to carry out this title to the extent necessary to implement, administer, and ensure compliance with the requirements of this title. Such rules and regulations may include provisions making adjustments authorized by section 6504 of title 31, United States Code. All such rules and regulations shall be published in the Federal Register at least 30 days prior to their effective dates. Copies of each such rule or regulation shall be transmitted to the appropriate committees of Congress on the date of such publication and shall contain, with respect to each material provision of such rule or regulation, a citation to the particular substantive section of law that is the basis for the provision.

(b) ACQUISITION OF CERTAIN PROPERTY AND SERVICES.—The Secretary is authorized, in carrying out this title, to accept, purchase, or lease in the name of the Department of Labor, and employ or dispose of in furtherance of the purposes of this title, any money or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest, or otherwise, and to accept voluntary and uncompensated services notwithstanding the provisions of section 1342 of title 31, United States Code.

(c) AUTHORITY TO ENTER INTO CERTAIN AGREEMENTS AND TO MAKE CERTAIN EXPENDITURES.—The Sec-

retary may make such grants, enter into such contracts or agreements, establish such procedures, and make such payments, in installments and in advance or by way of reimbursement, or otherwise allocate or expend such funds under this title, as may be necessary to carry out this title, including making expenditures for construction, repairs, and capital improvements, and including making necessary adjustments in payments on account of over-payments or under-payments.

(d) ANNUAL REPORT.—The Secretary shall prepare and submit to Congress an annual report regarding the programs and activities carried out under this title. The Secretary shall include in such report—

(1) a summary of the achievements, failures, and problems of the programs and activities in meeting the objectives of this title;

(2) a summary of major findings from research, evaluations, pilot projects, and experiments conducted under this title in the fiscal year prior to the submission of the report;

(3) recommendations for modifications in the programs and activities based on analysis of such findings; and

(4) such other recommendations for legislative or administrative action as the Secretary determines to be appropriate.

(e) UTILIZATION OF SERVICES AND FACILITIES.—The Secretary is authorized, in carrying out this title, under the same procedures as are applicable under subsection (c) or to the extent permitted by law other than this title, to accept and use the services and facilities of departments, agencies, and establishments of the United States. The Secretary is also authorized, in carrying out this title, to accept and use the services and facilities of the agencies of any State or political subdivision of a State, with the consent of the State or political subdivision.

(f) OBLIGATIONAL AUTHORITY.—Notwithstanding any other provision of this title, the Secretary shall have no authority to enter into contracts, grant agreements, or other financial assistance agreements under this title except to such extent and in such amounts as are provided in advance in appropriations Acts.

(g) PROGRAM YEAR.—

(1) IN GENERAL.—

(A) PROGRAM YEAR.—Except as provided in subparagraph (B), appropriations for any fiscal year for programs and activities carried out under this title shall be available for obligation

only on the basis of a program year. The program year shall begin on July 1 in the fiscal year for which the appropriation is made.

(B) YOUTH ACTIVITIES.—The Secretary may make available for obligation, beginning April 1 of any fiscal year, funds appropriated for such fiscal year to carry out youth activities under subtitle A.

(2) AVAILABILITY.—Funds obligated for any program year for a program or activity carried out under this title may be expended by each State receiving such funds during that program year and the 2 succeeding program years. Funds obligated for any program year for a program or activity carried out under section 367 or 368 shall remain available until expended. Funds received by local areas from States under this title during a program year may be expended during that program year and the succeeding program year. No amount of the funds described in this paragraph shall be deobligated on account of a rate of expenditure that is consistent with a State plan, an operating plan described in section 341, or a plan, grant agreement, contract, application, or other agreement described in subtitle C, as appropriate.

(h) ENFORCEMENT OF MILITARY SELECTIVE SERVICE ACT.—The Secretary shall ensure that each individual participating in any program or activity established under this title, or receiving any assistance or benefit under this title, has not violated section 3 of the Military Selective Service Act (50 U.S.C. App. 453) by not presenting and submitting to registration as required pursuant to such section. The Director of the Selective Service System shall cooperate with the Secretary to enable the Secretary to carry out this subsection.

(i) WAIVERS AND SPECIAL RULES.—

(1) EXISTING WAIVERS.—With respect to a State that has been granted a waiver under the provisions relating to training and employment services of the Department of Labor in title I of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1997 (Public Law 104–208; 110 Stat. 3009–234), the authority provided under such waiver shall continue in effect and apply, and include a waiver of the related provisions of subtitle A and this subtitle, for the duration of the initial waiver.

(2) SPECIAL RULE REGARDING DESIGNATED AREAS.—A State that enacts, not later than December 31, 1997, a State law providing for the designation

of service delivery areas for the delivery of workforce investment activities, may use such areas as local areas under this title, notwithstanding section 307(a).

(3) SPECIAL RULE REGARDING SANCTIONS.—A State that enacts, not later than December 31, 1997, a State law providing for the sanctioning of such service delivery areas for failure to meet performance measures for workforce investment activities, may use the State law to sanction local areas for failure to meet State performance measures under this title.

(4) GENERAL WAIVERS OF STATUTORY OR REGULATORY REQUIREMENTS.—

(A) GENERAL AUTHORITY.—Notwithstanding any other provision of law, the Secretary may waive for a State, or a local area in a State, pursuant to a request submitted by the Governor of the State (in consultation with appropriate local elected officials) that meets the requirements of subparagraph (B)—

(i) any of the statutory or regulatory requirements of subtitle A or this subtitle (except for requirements relating to wage and labor standards, worker rights, participation and protection of workers, grievance procedures and judicial review, non-

discrimination, allocation of funds to local areas, eligibility of providers or participants, the establishment and functions of local areas and local partnerships, and procedures for review and approval of plans); and

(ii) any of the statutory or regulatory requirements of sections 8 through 10 of the Wagner-Peyser Act (29 U.S.C. 49g through 49i) (excluding requirements relating to the provision of services to unemployment insurance claimants and veterans, and requirements relating to universal access to basic labor exchange services without cost to jobseekers).

(B) REQUESTS.—A Governor requesting a waiver under subparagraph (A) shall submit a plan to the Secretary to improve the statewide workforce investment system that—

(i) identifies the statutory or regulatory requirements that are requested to be waived and the goals that the State or local area in the State, as appropriate, intends to achieve as a result of the waiver;

(ii) describes the actions that the State or local area, as appropriate, has undertaken to remove State or local statutory or regulatory barriers;

(iii) describes the goals of the waiver and the expected programmatic outcomes if the request is granted;

(iv) describes the individuals impacted by the waiver; and

(v) describes the process used to monitor the progress in implementing such a waiver, and the process by which notice and an opportunity to comment on such request has been provided to the organizations identified in section 308(c)(2).

(C) CONDITIONS.—Not later than 90 days after the date of the original submission of a request for a waiver under subparagraph (A), the Secretary shall provide a waiver under this paragraph if and only to the extent that—

(i) the Secretary determines that the requirements requested to be waived impede the ability of the State or local area, as appropriate, to implement the plan described in subparagraph (B); and

(ii) the State has executed a memorandum of understanding with the Secretary requiring such State to meet, or ensure that the local area meets, agreed-upon outcomes and to implement other appropriate measures to ensure accountability.

SEC. 380. STATE LEGISLATIVE AUTHORITY.

(a) AUTHORITY OF STATE LEGISLATURE.—Nothing in this title shall be interpreted to preclude the enactment of State legislation providing for the implementation, consistent with the provisions of this title, of the activities assisted under this title. Any funds received by a State under this title shall be subject to appropriation by the State legislature, consistent with the terms and conditions required under this title.

(b) INTERSTATE COMPACTS AND COOPERATIVE AGREEMENTS.—In the event that compliance with provisions of this title would be enhanced by compacts and cooperative agreements between States, the consent of Congress is given to States to enter into such compacts and agreements to facilitate such compliance, subject to the approval of the Secretary.

SEC. 381. WORKFORCE FLEXIBILITY PARTNERSHIP PLANS.

(a) PLANS.—A State may submit to the Secretary, and the Secretary may approve, a workforce flexibility

partnership plan under which the State is authorized to waive, in accordance with the plan—

(1) any of the statutory or regulatory requirements applicable under this title to local areas, pursuant to applications for such waivers from the local areas, except for requirements relating to the basic purposes of this title, wage and labor standards, grievance procedures and judicial review, nondiscrimination, eligibility of participants, allocation of funds to local areas, establishment and functions of local areas and local partnerships, review and approval of local plans, and worker rights, participation, and protection;

(2) any of the statutory or regulatory requirements applicable under sections 8 through 10 of the Wagner-Peyser Act (29 U.S.C. 49g through 49i) to the State, except for requirements relating to the provision of services to unemployment insurance claimants and veterans, and to universal access to basic labor exchange services without cost to jobseekers; and

(3) any of the statutory or regulatory requirements applicable under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.) to State agencies on aging with respect to activities carried out using funds allotted under section 506(a)(3) of such Act (42

U.S.C. 3056d(a)(3)), except for requirements relating to the basic purposes of such Act, wage and labor standards, eligibility of participants in the activities, and standards for agreements.

(b) CONTENT OF PLANS.—A workforce flexibility partnership plan implemented by a State under subsection (a) shall include descriptions of—

(1)(A) the process by which local areas in the State may submit and obtain approval by the State of applications for waivers of requirements applicable under this title; and

(B) the requirements described in subparagraph (A) that are likely to be waived by the State under the plan;

(2) the requirements applicable under sections 8 through 10 of the Wagner-Peyser Act that are proposed to be waived, if any;

(3) the requirements applicable under the Older Americans Act of 1965 that are proposed to be waived, if any;

(4) the outcomes to be achieved by the waivers described in paragraphs (1) through (3); and

(5) other measures to be taken to ensure appropriate accountability for Federal funds in connection with the waivers.

(c) PERIODS.—The Secretary may approve a workforce flexibility partnership plan for a period of not more than 5 years.

(d) OPPORTUNITY FOR PUBLIC COMMENTS.—Prior to submitting a workforce flexibility partnership plan to the Secretary for approval, the State shall provide to all interested parties and to the general public adequate notice and a reasonable opportunity for comment on the waiver requests proposed to be implemented pursuant to such plan.

SEC. 382. USE OF CERTAIN REAL PROPERTY.

(a) IN GENERAL.—Notwithstanding any other provision of law, pursuant to a plan submitted by a Governor of a State and approved by the Secretary, the Governor may authorize a public agency to use, for any of the functions of a one-stop customer service system within the State, real property in which, as of the effective date of this Act, the Federal Government has acquired equity through use of funds provided under title III of the Social Security Act (42 U.S.C. 501 et seq.), section 903(c) of such Act (42 U.S.C. 1103(c)), or the Wagner-Peyser Act (29 U.S.C. 49 et seq.).

(b) USE OF FUNDS.—Subsequent to the commencement of the use of the property described in subsection (a) for the functions of a one-stop customer service system, funds provided under the provisions of law described in subsection

(a) may only be used to acquire further equity in such property, or to pay operating and maintenance expenses relating to such property in proportion to the extent of the use of such property attributable to the activities authorized under such provisions of law.

SEC. 383. CONTINUATION OF STATE ACTIVITIES AND POLICIES.

(a) IN GENERAL.—Notwithstanding any other provision of this title, the Secretary may not deny approval of a State plan for a covered State, or an application of a covered State for financial assistance, under this title or find a covered State (including a statewide partnership or Governor), or a local area (including a local partnership or chief elected official) in a covered State, in violation of a provision of this title, on the basis that—

(1)(A) the State proposes to allocate or disburse, allocates, or disburses, within the State, funds made available to the State under section 302 in accordance with the allocation formula for the type of activities involved, or in accordance with a disbursal procedure or process, used by the State under prior consistent State law; or

(B) a local partnership in the State proposes to disburse, or disburses, within the local area, funds made available to a State under section 302 in ac-

cordance with a disbursal procedure or process used by a private industry council under prior consistent State law;

(2) the State proposes to carry out or carries out a State procedure through which local areas use, as fiscal agents for funds made available to the State under section 302 and allocated within the State, fiscal agents selected in accordance with a process established under prior consistent State law;

(3) the State proposes to carry out or carries out a State procedure through which the local partnerships in the State (or the local partnerships, the chief elected officials in the State, and the Governor) designate or select the one-stop partners and one-stop customer service center operators of the statewide system in the State under prior consistent State law, in lieu of making the appointment, designation, or certification described in section 311 (regardless of the date the one-stop customer service systems involved have been established);

(4) the State proposes to carry out or carries out a State procedure through which the persons responsible for selecting eligible providers for purposes of subtitle A are permitted to determine that a provider shall not be selected to provide both intake services

under section 315(c)(2) and training services under section 315(c)(3), under prior consistent State law;

(5) the State proposes to designate or designates a statewide partnership, or proposes to assign or assigns functions and roles of the statewide partnership (including determining the time periods for development and submission of a State plan required under section 304), for purposes of subtitle A in accordance with prior consistent State law; or

(6) a local partnership in the State proposes to use or carry out, uses, or carries out a local plan (including assigning functions and roles of the local partnership) for purposes of subtitle A in accordance with the authorities and requirements applicable to local plans and private industry councils under prior consistent State law.

(b) DEFINITION.—In this section:

(1) COVERED STATE.—The term "covered State" means a State that enacted a State law described in paragraph (2).

(2) PRIOR CONSISTENT STATE LAW.—The term "prior consistent State law" means a State law, not inconsistent with the Job Training Partnership Act or any other applicable Federal law, that took effect

on September 1, 1993, September 1, 1995, or September 1, 1997.

Subtitle E—Repeals and Conforming Amendments

SEC. 391. REPEALS.

(a) GENERAL IMMEDIATE REPEALS.—The following provisions are repealed:

(1) Section 204 of the Immigration Reform and Control Act of 1986 (8 U.S.C. 1255a note).

(2) Title II of Public Law 95–250 (92 Stat. 172).

(3) The Displaced Homemakers Self-Sufficiency Assistance Act (29 U.S.C. 2301 et seq.).

(4) Section 211 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 211).

(5) Subtitle C of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11441 et seq.), except section 738 of such title (42 U.S.C. 11448).

(6) Subchapter I of chapter 421 of title 49, United States Code.

(b) SUBSEQUENT REPEALS.—The following provisions are repealed:

(1) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(2) Title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11421 et seq.), except subtitle B and section 738 of such title (42 U.S.C. 11431 et seq. and 11448).

SEC. 392. CONFORMING AMENDMENTS.

(a) PREPARATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Secretary shall prepare recommended legislation containing technical and conforming amendments to reflect the changes made by this subtitle.

(b) SUBMISSION TO CONGRESS.—Not later than 6 months after the date of enactment of this Act, the Secretary shall submit to Congress the recommended legislation referred to under subsection (a).

SEC. 393. EFFECTIVE DATES.

(a) IMMEDIATE REPEALS.—The repeals made by section 391(a) shall take effect on the date of enactment of this Act.

(b) SUBSEQUENT REPEALS.—The repeals made by section 391(b) shall take effect on July 1, 1999.

TITLE IV—WORKFORCE INVESTMENT-RELATED ACTIVITIES

Subtitle A—Wagner-Peyser Act

SEC. 401. DEFINITIONS.

Section 2 of the Wagner-Peyser Act (29 U.S.C. 49a) is amended—

(1) in paragraph (1)—

(A) by striking "or officials"; and

(B) by striking "Job Training Partnership Act" and inserting "Workforce Investment Partnership Act of 1998";

(2) by striking paragraphs (2) and (4);

(3) by redesignating paragraphs (3) and (5) as paragraphs (5) and (6), respectively;

(4) by inserting after paragraph (1) the following:

"(2) the term 'local workforce investment area' means a local workforce investment area designated under section 307 of the Workforce Investment Partnership Act of 1998;

"(3) the term 'local workforce investment partnership' means a local workforce investment partnership established under section 308 of the Workforce Investment Partnership Act of 1998;

"(4) the term 'one-stop customer service system' means a one-stop customer service system established under section 315(b) of the Workforce Investment Partnership Act of 1998;"; and

(5) in paragraph (5) (as redesignated in paragraph (3)), by striking the semicolon and inserting "; and".

SEC. 402. FUNCTIONS.

(a) IN GENERAL.—Section 3 of the Wagner-Peyser Act (29 U.S.C. 49b) is amended—

(1) in subsection (a), by striking "United States Employment Service" and inserting "Secretary"; and

(2) by adding at the end the following:

"(c) The Secretary shall—

"(1) assist in the coordination and development of a nationwide system of public labor exchange services, provided as part of the one-stop customer service systems of the States;

"(2) assist in the development of continuous improvement models for such nationwide system that ensure private sector satisfaction with the system and meet the demands of jobseekers relating to the system; and

"(3) ensure, for individuals otherwise eligible to receive unemployment compensation, the provision of

reemployment services and other activities in which the individuals are required to participate to receive the compensation.".

(b) CONFORMING AMENDMENTS.—Section 508(b)(1) of the Unemployment Compensation Amendments of 1976 (42 U.S.C. 603a(b)(1)) is amended—

(1) by striking "the third sentence of section 3(a)" and inserting "section 3(b)"; and

(2) by striking "49b(a)" and inserting "49b(b))".

SEC. 403. DESIGNATION OF STATE AGENCIES.

Section 4 of the Wagner-Peyser Act (29 U.S.C. 49c) is amended—

(1) by striking ", through its legislature," and inserting ", pursuant to State statute,";

(2) by inserting after "the provisions of this Act and" the following: ", in accordance with such State statute, the Governor shall"; and

(3) by striking "United States Employment Service" and inserting "Secretary".

SEC. 404. APPROPRIATIONS.

Section 5(c) of the Wagner-Peyser Act (29 U.S.C. 49d(c)) is amended by striking paragraph (3).

SEC. 405. DISPOSITION OF ALLOTTED FUNDS.

Section 7 of the Wagner-Peyser Act (29 U.S.C. 49f) is amended—

(1) in subsection (b)(2), by striking "private industry council" and inserting "local workforce investment partnership";

(2) in subsection (c)(2), by striking "any program under" and all that follows and inserting "any workforce investment activity carried out under the Workforce Investment Partnership Act of 1998.";

(3) in subsection (d)—

(A) by striking "United States Employment Service" and inserting "Secretary"; and

(B) by striking "Job Training Partnership Act" and inserting "Workforce Investment Partnership Act of 1998"; and

(4) by adding at the end the following:

"(e) All job search, placement, recruitment, labor market information, and other labor exchange services authorized under subsection (a) shall be provided, consistent with the other requirements of this Act, as part of the one-stop customer service system established by the State.".

SEC. 406. STATE PLANS.

Section 8 of the Wagner-Peyser Act (29 U.S.C. 49g) is amended—

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

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

plan submitted under section 304 of the Workforce Investment Partnership Act of 1998, detailed plans for carrying out the provisions of this Act within such State.";

(2) by striking subsections (b) and (c);

(3) by redesignating subsection (d) as subsection (b);

(4) by inserting after subsection (b) the following:

"(c) The part of the State plan described in subsection (a) shall include the information described in paragraphs (9) and (17) of section 304(b) of the Workforce Investment Partnership Act of 1998.";

(5) by redesignating subsection (e) as subsection (d); and

(6) in subsection (d) (as redesignated in paragraph (5)), by striking "such plans" and inserting "such detailed plans".

SEC. 407. REPEAL OF FEDERAL ADVISORY COUNCIL.

Section 11 of the Wagner-Peyser Act (29 U.S.C. 49j) is amended by striking "11." and all that follows through "(b) In" and inserting "11. In".

SEC. 408. REGULATIONS.

Section 12 of the Wagner-Peyser Act (29 U.S.C. 49k) is amended by striking "The Director, with the approval of the Secretary of Labor," and inserting "The Secretary".

SEC. 409. LABOR MARKET INFORMATION.

The Wagner-Peyser Act is amended—

(1) by redesignating section 15 (29 U.S.C. 49 note) as section 16; and

(2) by inserting after section 14 (29 U.S.C. 49l–1) the following:

"SEC. 15. LABOR MARKET INFORMATION.

"(a) SYSTEM CONTENT.—

"(1) IN GENERAL.—The Secretary, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a system of labor market information that includes—

"(A) statistical data from cooperative statistical survey and projection programs and data from administrative reporting systems that, taken together, enumerate, estimate, and project the employment opportunities at the national, State, and local levels in a timely manner, including data on—

"(i) employment and unemployment status of the national, State, and local populations, as such data are developed by the Bureau of Labor Statistics and other sources;

"(ii) industrial distribution of occupations, as well as current and projected employment opportunities and skill trends by occupation and industry, with particular attention paid to State and local employment opportunities;

"(iii) the incidence of, industrial and geographical location of, and number of workers displaced by, permanent layoffs and plant closings; and

"(iv) employee information maintained in a longitudinal manner and collected (as of the date of enactment of the Workforce Investment Partnership Act of 1998) by States;

"(B) State and local employment information, and other appropriate statistical data related to labor market dynamics (compiled for States and localities with technical assistance provided by the Secretary), which shall—

"(i) be current and comprehensive, as of the date used;

"(ii) assist individuals to make informed choices relating to employment and training; and

"(iii) assist employers to locate, identify skill traits of, and train individuals who are seeking employment and training;

"(C) technical standards (which the Secretary shall make publicly available) for data and information described in subparagraphs (A) and (B) that, at a minimum, meet the criteria of chapter 35 of title 44, United States Code;

"(D) procedures to ensure compatibility and additivity of the data and information described in subparagraphs (A) and (B) from national, State, and local levels;

"(E) procedures to support standardization and aggregation of data from administrative reporting systems described in subparagraph (A) of employment-related programs;

"(F) analysis of data and information described in subparagraphs (A) and (B) for uses such as State and local policymaking;

"(G) wide dissemination of such data, information, and analysis, training for users of the data, information, and analysis, and voluntary technical standards for dissemination mechanisms; and

"(H) programs of—

"(i) research and demonstration; and

"(ii) technical assistance for States and localities.

"(2) INFORMATION TO BE CONFIDENTIAL.—

"(A) IN GENERAL.—No officer or employee of the Federal Government or agent of the Federal Government may—

"(i) use any submission that is furnished for exclusively statistical purposes under the provisions of this section for any purpose other than the statistical purposes for which the submission is furnished;

"(ii) make any publication or media transmittal of the data contained in the submission described in clause (i) that permits information concerning individual subjects to be reasonably inferred by either direct or indirect means; or

"(iii) permit anyone other than a sworn officer, employee, or agent of any Federal department or agency, or a contractor (including an employee of a contractor) of such department or agency, to examine an individual submission described in clause (i);

without the consent of the individual, agency, or other person who is the subject of the submission or provides that submission.

"(B) IMMUNITY FROM LEGAL PROCESS.—Any submission (including any data derived from the submission) that is collected and retained by a Federal department or agency, or an officer, employee, agent, or contractor of such a department or agency, for exclusively statistical purposes under this section shall be immune from the legal process and shall not, without the consent of the individual, agency, or other person who is the subject of the submission or provides that submission, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

"(C) CONSTRUCTION.—Nothing in this section shall be construed to provide immunity from the legal process for such submission (including any data derived from the submission) if the submission is in the possession of any person, agency, or entity other than the Federal Government or an officer, employee, agent, or contractor of the Federal Government, or if the submission

is independently collected, retained, or produced for purposes other than the purposes of this Act.

"(b) SYSTEM RESPONSIBILITIES.—

"(1) IN GENERAL.—The labor market information system shall be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Federal Government and States.

"(2) DUTIES.—The Secretary, with respect to data collection, analysis, and dissemination of labor market information for the system, shall carry out the following duties:

"(A) Assign responsibilities within the Department of Labor for elements of the system described in subsection (a) to ensure that all statistical and administrative data collected is consistent with appropriate Bureau of Labor Statistics standards and definitions.

"(B) Actively seek the cooperation of other Federal agencies to establish and maintain mechanisms for ensuring complementarity and nonduplication in the development and operation of statistical and administrative data collection activities.

"(C) Eliminate gaps and duplication in statistical undertakings, with the systemization of wage surveys as an early priority.

"(D) In collaboration with the Bureau of Labor Statistics and States, develop and maintain the elements of the system described in subsection (a), including the development of consistent definitions for use by the States in collecting the data and information described in subparagraphs (A) and (B), of subsection (a)(1) and the development of the annual plan under subsection (c).

"(E) Establish procedures for the system to ensure that—

"(i) such data and information are timely;

"(ii) administrative records for the system are consistent in order to facilitate aggregation of such data and information;

"(iii) paperwork and reporting for the system are reduced to a minimum; and

"(iv) States and localities are fully involved in the maintenance and continuous improvement of the system at the State and local levels.

"(c) ANNUAL PLAN.—The Secretary, with the assistance of the States and the Bureau of Labor Statistics, and with the assistance of other appropriate Federal agencies, shall prepare an annual plan which shall be the mechanism for achieving cooperative management of the nationwide labor market information system described in subsection (a) and the statewide labor market information systems that comprise the nationwide system. The plan shall—

"(1)(A) describe the elements of the system described in subsection (a), including standards, definitions, formats, collection methodologies, and other necessary system elements, for use in collecting data and information described in subparagraphs (A) and (B) of subsection (a)(1); and

"(B) include assurances that—

"(i) the data will be timely and detailed;

"(ii) administrative records will be standardized to facilitate the aggregation of the data from local areas to State and national levels and to support the creation of new statistical series from program records; and

"(iii) paperwork and reporting requirements for employers and individuals will be reduced;

"(2) include a report on the results of an annual consumer satisfaction review concerning the performance of the system, including the performance of the system in addressing the needs of Congress, States, localities, employers, jobseekers, and other consumers;

"(3) evaluate the performance of the system and recommend needed improvements, taking into consideration the results of the consumer satisfaction review, with particular attention paid to the improvements needed at the State and local levels;

"(4) describe annual priorities, and priorities over 5 years, for the system;

"(5) describe current (as of the date of the submission of the plan) spending and spending needs to carry out activities under this section, including the costs to States and localities of meeting the requirements of subsection (e)(2); and

"(6) describe the involvement of States in the development of the plan, through formal consultations conducted by the Secretary in cooperation with representatives of the Governors of every State, and with representatives of local partnerships, pursuant to a process established by the Secretary in cooperation with the States.

"(d) COORDINATION WITH THE STATES.—The Secretary and the Bureau of Labor Statistics, in cooperation with the States, shall—

"(1) develop the annual plan described in subsection (c) by holding formal consultations, at least once each quarter, on the products and administration of the nationwide labor market information system; and

"(2) hold the consultations with representatives from each of the 10 Federal regions of the Employment and Training Administration, elected (pursuant to a process established by the Secretary) by and from the State labor market information directors affiliated with the State agencies that perform the duties described in subsection (e)(2).

"(e) STATE RESPONSIBILITIES.—

"(1) DESIGNATION OF STATE AGENCY.—In order to receive Federal financial assistance under this section, the Governor of a State—

"(A)(i) except as provided in clause (ii), shall designate a single State agency to be responsible for the management of the portions of the system described in subsection (a) that comprise a statewide labor market information system; and

"(ii) may assign the State occupational information coordinating committee established under section 422 of the Carl D. Perkins Vocational and Applied Technology Education Act (as in effect on the day before the date of enactment of the Workforce Investment Partnership Act of 1998), the responsibility to carry out the functions of the system relating to labor market information that such committee carried out on the day prior to such date of enactment; and

"(B) shall establish a process for the oversight of such system.

"(2) DUTIES.—In order to receive Federal financial assistance under this section, the State agency shall—

"(A) consult with State and local employers, participants, and local partnerships about the labor market relevance of the data to be collected and disseminated through the statewide labor market information system;

"(B) consult with State educational agencies and local educational agencies concerning providing labor market information in order to meet the needs of secondary school and post-

secondary school students who seek such information;

"(C) collect and disseminate for the system, on behalf of the State and localities in the State, the information and data described in subparagraphs (A) and (B) of subsection (a)(1);

"(D) maintain and continuously improve the statewide labor market information system in accordance with this section;

"(E) perform contract and grant responsibilities for data collection, analysis, and dissemination for such system;

"(F) conduct such other data collection, analysis, and dissemination activities as will ensure an effective statewide labor market information system;

"(G) actively seek the participation of other State and local agencies in data collection, analysis, and dissemination activities in order to ensure complementarity, compatibility, and usefulness of data;

"(H) participate in the development of the annual plan described in subsection (c); and

"(I) utilize the quarterly records described in sections 321(f)(2) and 312 of the Workforce

Investment Partnership Act of 1998 to assist the State and other States in measuring State progress on State performance measures.

"(3) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as limiting the ability of a State agency to conduct additional data collection, analysis, and dissemination activities with State funds or with Federal funds from sources other than this section.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of fiscal years 1999 through 2004.

"(g) DEFINITIONS.—In this section, the terms 'local area' and 'local partnership' have the meanings given the terms in section 2 of the Workforce Investment Partnership Act of 1998.".

SEC. 410. TECHNICAL AMENDMENTS.

Sections 3(b), 6(b)(1), and 7(d) of the Wagner-Peyser Act (29 U.S.C. 49b(b), 49e(b)(1), and 49f(d)) are amended by striking "Secretary of Labor" and inserting "Secretary".

Subtitle B—Linkages With Other Programs

SEC. 421. TRADE ACT OF 1974.

Section 241 of the Trade Act of 1974 (19 U.S.C. 2313) is amended by adding at the end the following:

"(d) To be eligible to receive funds under this section, a State shall submit to the Secretary an application that includes the description and information described in paragraphs (9) and (17) of section 304(b) of the Workforce Investment Partnership Act of 1998.".

SEC. 422. VETERANS' EMPLOYMENT PROGRAMS.

Chapter 41 of title 38, United States Code, is amended by adding at the end the following:

"§ 4110B. Coordination and nonduplication

"In carrying out this chapter, the Secretary shall require that an appropriate administrative entity in each State enter into an agreement with the Secretary regarding the implementation of this Act that includes the description and information described in paragraphs (9) and (17) of section 304(b) of the Workforce Investment Partnership Act of 1998.".

SEC. 423. OLDER AMERICANS ACT OF 1965.

Section 502(b)(1) of the Older Americans Act of 1965 (42 U.S.C. 3056(b)(1)) is amended—

(1) in subparagraph (O), by striking "; and" and inserting a semicolon;

(2) in subparagraph (P), by striking the period and inserting "; and"; and

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

"(Q) will provide to the Secretary the description and information described in paragraphs (9) and (17) of section 304(b) of the Workforce Investment Partnership Act of 1998.".

Subtitle C—Twenty-First Century Workforce Commission

SEC. 431. SHORT TITLE.

This subtitle may be cited as the "Twenty-First Century Workforce Commission Act".

SEC. 432. FINDINGS.

Congress finds that—

(1) information technology is one of the fastest growing areas in the United States economy;

(2) the United States is a world leader in the information technology industry;

(3) the continued growth and prosperity of the information technology industry is important to the continued prosperity of the United States economy;

(4) highly skilled employees are essential for the success of business entities in the information technology industry and other business entities that use information technology;

(5) employees in information technology jobs are highly paid;

(6) as of the date of enactment of this Act, these employees are in high demand in all industries and all regions of the United States; and

(7) through a concerted effort by business entities, the Federal Government, the governments of States and political subdivisions of States, and educational institutions, more individuals will gain the skills necessary to enter into a technology-based job market, ensuring that the United States remains the world leader in the information technology industry.

SEC. 433. DEFINITIONS.

In this subtitle:

(1) BUSINESS ENTITY.—The term "business entity" means a firm, corporation, association, partnership, consortium, joint venture, or other form of enterprise.

(2) COMMISSION.—The term "Commission" means the Twenty-First Century Workforce Commission established under section 434.

(3) INFORMATION TECHNOLOGY.—The term "information technology" has the meaning given that term in section 5002 of the Information Technology Management Reform Act of 1996 (110 Stat. 679).

(4) STATE.—The term "State" means each of the several States of the United States and the District of Columbia.

SEC. 434. ESTABLISHMENT OF TWENTY-FIRST CENTURY WORKFORCE COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the Twenty-First Century Workforce Commission.

(b) MEMBERSHIP.—

(1) COMPOSITION.—

(A) IN GENERAL.—The Commission shall be composed of 21 members, of which—

(i) 7 members shall be appointed by the President;

(ii) 7 members shall be appointed by the Majority Leader of the Senate; and

(iii) 7 members shall be appointed by the Speaker of the House of Representatives.

(B) GOVERNMENTAL REPRESENTATIVES.—Of the members appointed under this subsection—

(i) 1 member shall be an officer or employee of the Department of Labor, who shall be appointed by the President;

(ii) 1 member shall be an officer or employee of the Department of Education, who shall be appointed by the President; and

(iii) 2 members shall be representatives of the governments of States and political subdivisions of States, 1 of whom shall be appointed by the Majority Leader of the Senate and 1 of whom shall be appointed by the Speaker of the House of Representatives.

(C) EDUCATORS.—Of the members appointed under this subsection, 6 shall be educators who are selected from among elementary, secondary, vocational, and postsecondary educators—

(i) 2 of whom shall be appointed by the President;

(ii) 2 of whom shall be appointed by the Majority Leader of the Senate; and

(iii) 2 of whom shall be appointed by the Speaker of the House of Representatives.

(D) BUSINESS REPRESENTATIVES.—

(i) IN GENERAL.—Of the members appointed under this subsection, at least 4 shall be individuals who are employed by non-information technology business entities.

(ii) SIZE.—Members appointed under this subsection in accordance with clause (i) shall, to the extent practicable, include individuals from business entities of a size that is small or average for a non-information technology business entity.

(2) DATE.—The appointments of the members of the Commission shall be made by the later of—

(A) October 31, 1998; or

(B) the date that is 45 days after the date of enactment of this Act.

(c) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(d) INITIAL MEETING.—No later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting.

(e) MEETINGS.—The Commission shall meet at the call of the Chairperson.

(f) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

(g) CHAIRPERSON AND VICE CHAIRPERSON.—The Commission shall select a chairperson and vice chairperson from among its members.

SEC. 435. DUTIES OF THE COMMISSION.

(a) STUDY.—

(1) IN GENERAL.—The Commission shall conduct a thorough study of all matters relating to the information technology workforce in the United States.

(2) MATTERS STUDIED.—The matters studied by the Commission shall include an examination of—

(A) the skills necessary to enter the information technology workforce;

(B) ways to expand the number of skilled information technology workers; and

(C) the relative efficacy of programs in the United States and foreign countries to train information technology workers, with special emphasis on programs that provide for secondary education or postsecondary education in a program other than a 4-year baccalaureate program

(including associate degree programs and graduate degree programs).

(3) PUBLIC HEARINGS.—As part of the study conducted under this subsection, the Commission shall hold public hearings in each region of the United States concerning the issues referred to in subparagraphs (A) and (B) of paragraph (2).

(4) EXISTING INFORMATION.—To the extent practicable, in carrying out the study under this subsection, the Commission shall identify and use existing information related to the issues referred to in subparagraphs (A) and (B) of paragraph (2).

(5) CONSULTATION WITH CHIEF INFORMATION OFFICERS COUNCIL.—In carrying out the study under this subsection, the Commission shall consult with the Chief Information Officers Council established under Executive Order No. 13011.

(b) REPORT.—Not later than 6 months after the first meeting of the Commission, the Commission shall submit a report to the President and the Congress that shall contain a detailed statement of the findings and conclusions of the Commission resulting from the study, together with its recommendations for such legislation and administrative actions as the Commission considers to be appropriate.

(c) FACILITATION OF EXCHANGE OF INFORMATION.—In carrying out the study under subsection (a), the Commission shall, to the extent practicable, facilitate the exchange of information concerning the issues that are the subject of the study among—

(1) officials of the Federal Government and the governments of States and political subdivisions of States; and

(2) educators from Federal, State, and local institutions of higher education and secondary schools.

SEC. 436. POWERS OF THE COMMISSION.

(a) HEARINGS.—The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out the purposes of this subtitle.

(b) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out the provisions of this subtitle. Upon request of the Chairperson of the Commission, the head of such department or agency shall furnish such information to the Commission.

(c) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the

same conditions as other departments and agencies of the Federal Government.

(d) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

SEC. 437. COMMISSION PERSONNEL MATTERS.

(a) COMPENSATION OF MEMBERS.—Except as provided in subsection (b), each member of the Commission who is not an officer or employee of the Federal Government shall serve without compensation. All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(b) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) STAFF.—

(1) IN GENERAL.—The Chairperson of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may

be necessary to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by the Commission.

(2) COMPENSATION.—The Chairperson of the Commission may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the rate payable for level V of the Executive Schedule under section 5316 of such title.

(d) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(e) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

SEC. 438. TERMINATION OF THE COMMISSION.

The Commission shall terminate on the date that is 90 days after the date on which the Commission submits its report under section 435(b).

SEC. 439. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated such sums as may be necessary for fiscal year 1999 to the Commission to carry out the purposes of this subtitle.

(b) AVAILABILITY.—Any sums appropriated under the authorization contained in this section shall remain available, without fiscal year limitation, until expended.

TITLE V—GENERAL PROVISIONS

SEC. 501. STATE UNIFIED PLAN.

(a) DEFINITION OF APPROPRIATE SECRETARY.—In this section, the term "appropriate Secretary" means the head of the Federal agency who exercises administrative authority over an activity or program described in subsection (b).

(b) STATE UNIFIED PLAN.—

(1) IN GENERAL.—A State may develop and submit to the appropriate Secretaries a State unified plan for 2 or more of the activities or programs set forth in paragraph (2). The State unified plan shall cover 1 or more of the activities set forth in subparagraphs (A) through (C) of paragraph (2) and may

cover 1 or more of the activities set forth in subparagraphs (D) through (M) of paragraph (2).

(2) ACTIVITIES.—The activities and programs referred to in paragraph (1) are as follows:

(A) Activities authorized under title I.

(B) Activities authorized under title II.

(C) Activities authorized under title III.

(D) Programs authorized under section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)).

(E) Work programs authorized under section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o)).

(F) Activities authorized under chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.).

(G) Programs authorized under the Wagner-Peyser Act (29 U.S.C. 49 et seq.).

(H) Programs authorized under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.), other than section 112 of such Act (29 U.S.C. 732).

(I) Activities authorized under chapter 41 of title 38, United States Code.

(J) Programs authorized under State unemployment compensation laws (in accordance with applicable Federal law).

(K) Programs authorized under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

(L) Programs authorized under title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.).

(M) Training activities carried out by the Department of Housing and Urban Development.

(c) REQUIREMENTS.—

(1) IN GENERAL.—The portion of a State unified plan covering an activity or program described in subsection (b) shall be subject to the requirements, if any, applicable to a plan or application for assistance under the Federal statute authorizing the activity or program.

(2) ADDITIONAL SUBMISSION NOT REQUIRED.—A State that submits a State unified plan covering an activity or program described in subsection (b) that is approved under subsection (d) shall not be required to submit any other plan or application in order to

receive Federal funds to carry out the activity or program.

(3) COORDINATION.—A State unified plan shall include—

(A) a description of the methods used for joint planning and coordination of the programs and activities included in the unified plan; and

(B) an assurance that the methods included an opportunity for the entities responsible for planning or administering such programs and activities to review and comment on all portions of the unified plan.

(d) APPROVAL BY THE APPROPRIATE SECRETARIES.—

(1) JURISDICTION.—The appropriate Secretary shall have the authority to approve the portion of the State unified plan relating to the activity or program over which the appropriate Secretary exercises administrative authority. On the approval of the appropriate Secretary, the portion of the plan relating to the activity or program shall be implemented by the State pursuant to the applicable portion of the State unified plan.

(2) APPROVAL.—

(A) IN GENERAL.—A portion of the State unified plan covering an activity or program de-

scribed in subsection (b) that is submitted to the appropriate Secretary under this section shall be considered to be approved by the appropriate Secretary at the end of the 90-day period beginning on the day the appropriate Secretary receives the portion, unless the appropriate Secretary makes a written determination, during the 90-day period, that the portion is not consistent with the requirements of the Federal statute authorizing the activity or program including the criteria for approval of a plan or application, if any, under such statute or the plan is not consistent with the requirements of subsection (c)(3).

(B) SPECIAL RULE.—In subparagraph (A), the term "criteria for approval of a State plan", relating to activities carried out under title I, II, or III, includes a requirement for agreement between the State and the appropriate Secretary regarding State performance measures, including levels of performance.

SEC. 502. DEFINITIONS FOR CORE INDICATORS OF PERFORMANCE.

(a) IN GENERAL.—In order to ensure nationwide comparability of performance data, the Secretary of Labor and

the Secretary of Education, after consultation with the representatives described in subsection (b), shall issue definitions for performance measures established under titles I and II and definitions for core indicators of performance for performance measures established under title III.

(b) REPRESENTATIVES.—The representatives referred to in subsection (a) are representatives of States and political subdivisions, business and industry, employees, eligible providers of employment and training activities (as defined in section 2(13)(B)), educators, participants in activities carried out under this Act, State Directors of vocational education, State Directors of adult education, providers of vocational education, providers of adult education, providers of literacy services, individuals with expertise in serving the employment and training needs of disadvantaged youth (as defined in section 302(b)(3)(C)), parents, and other interested parties, with expertise regarding activities authorized under this Act.

SEC. 503. TRANSITION PROVISIONS.

The Secretary of Education or the Secretary of Labor, as appropriate, shall take such steps as such Secretary determines to be appropriate to provide for the orderly transition to the authority of this Act from any authority under provisions of law to be repealed under subtitle E of title

I, subtitle B of title II, or subtitle E of title III, or any related authority.

SEC. 504. PRIVACY.

Nothing in this Act shall be construed to supersede the privacy protections afforded parents and students under section 444 of the General Education Provisions Act (20 U.S.C. 1232g), as added by the Family Educational Rights and Privacy Act of 1974 (section 513 of Public Law 93–380; 88 Stat. 571).

SEC. 505. LIMITATION.

None of the funds made available under this Act may be used to carry out activities authorized under the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.).

SEC. 506. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this Act, this Act takes effect on July 1, 1999.

(b) EARLY IMPLEMENTATION.—At the option of a State, the Governor of the State and the chief official of the eligible agencies in the State may use funds made available under a provision of law described in section 503, or any related authority to implement this Act at any time prior to July 1, 1999.

(c) EARLY IMPLEMENTATION AND TRANSITION PROVISIONS.—Section 503 and this section take effect on the date of enactment of this Act.

(d) TWENTY-FIRST CENTURY WORKFORCE COMMISSION.—Subtitle C of title IV takes effect on the date of enactment of this Act.

TITLE VI—REHABILITATION ACT AMENDMENTS OF 1998

SEC. 601. SHORT TITLE.

This title may be cited as the "Rehabilitation Act Amendments of 1998".

SEC. 602. TITLE.

The title of the Rehabilitation Act of 1973 is amended by striking "to establish special responsibilities" and all that follows and inserting the following: "to create linkage between State vocational rehabilitation programs and workforce investment activities carried out under the Workforce Investment Partnership Act of 1998, to establish special responsibilities for the Secretary of Education for coordination of all activities with respect to individuals with disabilities within and across programs administered by the Federal Government, and for other purposes.".

SEC. 603. GENERAL PROVISIONS.

The Rehabilitation Act of 1973 is amended by striking the matter preceding title I and inserting the following:

"SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

"(a) SHORT TITLE.—This Act may be cited as the 'Rehabilitation Act of 1973'.

1 *"(b) TABLE OF CONTENTS.—The table of contents for*
2 *this Act is as follows:*

"Sec. 1. Short title; table of contents.
"Sec. 2. Findings; purpose; policy.
"Sec. 3. Rehabilitation Services Administration.
"Sec. 4. Advance funding.
"Sec. 5. Joint funding.
"Sec. 7. Definitions.
"Sec. 8. Allotment percentage.
"Sec. 10. Nonduplication.
"Sec. 11. Application of other laws.
"Sec. 12. Administration of the Act.
"Sec. 13. Reports.
"Sec. 14. Evaluation.
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1 *"FINDINGS; PURPOSE; POLICY*

2 *"Sec. 2. (a) Findings.—Congress finds that—*

"(1) millions of Americans have one or more physical or mental disabilities and the number of Americans with such disabilities is increasing;

"(2) individuals with disabilities constitute one of the most disadvantaged groups in society;

"(3) disability is a natural part of the human experience and in no way diminishes the right of individuals to—

"(A) live independently;

"(B) enjoy self-determination;

"(C) make choices;

"(D) contribute to society;

"(E) pursue meaningful careers; and

"(F) enjoy full inclusion and integration in the economic, political, social, cultural, and educational mainstream of American society;

"(4) increased employment of individuals with disabilities can be achieved through implementation of statewide activities carried out under the Workforce Investment Partnership Act of 1998 that provide meaningful and effective participation for individuals with disabilities in workforce investment activities and activities carried out under the vocational rehabilitation program established under title I, and through the provision of independent living services,

support services, and meaningful opportunities for employment in integrated work settings through the provision of reasonable accommodations;

"(5) individuals with disabilities continually encounter various forms of discrimination in such critical areas as employment, housing, public accommodations, education, transportation, communication, recreation, institutionalization, health services, voting, and public services; and

"(6) the goals of the Nation properly include the goal of providing individuals with disabilities with the tools necessary to—

"(A) make informed choices and decisions; and

"(B) achieve equality of opportunity, full inclusion and integration in society, employment, independent living, and economic and social self-sufficiency, for such individuals.

"(b) PURPOSE.—The purposes of this Act are—

"(1) to empower individuals with disabilities to maximize employment, economic self-sufficiency, independence, and inclusion and integration into society, through—

"(A) statewide activities carried out in accordance with the Workforce Investment Partner-

ship Act of 1998 that include, as integral components, comprehensive and coordinated state-of-the-art programs of vocational rehabilitation;

"(B) independent living centers and services;

"(C) research;

"(D) training;

"(E) demonstration projects; and

"(F) the guarantee of equal opportunity; and

"(2) to ensure that the Federal Government plays a leadership role in promoting the employment of individuals with disabilities, especially individuals with significant disabilities, and in assisting States and providers of services in fulfilling the aspirations of such individuals with disabilities for meaningful and gainful employment and independent living.

"(c) POLICY.—It is the policy of the United States that all programs, projects, and activities receiving assistance under this Act shall be carried out in a manner consistent with the principles of—

"(1) respect for individual dignity, personal responsibility, self-determination, and pursuit of meaningful careers, based on informed choice, of individuals with disabilities;

"(2) respect for the privacy, rights, and equal access (including the use of accessible formats), of the individuals;

"(3) inclusion, integration, and full participation of the individuals;

"(4) support for the involvement of an individual's representative if an individual with a disability requests, desires, or needs such support; and

"(5) support for individual and systemic advocacy and community involvement.

"REHABILITATION SERVICES ADMINISTRATION

"SEC. 3. (a) There is established in the Office of the Secretary a Rehabilitation Services Administration which shall be headed by a Commissioner (hereinafter in this Act referred to as the 'Commissioner') appointed by the President by and with the advice and consent of the Senate. Except for titles IV and V and part A of title VI and as otherwise specifically provided in this Act, such Administration shall be the principal agency, and the Commissioner shall be the principal officer, of such Department for carrying out this Act. The Commissioner shall be an individual with substantial experience in rehabilitation and in rehabilitation program management. In the performance of the functions of the office, the Commissioner shall be directly responsible to the Secretary or to the Under Secretary or an appropriate Assistant Secretary of such Department, as

designated by the Secretary. The functions of the Commissioner shall not be delegated to any officer not directly responsible, both with respect to program operation and administration, to the Commissioner. Any reference in this Act to duties to be carried out by the Commissioner shall be considered to be a reference to duties to be carried out by the Secretary acting through the Commissioner. In carrying out any of the functions of the office under this Act, the Commissioner shall be guided by general policies of the National Council on Disability established under title IV of this Act.

"(b) The Secretary shall take whatever action is necessary to ensure that funds appropriated pursuant to this Act, as well as unexpended appropriations for carrying out the Vocational Rehabilitation Act (29 U.S.C. 31–42), are expended only for the programs, personnel, and administration of programs carried out under this Act.

"(c) The Secretary shall take such action as necessary to ensure that—

"(1) the staffing of the Rehabilitation Services Administration shall be in sufficient numbers to meet program needs and at levels which will attract and maintain the most qualified personnel; and

"(2) such staff includes individuals who have training and experience in the provision of rehabilita-

tion services and that staff competencies meet professional standards.

"ADVANCE FUNDING

"SEC. 4. (a) For the purpose of affording adequate notice of funding available under this Act, appropriations under this Act are authorized to be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

"(b) In order to effect a transition to the advance funding method of timing appropriation action, the authority provided by subsection (a) of this section shall apply notwithstanding that its initial application will result in the enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

"JOINT FUNDING

"SEC. 5. Pursuant to regulations prescribed by the President, and to the extent consistent with the other provisions of this Act, where funds are provided for a single project by more than one Federal agency to an agency or organization assisted under this Act, the Federal agency principally involved may be designated to act for all in administering the funds provided, and, in such cases, a single non-Federal share requirement may be established according to the proportion of funds advanced by each agency.

When the principal agency involved is the Rehabilitation Services Administration, it may waive any grant or contract requirement (as defined by such regulations) under or pursuant to any law other than this Act, which requirement is inconsistent with the similar requirements of the administering agency under or pursuant to this Act.

"SEC. 7. DEFINITIONS.

"For the purposes of this Act:

"(1) ADMINISTRATIVE COSTS.—The term 'administrative costs' means expenditures incurred by the designated State unit in the performance of administrative functions under the vocational rehabilitation program carried out under title I, including expenses related to program planning, development, monitoring, and evaluation, including—

"(A) expenses for—

"(i) quality assurance;

"(ii) budgeting, accounting, financial management, information systems, and related data processing;

"(iii) provision of information about the program to the public;

"(iv) technical assistance and related support services to other State agencies, private nonprofit organizations, and businesses

and industries, except for technical assistance and support services described in section 103(b)(5);

"(v) the State Rehabilitation Council and other entities that advise the designated State unit with regard to the provision of vocational rehabilitation services;

"(vi) removal of architectural barriers in State vocational rehabilitation agency offices and State operated rehabilitation facilities;

"(vii) operation and maintenance of designated State unit facilities, equipment, and grounds;

"(viii) supplies; and

"(ix)(I) administration of the comprehensive system of personnel development described in section 101(a)(7), including personnel administration, and administration of affirmative action plans;

"(II) training and staff development; and

"(III) administrative salaries, including clerical and other support staff salaries, in support of the administrative functions;

"(B) travel costs related to carrying out the program, other than travel costs related to the provision of services;

"(C) costs incurred in conducting reviews of rehabilitation counselor or coordinator determinations; and

"(D) legal expenses required in the administration of the program.

"(2) ASSESSMENT FOR DETERMINING ELIGIBILITY AND VOCATIONAL REHABILITATION NEEDS.—The term 'assessment for determining eligibility and vocational rehabilitation needs' means, as appropriate in each case—

"(A)(i) a review of existing data—

"(I) to determine whether an individual is eligible for vocational rehabilitation services; and

"(II) to assign priority for an order of selection described in section 101(a)(5)(A) in the States that use an order of selection pursuant to section 101(a)(5)(A); and

"(ii) to the extent necessary, the provision of appropriate assessment activities to obtain necessary additional data to make such determination and assignment;

"(B) to the extent additional data is necessary to make a determination of the employment outcomes, and the objectives, nature, and scope of vocational rehabilitation services, to be included in the individualized rehabilitation employment plan of an eligible individual, a comprehensive assessment to determine the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, including the need for supported employment, of the eligible individual, which comprehensive assessment—

"(i) is limited to information that is necessary to identify the rehabilitation needs of the individual and to develop the individualized rehabilitation employment plan of the eligible individual;

"(ii) uses, as a primary source of such information, to the maximum extent possible and appropriate and in accordance with confidentiality requirements—

"(I) existing information obtained for the purposes of determining the eligibility of the individual and assigning priority for an order of selection

described in section 101(a)(5)(A) for the individual; and

"(II) such information as can be provided by the individual and, where appropriate, by the family of the individual;

"(iii) may include, to the degree needed to make such a determination, an assessment of the personality, interests, interpersonal skills, intelligence and related functional capacities, educational achievements, work experience, vocational aptitudes, personal and social adjustments, and employment opportunities of the individual, and the medical, psychiatric, psychological, and other pertinent vocational, educational, cultural, social, recreational, and environmental factors, that affect the employment and rehabilitation needs of the individual; and

"(iv) may include, to the degree needed, an appraisal of the patterns of work behavior of the individual and services needed for the individual to acquire occupational skills, and to develop work attitudes, work

habits, work tolerance, and social and behavior patterns necessary for successful job performance, including the utilization of work in real job situations to assess and develop the capacities of the individual to perform adequately in a work environment;

"(C) referral, for the provision of rehabilitation technology services to the individual, to assess and develop the capacities of the individual to perform in a work environment; and

"(D) an exploration of the individual's abilities, capabilities, and capacity to perform in work situations, through the use of trial work experiences, including experiences in which the individual is provided appropriate supports and training.

"(3) ASSISTIVE TECHNOLOGY DEVICE.—The term 'assistive technology device' has the meaning given such term in section 3(2) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2202(2)), except that the reference in such section to the term 'individuals with disabilities' shall be deemed to mean more than one individual with a disability as defined in paragraph (20)(A).

"(4) ASSISTIVE TECHNOLOGY SERVICE.—The term 'assistive technology service' has the meaning given such term in section 3(3) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2202(3)), except that the reference in such section—

"(A) to the term 'individual with a disability' shall be deemed to mean an individual with a disability, as defined in paragraph (20)(A); and

"(B) to the term 'individuals with disabilities' shall be deemed to mean more than one such individual.

"(5) COMMUNITY REHABILITATION PROGRAM.—The term 'community rehabilitation program' means a program that provides directly or facilitates the provision of vocational rehabilitation services to individuals with disabilities, and that provides, singly or in combination, for an individual with a disability to enable the individual to maximize opportunities for employment, including career advancement—

"(A) medical, psychiatric, psychological, social, and vocational services that are provided under one management;

"(B) testing, fitting, or training in the use of prosthetic and orthotic devices;

"(C) recreational therapy;

"(D) physical and occupational therapy;

"(E) speech, language, and hearing therapy;

"(F) psychiatric, psychological, and social services, including positive behavior management;

"(G) assessment for determining eligibility and vocational rehabilitation needs;

"(H) rehabilitation technology;

"(I) job development, placement, and retention services;

"(J) evaluation or control of specific disabilities;

"(K) orientation and mobility services for individuals who are blind;

"(L) extended employment;

"(M) psychosocial rehabilitation services;

"(N) supported employment services and extended services;

"(O) services to family members when necessary to the vocational rehabilitation of the individual;

"(P) personal assistance services; or

"(Q) services similar to the services described in one of subparagraphs (A) through (P).

"(6) CRIMINAL ACT.—The term 'criminal act' means any crime, including an act, omission, or possession under the laws of the United States or a State or unit of general local government, which poses a substantial threat of personal injury, notwithstanding that by reason of age, insanity, or intoxication or otherwise the person engaging in the act, omission, or possession was legally incapable of committing a crime.

"(7) DESIGNATED STATE AGENCY.—The term 'designated State agency' means an agency designated under section 101(a)(2)(A).

"(8) DESIGNATED STATE UNIT.—The term 'designated State unit' means—

"(A) any State agency unit required under section 101(a)(2)(B)(ii); or

"(B) in cases in which no such unit is so required, the State agency described in section 101(a)(2)(B)(i).

"(9) DISABILITY.—The term 'disability' means—

"(A) except as otherwise provided in subparagraph (B), a physical or mental impair-

ment that constitutes or results in a substantial impediment to employment; or

"(B) for purposes of sections 2, 14, and 15, and titles II, IV, V, and VII, a physical or mental impairment that substantially limits one or more major life activities.

"(10) DRUG AND ILLEGAL USE OF DRUGS.—

"(A) DRUG.—The term 'drug' means a controlled substance, as defined in schedules I through V of section 202 of the Controlled Substances Act (21 U.S.C. 812).

"(B) ILLEGAL USE OF DRUGS.—The term 'illegal use of drugs' means the use of drugs, the possession or distribution of which is unlawful under the Controlled Substances Act. Such term does not include the use of a drug taken under supervision by a licensed health care professional, or other uses authorized by the Controlled Substances Act or other provisions of Federal law.

"(11) EMPLOYMENT OUTCOME.—The term 'employment outcome' means, with respect to an individual—

"(A) entering or retaining full-time or, if appropriate, part-time competitive employment in the integrated labor market;

"(B) satisfying the vocational outcome of supported employment; or

"(C) satisfying any other vocational outcome the Secretary may determine to be appropriate (including satisfying the vocational outcome of self-employment or business ownership), in a manner consistent with this Act.

"(12) ESTABLISHMENT OF A COMMUNITY REHABILITATION PROGRAM.—The term 'establishment of a community rehabilitation program' includes the acquisition, expansion, remodeling, or alteration of existing buildings necessary to adapt them to community rehabilitation program purposes or to increase their effectiveness for such purposes (subject, however, to such limitations as the Secretary may determine, in accordance with regulations the Secretary shall prescribe, in order to prevent impairment of the objectives of, or duplication of, other Federal laws providing Federal assistance in the construction of facilities for community rehabilitation programs), and may include such additional equipment and staffing as the Commissioner considers appropriate.

"(13) EXTENDED SERVICES.—The term 'extended services' means ongoing support services and other appropriate services, needed to support and maintain an individual with a most significant disability in supported employment, that—

"(A) are provided singly or in combination and are organized and made available in such a way as to assist an eligible individual in maintaining supported employment;

"(B) are based on a determination of the needs of an eligible individual, as specified in an individualized rehabilitation employment plan; and

"(C) are provided by a State agency, a nonprofit private organization, employer, or any other appropriate resource, after an individual has made the transition from support provided by the designated State unit.

"(14) FEDERAL SHARE.—

"(A) IN GENERAL.—Subject to subparagraph (B), the term 'Federal share' means 78.7 percent.

"(B) RELATIONSHIP TO EXPENDITURES BY A POLITICAL SUBDIVISION.—For the purpose of determining the non-Federal share with respect

to a State, expenditures by a political subdivision thereof or by a local agency shall be regarded as expenditures by such State, subject to such limitations and conditions as the Secretary shall by regulation prescribe.

"(15) GOVERNOR.—The term 'Governor' means—

"(A) a chief executive officer of a State; or

"(B) in the case of a State that, under State law, vests authority for the administration of the activities carried out under this Act in an entity other than the Governor, such as 1 or more houses of the State legislature or an independent board, the chief officer of that entity.

"(16) IMPARTIAL HEARING OFFICER.—

"(A) IN GENERAL.—The term 'impartial hearing officer' means an individual—

"(i) who is not an employee of a public agency (other than an administrative law judge, hearing examiner, or employee of an institution of higher education);

"(ii) who is not a member of the State Rehabilitation Council described in section 105;

"(iii) who has not been involved previously in the vocational rehabilitation of the applicant or client;

"(iv) who has knowledge of the delivery of vocational rehabilitation services, the State plan under section 101, and the Federal and State rules governing the provision of such services and training with respect to the performance of official duties; and

"(v) who has no personal or financial interest that would be in conflict with the objectivity of the individual.

"(B) CONSTRUCTION.—An individual shall not be considered to be an employee of a public agency for purposes of subparagraph (A)(i) solely because the individual is paid by the agency to serve as a hearing officer.

"(17) INDEPENDENT LIVING CORE SERVICES.—The term 'independent living core services' means—

"(A) information and referral services;

"(B) independent living skills training;

"(C) peer counseling (including cross-disability peer counseling); and

"(D) individual and systems advocacy.

"(18) INDEPENDENT LIVING SERVICES.—The term 'independent living services' includes—

"(A) independent living core services; and

"(B)(i) counseling services, including psychological, psychotherapeutic, and related services;

"(ii) services related to securing housing or shelter, including services related to community group living, and supportive of the purposes of this Act and of the titles of this Act, and adaptive housing services (including appropriate accommodations to and modifications of any space used to serve, or occupied by, individuals with disabilities);

"(iii) rehabilitation technology;

"(iv) mobility training;

"(v) services and training for individuals with cognitive and sensory disabilities, including life skills training, and interpreter and reader services;

"(vi) personal assistance services, including attendant care and the training of personnel providing such services;

"(vii) surveys, directories, and other activities to identify appropriate housing, recreation

opportunities, and accessible transportation, and other support services;

"(viii) consumer information programs on rehabilitation and independent living services available under this Act, especially for minorities and other individuals with disabilities who have traditionally been unserved or underserved by programs under this Act;

"(ix) education and training necessary for living in a community and participating in community activities;

"(x) supported living;

"(xi) transportation, including referral and assistance for such transportation and training in the use of public transportation vehicles and systems;

"(xii) physical rehabilitation;

"(xiii) therapeutic treatment;

"(xiv) provision of needed prostheses and other appliances and devices;

"(xv) individual and group social and recreational services;

"(xvi) training to develop skills specifically designed for youths who are individuals with disabilities to promote self-awareness and esteem,

develop advocacy and self-empowerment skills, and explore career options;

"(xvii) services for children;

"(xviii) services under other Federal, State, or local programs designed to provide resources, training, counseling, or other assistance, of substantial benefit in enhancing the independence, productivity, and quality of life of individuals with disabilities;

"(xix) appropriate preventive services to decrease the need of individuals assisted under this Act for similar services in the future;

"(xx) community awareness programs to enhance the understanding and integration into society of individuals with disabilities; and

"(xxi) such other services as may be necessary and not inconsistent with the provisions of this Act.

"(19) INDIAN; AMERICAN INDIAN; INDIAN AMERICAN; INDIAN TRIBE.—

"(A) IN GENERAL.—The terms 'Indian', 'American Indian', and 'Indian American' mean an individual who is a member of an Indian tribe.

"(B) INDIAN TRIBE.—The term 'Indian tribe' means any Federal or State Indian tribe, band, rancheria, pueblo, colony, or community, including any Alaskan native village or regional village corporation (as defined in or established pursuant to the Alaska Native Claims Settlement Act).

"(20) INDIVIDUAL WITH A DISABILITY.—

"(A) IN GENERAL.—Except as otherwise provided in subparagraph (B), the term 'individual with a disability' means any individual who—

"(i) has a physical or mental impairment which for such individual constitutes or results in a substantial impediment to employment; and

"(ii) can benefit in terms of an employment outcome from vocational rehabilitation services provided pursuant to title I, III, or VI.

"(B) CERTAIN PROGRAMS; LIMITATIONS ON MAJOR LIFE ACTIVITIES.—Subject to subparagraphs (C), (D), (E), and (F), the term 'individual with a disability' means, for purposes of sec-

tions 2, 14, and 15, and titles II, IV, V, and VII of this Act, any person who—

"(i) has a physical or mental impairment which substantially limits one or more of such person's major life activities;

"(ii) has a record of such an impairment; or

"(iii) is regarded as having such an impairment.

"(C) RIGHTS AND ADVOCACY PROVISIONS.—

"(i) IN GENERAL; EXCLUSION OF INDIVIDUALS ENGAGING IN DRUG USE.—For purposes of title V, the term 'individual with a disability' does not include an individual who is currently engaging in the illegal use of drugs, when a covered entity acts on the basis of such use.

"(ii) EXCEPTION FOR INDIVIDUALS NO LONGER ENGAGING IN DRUG USE.—Nothing in clause (i) shall be construed to exclude as an individual with a disability an individual who—

"(I) has successfully completed a supervised drug rehabilitation program and is no longer engaging in the illegal

use of drugs, or has otherwise been rehabilitated successfully and is no longer engaging in such use;

"(II) is participating in a supervised rehabilitation program and is no longer engaging in such use; or

"(III) is erroneously regarded as engaging in such use, but is not engaging in such use;

except that it shall not be a violation of this Act for a covered entity to adopt or administer reasonable policies or procedures, including but not limited to drug testing, designed to ensure that an individual described in subclause (I) or (II) is no longer engaging in the illegal use of drugs.

"(iii) EXCLUSION FOR CERTAIN SERVICES.—Notwithstanding clause (i), for purposes of programs and activities providing health services and services provided under titles I, II, and III, an individual shall not be excluded from the benefits of such programs or activities on the basis of his or her current illegal use of drugs if he or she is otherwise entitled to such services.

"(iv) DISCIPLINARY ACTION.—For purposes of programs and activities providing educational services, local educational agencies may take disciplinary action pertaining to the use or possession of illegal drugs or alcohol against any student who is an individual with a disability and who currently is engaging in the illegal use of drugs or in the use of alcohol to the same extent that such disciplinary action is taken against students who are not individuals with disabilities. Furthermore, the due process procedures at section 104.36 of title 34, Code of Federal Regulations (or any corresponding similar regulation or ruling) shall not apply to such disciplinary actions.

"(v) EMPLOYMENT; EXCLUSION OF ALCOHOLICS.—For purposes of sections 503 and 504 as such sections relate to employment, the term 'individual with a disability' does not include any individual who is an alcoholic whose current use of alcohol prevents such individual from performing the duties of the job in question or whose employment, by reason of such current alco-

hol abuse, would constitute a direct threat to property or the safety of others.

"(D) EMPLOYMENT; EXCLUSION OF INDIVIDUALS WITH CERTAIN DISEASES OR INFECTIONS.—For the purposes of sections 503 and 504, as such sections relate to employment, such term does not include an individual who has a currently contagious disease or infection and who, by reason of such disease or infection, would constitute a direct threat to the health or safety of other individuals or who, by reason of the currently contagious disease or infection, is unable to perform the duties of the job.

"(E) RIGHTS PROVISIONS; EXCLUSION OF INDIVIDUALS ON BASIS OF HOMOSEXUALITY OR BISEXUALITY.—For the purposes of sections 501, 503, and 504—

"(i) for purposes of the application of subparagraph (B) to such sections, the term 'impairment' does not include homosexuality or bisexuality; and

"(ii) therefore the term 'individual with a disability' does not include an individual on the basis of homosexuality or bisexuality.

"(F) RIGHTS PROVISIONS; EXCLUSION OF INDIVIDUALS ON BASIS OF CERTAIN DISORDERS.—For the purposes of sections 501, 503, and 504, the term 'individual with a disability' does not include an individual on the basis of—

"(i) transvestism, transsexualism, pedophilia, exhibitionism, voyeurism, gender identity disorders not resulting from physical impairments, or other sexual behavior disorders;

"(ii) compulsive gambling, kleptomania, or pyromania; or

"(iii) psychoactive substance use disorders resulting from current illegal use of drugs.

"(G) INDIVIDUALS WITH DISABILITIES.—The term 'individuals with disabilities' means more than one individual with a disability.

"(21) INDIVIDUAL WITH A SIGNIFICANT DISABILITY.—

"(A) IN GENERAL.—Except as provided in subparagraph (B) or (C), the term 'individual with a significant disability' means an individual with a disability—

"(i) who has a severe physical or mental impairment which seriously limits one or more functional capacities (such as mobility, communication, self-care, self-direction, interpersonal skills, work tolerance, or work skills) in terms of an employment outcome;

"(ii) whose vocational rehabilitation can be expected to require multiple vocational rehabilitation services over an extended period of time; and

"(iii) who has one or more physical or mental disabilities resulting from amputation, arthritis, autism, blindness, burn injury, cancer, cerebral palsy, cystic fibrosis, deafness, head injury, heart disease, hemiplegia, hemophilia, respiratory or pulmonary dysfunction, mental retardation, mental illness, multiple sclerosis, muscular dystrophy, musculo-skeletal disorders, neurological disorders (including stroke and epilepsy), paraplegia, quadriplegia, and other spinal cord conditions, sickle cell anemia, specific learning disability, end-stage renal disease, or another disability or com-

bination of disabilities determined on the basis of an assessment for determining eligibility and vocational rehabilitation needs described in subparagraphs (A) and (B) of paragraph (2) to cause comparable substantial functional limitation.

"(B) INDEPENDENT LIVING SERVICES AND CENTERS FOR INDEPENDENT LIVING.—For purposes of title VII, the term 'individual with a significant disability' means an individual with a severe physical or mental impairment whose ability to function independently in the family or community or whose ability to obtain, maintain, or advance in employment is substantially limited and for whom the delivery of independent living services will improve the ability to function, continue functioning, or move towards functioning independently in the family or community or to continue in employment, respectively.

"(C) RESEARCH AND TRAINING.—For purposes of title II, the term 'individual with a significant disability' includes an individual described in subparagraph (A) or (B).

"(D) INDIVIDUALS WITH SIGNIFICANT DISABILITIES.—The term 'individuals with significant disabilities' means more than one individual with a significant disability.

"(E) INDIVIDUAL WITH A MOST SIGNIFICANT DISABILITY.—

"(i) IN GENERAL.—The term 'individual with a most significant disability', used with respect to an individual in a State, means an individual with a significant disability who meets criteria established by the State under section 101(a)(5)(C).

"(ii) INDIVIDUALS WITH THE MOST SIGNIFICANT DISABILITIES.—The term 'individuals with the most significant disabilities' means more than one individual with a most significant disability.

"(22) INDIVIDUAL'S REPRESENTATIVE; APPLICANT'S REPRESENTATIVE.—

"(A) INDIVIDUAL'S REPRESENTATIVE.—The term 'individual's representative' used with respect to an eligible individual or other individual with a disability, means—

"(i) any representative chosen by the eligible individual or other individual with

a disability, including a parent, guardian, other family member, or advocate; or

"(ii) if a representative or legal guardian has been appointed by a court to represent the eligible individual or other individual with a disability, the court-appointed representative or legal guardian.

"(B) APPLICANT'S REPRESENTATIVE.—The term 'applicant's representative' means—

"(i) any representative described in subparagraph (A)(i) chosen by the applicant; or

"(ii) if a representative or legal guardian has been appointed by a court to represent the applicant, the court-appointed representative or legal guardian.

"(23) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

"(24) LOCAL AGENCY.—The term 'local agency' means an agency of a unit of general local government or of an Indian tribe (or combination of such units or tribes) which has an agreement with the designated State agency to conduct a vocational rehabili-

tation program under the supervision of such State agency in accordance with the State plan approved under section 101. Nothing in the preceding sentence of this paragraph or in section 101 shall be construed to prevent the local agency from arranging to utilize another local public or nonprofit agency to provide vocational rehabilitation services if such an arrangement is made part of the agreement specified in this paragraph.

"(25) LOCAL WORKFORCE INVESTMENT PARTNERSHIP.—The term 'local workforce investment partnership' means a local workforce investment partnership established under section 308 of the Workforce Investment Partnership Act of 1998.

"(26) NONPROFIT.—The term 'nonprofit', when used with respect to a community rehabilitation program, means a community rehabilitation program carried out by a corporation or association, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual and the income of which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986.

"(27) ONGOING SUPPORT SERVICES.—The term 'ongoing support services' means services—

"(A) provided to individuals with the most significant disabilities;

"(B) provided, at a minimum, twice monthly—

"(i) to make an assessment, regarding the employment situation, at the worksite of each such individual in supported employment, or, under special circumstances, especially at the request of the client, off site; and

"(ii) based on the assessment, to provide for the coordination or provision of specific intensive services, at or away from the worksite, that are needed to maintain employment stability; and

"(C) consisting of—

"(i) a particularized assessment supplementary to the comprehensive assessment described in paragraph (2)(B);

"(ii) the provision of skilled job trainers who accompany the individual for intensive job skill training at the work site;

"(iii) job development, job retention, and placement services;

"(iv) social skills training;

"(v) regular observation or supervision of the individual;

"(vi) followup services such as regular contact with the employers, the individuals, the individuals' representatives, and other appropriate individuals, in order to reinforce and stabilize the job placement;

"(vii) facilitation of natural supports at the worksite;

"(viii) any other service identified in section 103; or

"(ix) a service similar to another service described in this subparagraph.

"(28) PERSONAL ASSISTANCE SERVICES.—The term 'personal assistance services' means a range of services, provided by one or more persons, designed to assist an individual with a disability to perform daily living activities on or off the job that the individual would typically perform if the individual did not have a disability. Such services shall be designed to increase the individual's control in life and ability to perform everyday activities on or off the job.

"(29) PUBLIC OR NONPROFIT.—The term 'public or nonprofit', used with respect to an agency or organization, includes an Indian tribe.

"(30) REHABILITATION TECHNOLOGY.—The term 'rehabilitation technology' means the systematic application of technologies, engineering methodologies, or scientific principles to meet the needs of and address the barriers confronted by individuals with disabilities in areas which include education, rehabilitation, employment, transportation, independent living, and recreation. The term includes rehabilitation engineering, assistive technology devices, and assistive technology services.

"(31) REQUIRES VOCATIONAL REHABILITATION SERVICES.—The term 'requires vocational rehabilitation services', used with respect to an individual with a disability as defined in paragraph (20)(A), means that the individual is unable to prepare for, secure, retain, or regain employment consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual without vocational rehabilitation services, because the individual—

"(A) has never been employed;

"(B) has lost employment;

"(C) is underemployed;

"(D) is at immediate risk of losing employment; or

"(E) receives benefits on the basis of disability or blindness pursuant to title II or XVI of the Social Security Act (42 U.S.C. 401 et seq. or 1381 et seq.), in a case in which the individual intends to achieve an employment outcome consistent with the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual.

"(32) SECRETARY.—The term 'Secretary', except when the context otherwise requires, means the Secretary of Education.

"(33) STATE.—The term 'State' includes, in addition to each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

"(34) STATEWIDE WORKFORCE INVESTMENT PARTNERSHIP.—The term 'statewide workforce investment partnership' means a partnership established under section 303 of the Workforce Investment Partnership Act of 1998.

"(35) STATEWIDE WORKFORCE INVESTMENT SYSTEM.—The term 'statewide workforce investment sys-

tem' means a system described in section 301 of the Workforce Investment Partnership Act of 1998.

"(36) SUPPORTED EMPLOYMENT.—

"(A) IN GENERAL.—The term 'supported employment' means competitive work in integrated work settings, or employment in integrated work settings in which individuals are working toward competitive work, consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individuals, for individuals with the most significant disabilities—

"(i)(I) for whom competitive employment has not traditionally occurred; or

"(II) for whom competitive employment has been interrupted or intermittent as a result of a significant disability; and

"(ii) who, because of the nature and severity of their disability, need intensive supported employment services for the period, and any extension, described in paragraph (37)(C) and extended services after the transition described in paragraph (13)(C) in order to perform such work.

"(B) CERTAIN TRANSITIONAL EMPLOYMENT.—Such term includes transitional employment for persons who are individuals with the most significant disabilities due to mental illness.

"(37) SUPPORTED EMPLOYMENT SERVICES.—The term 'supported employment services' means ongoing support services and other appropriate services needed to support and maintain an individual with a most significant disability in supported employment, that—

"(A) are provided singly or in combination and are organized and made available in such a way as to assist an eligible individual to achieve competitive employment;

"(B) are based on a determination of the needs of an eligible individual, as specified in an individualized rehabilitation employment plan; and

"(C) are provided by the designated State unit for a period of time not to extend beyond 18 months, unless under special circumstances the eligible individual and the rehabilitation counselor or coordinator jointly agree to extend the time in order to achieve the rehabilitation ob-

jectives identified in the individualized rehabilitation employment plan.

"(38) TRANSITION SERVICES.—The term 'transition services' means a coordinated set of activities for a student, designed within an outcome-oriented process, that promotes movement from school to post school activities, including postsecondary education, vocational training, integrated employment (including supported employment), continuing and adult education, adult services, independent living, or community participation. The coordinated set of activities shall be based upon the individual student's needs, taking into account the student's preferences and interests, and shall include instruction, community experiences, the development of employment and other post school adult living objectives, and, when appropriate, acquisition of daily living skills and functional vocational evaluation.

"(39) UNDEREMPLOYED.—The term 'underemployed', used with respect to an individual with a disability, as defined in paragraph (20)(A), means a situation in which the individual is employed in a job that is not consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual.

"(40) VOCATIONAL REHABILITATION SERVICES.—The term 'vocational rehabilitation services' means those services identified in section 103 which are provided to individuals with disabilities under this Act.

"(41) WORKFORCE INVESTMENT ACTIVITIES.—The term 'workforce investment activities' has the meaning given the term in section 2 of the Workforce Investment Partnership Act of 1998 carried out under that Act.

"ALLOTMENT PERCENTAGE

"SEC. 8. (a)(1) For purposes of section 110, the allotment percentage for any State shall be 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the United States, except that—

"(A) the allotment percentage shall in no case be more than 75 per centum or less than 33⅓ per centum; and

"(B) the allotment percentage for the District of Columbia, Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands shall be 75 per centum.

"(2) The allotment percentages shall be promulgated by the Secretary between October 1 and December 31 of each even-numbered year, on the basis of the average of the per capita incomes of the States and of the United States for

the three most recent consecutive years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning on the October 1 next succeeding such promulgation.

"(3) The term 'United States' means (but only for purposes of this subsection) the fifty States and the District of Columbia.

"(b) The population of the several States and of the United States shall be determined on the basis of the most recent data available, to be furnished by the Department of Commerce by October 1 of the year preceding the fiscal year for which funds are appropriated pursuant to statutory authorizations.

"NONDUPLICATION

"SEC. 10. In determining the amount of any State's Federal share of expenditures for planning, administration, and services incurred by it under a State plan approved in accordance with section 101, there shall be disregarded (1) any portion of such expenditures which are financed by Federal funds provided under any other provision of law, and (2) the amount of any non-Federal funds required to be expended as a condition of receipt of such Federal funds. No payment may be made from funds provided under one provision of this Act relating to any cost with respect to which any payment is made under any other pro-

vision of this Act, except that this section shall not be construed to limit or reduce fees for services rendered by community rehabilitation programs.

"APPLICATION OF OTHER LAWS

"SEC. 11. The provisions of the Act of December 5, 1974 (Public Law 93–510) and of title V of the Act of October 15, 1977 (Public Law 95–134) shall not apply to the administration of the provisions of this Act or to the administration of any program or activity under this Act.

"ADMINISTRATION OF THE ACT

"SEC. 12. (a) In carrying out the purposes of this Act, the Commissioner may—

"(1) provide consultative services and technical assistance to public or nonprofit private agencies and organizations, including assistance to enable such agencies and organizations to facilitate meaningful and effective participation by individuals with disabilities in workforce investment activities;

"(2) provide short-term training and technical instruction, including training for the personnel of community rehabilitation programs, centers for independent living, and other providers of services (including job coaches);

"(3) conduct special projects and demonstrations;

"(4) collect, prepare, publish, and disseminate special educational or informational materials, in-

cluding reports of the projects for which funds are provided under this Act; and

"(5) provide monitoring and conduct evaluations.

"(b)(1) In carrying out the duties under this Act, the Commissioner may utilize the services and facilities of any agency of the Federal Government and of any other public or nonprofit agency or organization, in accordance with agreements between the Commissioner and the head thereof, and may pay therefor, in advance or by way of reimbursement, as may be provided in the agreement.

"(2) In carrying out the provisions of this Act, the Commissioner shall appoint such task forces as may be necessary to collect and disseminate information in order to improve the ability of the Commissioner to carry out the provisions of this Act.

"(c) The Commissioner may promulgate such regulations as are considered appropriate to carry out the Commissioner's duties under this Act.

"(d) The Secretary shall promulgate regulations regarding the requirements for the implementation of an order of selection for vocational rehabilitation services under section 101(a)(5)(A) if such services cannot be provided to all eligible individuals with disabilities who apply for such services.

"(e) Not later than 180 days after the date of enactment of the Rehabilitation Act Amendments of 1998, the Secretary shall receive public comment and promulgate regulations to implement the amendments made by the Rehabilitation Act Amendments of 1998.

"(f) In promulgating regulations to carry out this Act, the Secretary shall promulgate only regulations that are necessary to administer and ensure compliance with the specific requirements of this Act.

"(g) There are authorized to be appropriated to carry out this section such sums as may be necessary.

"REPORTS

"SEC. 13. (a) Not later than one hundred and eighty days after the close of each fiscal year, the Commissioner shall prepare and submit to the President and to the Congress a full and complete report on the activities carried out under this Act, including the activities and staffing of the information clearinghouse under section 15.

"(b) The Commissioner shall collect information to determine whether the purposes of this Act are being met and to assess the performance of programs carried out under this Act. The Commissioner shall take whatever action is necessary to assure that the identity of each individual for which information is supplied under this section is kept confidential, except as otherwise required by law (including regulation).

"(c) In preparing the report, the Commissioner shall annually collect and include in the report information based on the information submitted by States in accordance with section 101(a)(10). The Commissioner shall, to the maximum extent appropriate, include in the report all information that is required to be submitted in the reports described in section 321(d) of the Workforce Investment Partnership Act of 1998 and that pertains to the employment of individuals with disabilities.

"EVALUATION

"SEC. 14. (a) For the purpose of improving program management and effectiveness, the Secretary, in consultation with the Commissioner, shall evaluate all the programs authorized by this Act, their general effectiveness in relation to their cost, their impact on related programs, and their structure and mechanisms for delivery of services, using appropriate methodology and evaluative research designs. The Secretary shall establish and use standards for the evaluations required by this subsection. Such an evaluation shall be conducted by a person not immediately involved in the administration of the program evaluated.

"(b) In carrying out evaluations under this section, the Secretary shall obtain the opinions of program and project participants about the strengths and weaknesses of the programs and projects.

"(c) The Secretary shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with Federal funds under this Act shall become the property of the United States.

"(d) Such information as the Secretary may determine to be necessary for purposes of the evaluations conducted under this section shall be made available upon request of the Secretary, by the departments and agencies of the executive branch.

"(e)(1) To assess the linkages between vocational rehabilitation services and economic and noneconomic outcomes, the Secretary shall continue to conduct a longitudinal study of a national sample of applicants for the services.

"(2) The study shall address factors related to attrition and completion of the program through which the services are provided and factors within and outside the program affecting results. Appropriate comparisons shall be used to contrast the experiences of similar persons who do not obtain the services.

"(3) The study shall be planned to cover the period beginning on the application of individuals with disabilities for the services, through the eligibility determination and provision of services for the individuals, and a further period of not less than 2 years after the termination of services.

"(f)(1) The Commissioner shall identify and disseminate information on exemplary practices concerning vocational rehabilitation.

"(2) To facilitate compliance with paragraph (1), the Commissioner shall conduct studies and analyses that identify exemplary practices concerning vocational rehabilitation, including studies in areas relating to providing informed choice in the rehabilitation process, promoting consumer satisfaction, promoting job placement and retention, providing supported employment, providing services to particular disability populations, financing personal assistance services, providing assistive technology devices and assistive technology services, entering into cooperative agreements, establishing standards and certification for community rehabilitation programs, converting from non-integrated to integrated employment, and providing caseload management.

"(g) There are authorized to be appropriated to carry out this section such sums as may be necessary.

"INFORMATION CLEARINGHOUSE

"SEC. 15. (a) The Secretary shall establish a central clearinghouse for information and resource availability for individuals with disabilities which shall provide information and data regarding—

"(1) the location, provision, and availability of services and programs for individuals with disabil-

ities, including such information and data provided by statewide partnerships established under section 303 of the Workforce Investment Partnership Act of 1998 regarding such services and programs authorized under such Act;

"(2) research and recent medical and scientific developments bearing on disabilities (and their prevention, amelioration, causes, and cures); and

"(3) the current numbers of individuals with disabilities and their needs.

The clearinghouse shall also provide any other relevant information and data which the Secretary considers appropriate.

"(b) The Commissioner may assist the Secretary to develop within the Department of Education a coordinated system of information and data retrieval, which will have the capacity and responsibility to provide information regarding the information and data referred to in subsection (a) of this section to the Congress, public and private agencies and organizations, individuals with disabilities and their families, professionals in fields serving such individuals, and the general public.

"(c) The office established to carry out the provisions of this section shall be known as the 'Office of Information and Resources for Individuals with Disabilities'.

"(d) There are authorized to be appropriated to carry out this section such sums as may be necessary.

"TRANSFER OF FUNDS

"SEC. 16. (a) Except as provided in subsection (b) of this section, no funds appropriated under this Act for any program or activity may be used for any purpose other than that for which the funds were specifically authorized.

"(b) No more than 1 percent of funds appropriated for discretionary grants, contracts, or cooperative agreements authorized by this Act may be used for the purpose of providing non-Federal panels of experts to review applications for such grants, contracts, or cooperative agreements.

"STATE ADMINISTRATION

"SEC. 17. The application of any State rule or policy relating to the administration or operation of programs funded by this Act (including any rule or policy based on State interpretation of any Federal law, regulation, or guideline) shall be identified as a State imposed requirement.

"REVIEW OF APPLICATIONS

"SEC. 18. Applications for grants in excess of $100,000 in the aggregate authorized to be funded under this Act, other than grants primarily for the purpose of conducting dissemination or conferences, shall be reviewed by panels of experts which shall include a majority of non-Federal members. Non-Federal members may be provided travel, per

diem, and consultant fees not to exceed the daily equivalent of the rate of pay for level 4 of the Senior Executive Service Schedule under section 5382 of title 5, United States Code.

"SEC. 19. CARRYOVER.

"(a) IN GENERAL.—Except as provided in subsection (b), and notwithstanding any other provision of law—

"(1) any funds appropriated for a fiscal year to carry out any grant program under part B of title I, section 509 (except as provided in section 509(b)), part C of title VI, part B or C of chapter 1 of title VII, or chapter 2 of title VII (except as provided in section 752(b)), including any funds reallotted under any such grant program, that are not obligated and expended by recipients prior to the beginning of the succeeding fiscal year; or

"(2) any amounts of program income, including reimbursement payments under the Social Security Act (42 U.S.C. 301 et seq.), received by recipients under any grant program specified in paragraph (1) that are not obligated and expended by recipients prior to the beginning of the fiscal year succeeding the fiscal year in which such amounts were received,

shall remain available for obligation and expenditure by such recipients during such succeeding fiscal year.

"(b) NON-FEDERAL SHARE.—Such funds shall remain available for obligation and expenditure by a recipient as provided in subsection (a) only to the extent that the recipient complied with any Federal share requirements applicable to the program for the fiscal year for which the funds were appropriated.

"SEC. 20. CLIENT ASSISTANCE INFORMATION.

"All programs, including community rehabilitation programs, and projects, that provide services to individuals with disabilities under this Act shall advise such individuals who are applicants for or recipients of the services, or the applicants' representatives or individuals' representatives, of the availability and purposes of the client assistance program under section 112, including information on means of seeking assistance under such program.

"SEC. 21. TRADITIONALLY UNDERSERVED POPULATIONS.

"(a) FINDINGS.—With respect to the programs authorized in titles II through VII, the Congress finds as follows:

"(1) RACIAL PROFILE.—The racial profile of America is rapidly changing. While the rate of increase for white Americans is 3.2 percent, the rate of increase for racial and ethnic minorities is much higher: 38.6 percent for Latinos, 14.6 percent for African-Americans, and 40.1 percent for Asian-Americans and other ethnic groups. By the year 2000, the Nation

will have 260,000,000 people, one of every three of whom will be either African-American, Latino, or Asian-American.

"(2) RATE OF DISABILITY.—Ethnic and racial minorities tend to have disabling conditions at a disproportionately high rate. The rate of work-related disability for American Indians is about one and one-half times that of the general population. African-Americans are also one and one-half times more likely to be disabled than whites and twice as likely to be significantly disabled.

"(3) INEQUITABLE TREATMENT.—Patterns of inequitable treatment of minorities have been documented in all major junctures of the vocational rehabilitation process. As compared to white Americans, a larger percentage of African-American applicants to the vocational rehabilitation system is denied acceptance. Of applicants accepted for service, a larger percentage of African-American cases is closed without being rehabilitated. Minorities are provided less training than their white counterparts. Consistently, less money is spent on minorities than on their white counterparts.

"(4) RECRUITMENT.—Recruitment efforts within vocational rehabilitation at the level of preservice

training, continuing education, and in-service training must focus on bringing larger numbers of minorities into the profession in order to provide appropriate practitioner knowledge, role models, and sufficient manpower to address the clearly changing demography of vocational rehabilitation.

"(b) OUTREACH TO MINORITIES.—

"(1) IN GENERAL.—For each fiscal year, the Commissioner and the Director of the National Institute on Disability and Rehabilitation Research (referred to in this subsection as the 'Director') shall reserve 1 percent of the funds appropriated for the fiscal year for programs authorized under titles II, III, VI, and VII to carry out this subsection. The Commissioner and the Director shall use the reserved funds to carry out 1 or more of the activities described in paragraph (2) through a grant, contract, or cooperative agreement.

"(2) ACTIVITIES.—The activities carried out by the Commissioner and the Director shall include 1 or more of the following:

"(A) Making awards to minority entities and Indian tribes to carry out activities under the programs authorized under titles II, III, VI, and VII.

"(B) Making awards to minority entities and Indian tribes to conduct research, training, technical assistance, or a related activity, to improve services provided under this Act, especially services provided to individuals from minority backgrounds.

"(C) Making awards to entities described in paragraph (3) to provide outreach and technical assistance to minority entities and Indian tribes to promote their participation in activities funded under this Act, including assistance to enhance their capacity to carry out such activities.

"(3) ELIGIBILITY.—To be eligible to receive an award under paragraph (2)(C), an entity shall be a State or a public or private nonprofit agency or organization, such as an institution of higher education or an Indian tribe.

"(4) REPORT.—In each fiscal year, the Commissioner and the Director shall prepare and submit to Congress a report that describes the activities funded under this subsection for the preceding fiscal year.

"(5) DEFINITIONS.—In this subsection:

"(A) HISTORICALLY BLACK COLLEGE OR UNIVERSITY.—The term 'historically Black college or university' means a part B institution,

as defined in section 322(2) of the Higher Education Act of 1965 (20 U.S.C. 1061(2)).

"(B) MINORITY ENTITY.—The term 'minority entity' means an entity that is a historically Black college or university, a Hispanic-serving institution of higher education, an American Indian tribal college or university, or another institution of higher education whose minority student enrollment is at least 50 percent.

"(c) DEMONSTRATION.—In awarding grants, or entering into contracts or cooperative agreements under titles I, II, III, VI, and VII, and section 509, the Commissioner and the Director, in appropriate cases, shall require applicants to demonstrate how the applicants will address, in whole or in part, the needs of individuals with disabilities from minority backgrounds.".

SEC. 604. VOCATIONAL REHABILITATION SERVICES.

Title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) is amended to read as follows:

"TITLE I—VOCATIONAL REHABILITATION SERVICES

"PART A—GENERAL PROVISIONS

"SEC. 100. DECLARATION OF POLICY; AUTHORIZATION OF APPROPRIATIONS.

"(a) FINDINGS; PURPOSE; POLICY.—

"(1) FINDINGS.—Congress finds that—

"(A) work—

"(i) is a valued activity, both for individuals and society; and

"(ii) fulfills the need of an individual to be productive, promotes independence, enhances self-esteem, and allows for participation in the mainstream of life in the United States;

"(B) as a group, individuals with disabilities experience staggering levels of unemployment and poverty;

"(C) individuals with disabilities, including individuals with the most significant disabilities, have demonstrated their ability to achieve gainful employment in integrated settings if appropriate services and supports are provided;

"(D) reasons for significant numbers of individuals with disabilities not working, or working at levels not commensurate with their abilities and capabilities, include—

"(i) discrimination;

"(ii) lack of accessible and available transportation;

"(iii) fear of losing health coverage under the medicare and medicaid programs carried out under titles XVIII and XIX of the Social Security Act (42 U.S.C. 1395 et seq. and 1396 et seq.) or fear of losing private health insurance; and

"(iv) lack of education, training, and supports to meet job qualification standards necessary to secure, retain, regain, or advance in employment;

"(E) enforcement of title V and of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) holds the promise of ending discrimination for individuals with disabilities;

"(F) the provision of workforce investment activities and vocational rehabilitation services can enable individuals with disabilities, including individuals with the most significant disabilities, to pursue meaningful careers by securing gainful employment commensurate with their abilities and capabilities; and

"(G) linkages between the vocational rehabilitation programs established under this title and other components of the statewide workforce investment system are critical to ensure effective

and meaningful participation by individuals with disabilities in workforce investment activities.

"(2) PURPOSE.—The purpose of this title is to assist States in operating statewide comprehensive, coordinated, effective, efficient, and accountable programs of vocational rehabilitation, each of which is—

"(A) an integral part of a statewide workforce investment system; and

"(B) designed to assess, plan, develop, and provide vocational rehabilitation services for individuals with disabilities, consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, so that such individuals may prepare for and engage in gainful employment.

"(3) POLICY.—It is the policy of the United States that such a program shall be carried out in a manner consistent with the following principles:

"(A) Individuals with disabilities, including individuals with the most significant disabilities, are generally presumed to be capable of engaging in gainful employment and the provision of individualized vocational rehabilitation serv-

ices can improve their ability to become gainfully employed.

"(B) Individuals with disabilities must be provided the opportunities to obtain gainful employment in integrated settings.

"(C) Individuals who are applicants for such programs or eligible to participate in such programs must be active and full partners, in collaboration with qualified vocational rehabilitation professionals, in the vocational rehabilitation process, making meaningful and informed choices—

"(i) during assessments for determining eligibility and vocational rehabilitation needs; and

"(ii) in the selection of employment outcomes for the individuals, services needed to achieve the outcomes, entities providing such services, and the methods used to secure such services.

"(D) Families and other natural supports can play important roles in the success of a vocational rehabilitation program, if the individual with a disability involved requests, desires, or needs such supports.

"(E) Vocational rehabilitation counselors that are trained and prepared in accordance with State policies and procedures as described in section 101(a)(7)(A)(iii) (referred to individually in this title as a 'qualified vocational rehabilitation counselor'), other qualified rehabilitation personnel, and other qualified personnel facilitate the accomplishment of the employment outcomes and objectives of an individual.

"(F) Individuals with disabilities and the individuals' representatives are full partners in a vocational rehabilitation program and must be involved on a regular basis and in a meaningful manner with respect to policy development and implementation.

"(G) Accountability measures must facilitate the accomplishment of the goals and objectives of the program, including providing vocational rehabilitation services to, among others, individuals with the most significant disabilities.

"(b) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—For the purpose of making grants to States under part B to assist States in meeting the costs of vocational rehabilitation services provided in accordance with State plans under sec-

tion 101, there are authorized to be appropriated such sums as may be necessary for fiscal years 1998 through 2004, except that the amount to be appropriated for a fiscal year shall not be less than the amount of the appropriation under this paragraph for the immediately preceding fiscal year, increased by the percentage change in the Consumer Price Index determined under subsection (c) for the immediately preceding fiscal year.

"(2) REFERENCE.—The reference in paragraph (1) to grants to States under part B shall not be considered to refer to grants under section 112.

"(c) CONSUMER PRICE INDEX.—

"(1) PERCENTAGE CHANGE.—No later than November 15 of each fiscal year (beginning with fiscal year 1979), the Secretary of Labor shall publish in the Federal Register the percentage change in the Consumer Price Index published for October of the preceding fiscal year and October of the fiscal year in which such publication is made.

"(2) APPLICATION.—

"(A) INCREASE.—If in any fiscal year the percentage change published under paragraph (1) indicates an increase in the Consumer Price Index, then the amount to be appropriated under

subsection (b)(1) for the subsequent fiscal year shall be at least the amount appropriated under subsection (b)(1) for the fiscal year in which the publication is made under paragraph (1) increased by such percentage change.

"(B) NO INCREASE OR DECREASE.—If in any fiscal year the percentage change published under paragraph (1) does not indicate an increase in the Consumer Price Index, then the amount to be appropriated under subsection (b)(1) for the subsequent fiscal year shall be at least the amount appropriated under subsection (b)(1) for the fiscal year in which the publication is made under paragraph (1).

"(3) DEFINITION.—For purposes of this section, the term 'Consumer Price Index' means the Consumer Price Index for All Urban Consumers, published monthly by the Bureau of Labor Statistics.

"(d) EXTENSION.—

"(1) IN GENERAL.—

"(A) AUTHORIZATION OR DURATION OF PROGRAM.—Unless the Congress in the regular session which ends prior to the beginning of the terminal fiscal year—

"(i) of the authorization of appropriations for the program authorized by the State grant program under part B of this title; or

"(ii) of the duration of the program authorized by the State grant program under part B of this title;

has passed legislation which would have the effect of extending the authorization or duration (as the case may be) of such program, such authorization or duration is automatically extended for 1 additional year for the program authorized by this title.

"(B) CALCULATION.—The amount authorized to be appropriated for the additional fiscal year described in subparagraph (A) shall be an amount equal to the amount appropriated for such program for fiscal year 2004, increased by the percentage change in the Consumer Price Index determined under subsection (c) for the immediately preceding fiscal year, if the percentage change indicates an increase.

"(2) CONSTRUCTION.—

"(A) PASSAGE OF LEGISLATION.—For the purposes of paragraph (1)(A), Congress shall not

be deemed to have passed legislation unless such legislation becomes law.

"(B) ACTS OR DETERMINATIONS OF COMMISSIONER.—In any case where the Commissioner is required under an applicable statute to carry out certain acts or make certain determinations which are necessary for the continuation of the program authorized by this title, if such acts or determinations are required during the terminal year of such program, such acts and determinations shall be required during any fiscal year in which the extension described in that part of paragraph (1) that follows clause (ii) of paragraph (1)(A) is in effect.

"SEC. 101. STATE PLANS.

"(a) PLAN REQUIREMENTS.—

"(1) IN GENERAL.—

"(A) SUBMISSION.—To be eligible to participate in programs under this title, a State shall submit to the Commissioner a State plan for vocational rehabilitation services that meets the requirements of this section, on the same date that the State submits a State plan under section 304 of the Workforce Investment Partnership Act of 1998.

"(B) NONDUPLICATION.—The State shall not be required to submit, in the State plan for vocational rehabilitation services, policies, procedures, or descriptions required under this title that have been previously submitted to the Commissioner and that demonstrate that such State meets the requirements of this title, including any policies, procedures, or descriptions submitted under this title as in effect on the day before the effective date of the Rehabilitation Act Amendments of 1998.

"(C) DURATION.—The State plan shall remain in effect subject to the submission of such modifications as the State determines to be necessary or as the Commissioner may require based on a change in State policy, a change in Federal law (including regulations), an interpretation of this Act by a Federal court or the highest court of the State, or a finding by the Commissioner of State noncompliance with the requirements of this Act, until the State submits and receives approval of a new State plan.

"(2) DESIGNATED STATE AGENCY; DESIGNATED STATE UNIT.—

"(A) DESIGNATED STATE AGENCY.—The State plan shall designate a State agency as the sole State agency to administer the plan, or to supervise the administration of the plan by a local agency, except that—

"(i) where, under State law, the State agency for individuals who are blind or another agency that provides assistance or services to adults who are blind is authorized to provide vocational rehabilitation services to individuals who are blind, that agency may be designated as the sole State agency to administer the part of the plan under which vocational rehabilitation services are provided for individuals who are blind (or to supervise the administration of such part by a local agency) and a separate State agency may be designated as the sole State agency to administer or supervise the administration of the rest of the State plan;

"(ii) the Commissioner, on the request of a State, may authorize the designated State agency to share funding and administrative responsibility with another agency of the State or with a local agency in order to

permit the agencies to carry out a joint program to provide services to individuals with disabilities, and may waive compliance, with respect to vocational rehabilitation services furnished under the joint program, with the requirement of paragraph (4) that the plan be in effect in all political subdivisions of the State; and

"(iii) in the case of American Samoa, the appropriate State agency shall be the Governor of American Samoa.

"(B) DESIGNATED STATE UNIT.—The State agency designated under subparagraph (A) shall be—

"(i) a State agency primarily concerned with vocational rehabilitation, or vocational and other rehabilitation, of individuals with disabilities; or

"(ii) if not such an agency, the State agency (or each State agency if 2 are so designated) shall include a vocational rehabilitation bureau, division, or other organizational unit that—

"(I) is primarily concerned with vocational rehabilitation, or vocational

and other rehabilitation, of individuals with disabilities, and is responsible for the vocational rehabilitation program of the designated State agency;

"(II) has a full-time director;

"(III) has a staff employed on the rehabilitation work of the organizational unit all or substantially all of whom are employed full time on such work; and

"(IV) is located at an organizational level and has an organizational status within the designated State agency comparable to that of other major organizational units of the designated State agency.

"(C) RESPONSIBILITY FOR SERVICES FOR THE BLIND.—If the State has designated only 1 State agency pursuant to subparagraph (A), the State may assign responsibility for the part of the plan under which vocational rehabilitation services are provided for individuals who are blind to an organizational unit of the designated State agency and assign responsibility for the rest of the plan to another organizational unit of

the designated State agency, with the provisions of subparagraph (B) applying separately to each of the designated State units.

"(3) NON-FEDERAL SHARE.—The State plan shall provide for financial participation by the State, or if the State so elects, by the State and local agencies, to provide the amount of the non-Federal share of the cost of carrying out part B.

"(4) STATEWIDENESS.—The State plan shall provide that the plan shall be in effect in all political subdivisions of the State, except that in the case of any activity that, in the judgment of the Commissioner, is likely to assist in promoting the vocational rehabilitation of substantially larger numbers of individuals with disabilities or groups of individuals with disabilities, the Commissioner may waive compliance with the requirement that the plan be in effect in all political subdivisions of the State to the extent and for such period as may be provided in accordance with regulations prescribed by the Commissioner. The Commissioner may waive compliance with the requirement only if the non-Federal share of the cost of the vocational rehabilitation services is provided from funds made available by a local agency (including, to the extent permitted by such regulations, funds con-

tributed to such agency by a private agency, organization, or individual).

"(5) ORDER OF SELECTION FOR VOCATIONAL REHABILITATION SERVICES.—In the event that vocational rehabilitation services cannot be provided to all eligible individuals with disabilities in the State who apply for the services, the State plan shall—

"(A) show the order to be followed in selecting eligible individuals to be provided vocational rehabilitation services;

"(B) provide the justification for the order of selection;

"(C) include an assurance that, in accordance with criteria established by the State for the order of selection, individuals with the most significant disabilities will be selected first for the provision of vocational rehabilitation services; and

"(D) provide that eligible individuals, who do not meet the order of selection criteria, shall have access to services provided through the information and referral system implemented under paragraph (20).

"(6) METHODS FOR ADMINISTRATION.—

"(A) IN GENERAL.—The State plan shall provide for such methods of administration as are found by the Commissioner to be necessary for the proper and efficient administration of the plan.

"(B) EMPLOYMENT OF INDIVIDUALS WITH DISABILITIES.—The State plan shall provide that the designated State agency, and entities carrying out community rehabilitation programs in the State, who are in receipt of assistance under this title shall take affirmative action to employ and advance in employment qualified individuals with disabilities covered under, and on the same terms and conditions as set forth in, section 503.

"(C) PERSONNEL AND PROGRAM STANDARDS FOR COMMUNITY REHABILITATION PROGRAMS.—The State plan shall provide that the designated State unit shall establish, maintain, and implement minimum standards for community rehabilitation programs providing services to individuals under this title, including—

"(i) standards—

"(I) governing community rehabilitation programs and qualified per-

sonnel utilized for the provision of vocational rehabilitation services through such programs; and

"(II) providing, to the extent that providers of vocational rehabilitation services utilize personnel who do not meet the highest requirements in the State applicable to a particular profession or discipline, that the providers shall take steps to ensure the retraining or hiring of personnel so that such personnel meet appropriate professional standards in the State; and

"(ii) minimum standards to ensure the availability of personnel, to the maximum extent feasible, trained to communicate in the native language or mode of communication of an individual receiving services through such programs.

"(D) FACILITIES.—The State plan shall provide that facilities used in connection with the delivery of services assisted under the State plan shall comply with the Act entitled 'An Act to insure that certain buildings financed with Federal funds are so designed and constructed as

to be accessible to the physically handicapped', approved on August 12, 1968 (commonly known as the 'Architectural Barriers Act of 1968'), with section 504, and with the Americans with Disabilities Act of 1990.

"(7) COMPREHENSIVE SYSTEM OF PERSONNEL DEVELOPMENT.—The State plan shall include—

"(A) a description, consistent with the purposes of this Act, of a comprehensive system of personnel development for personnel employed by the designated State unit and involved in carrying out this title, which, at a minimum, shall consist of—

"(i) a description of the procedures and activities the designated State agency will implement and undertake to address the current and projected needs for personnel, and training needs of such personnel, in the designated State unit to ensure that the personnel are adequately trained and prepared;

"(ii) a plan to coordinate and facilitate efforts between the designated State unit and institutions of higher education and professional associations to recruit, pre-

pare, and retain qualified personnel, including personnel from culturally or linguistically diverse backgrounds, and personnel that include individuals with disabilities;

"(iii) a description of policies and procedures on the establishment and maintenance of reasonable standards to ensure that personnel, including professionals and paraprofessionals, are adequately trained and prepared, including—

"(I) standards that are consistent with any national or State approved or recognized certification, licensing, registration, or other comparable requirements that apply to the area in which such personnel are providing vocational rehabilitation services; and

"(II) to the extent that such standards are not based on the highest requirements in the State applicable to a particular profession or discipline, the steps the State will take to ensure the retraining or hiring of personnel within the designated State unit so

that such personnel meet appropriate professional standards in the State;

"(iv) a description of a system for evaluating the performance of vocational rehabilitation counselors, coordinators, and other personnel used in the State, including a description of how the system facilitates the accomplishment of the purpose and policy of this title, including the policy of serving individuals with the most significant disabilities;

"(v) a description of standards to ensure the availability of personnel within the designated State unit who are, to the maximum extent feasible, trained to communicate in the native language or mode of communication of an applicant or eligible individual; and

"(vi) a detailed description, including a budget, of how the funds reserved under subparagraph (B) will be expended to carry out the comprehensive system for personnel development, including the provision of in-service training for personnel of the designated State unit;

"(B) assurances that—

"(i) at a minimum, the State will reserve from the allotment made to the State under section 110 an amount to carry out the comprehensive system of personnel development, including the provision of in-service training for personnel of the designated State unit;

"(ii) for fiscal year 1999, the amount reserved will be equal to the amount of the funds the State received for fiscal year 1998 to provide in-service training under section 302, or for any State that did not receive those funds for fiscal year 1998, an amount determined by the Commissioner; and

"(iii) for each subsequent year, the amount reserved under this subparagraph will be equal to the amount reserved under this subparagraph for the previous fiscal year, increased by the percentage change in the Consumer Price Index published under section 100(c) in such previous fiscal year, if the percentage change indicates an increase; and

"(C) an assurance that the standards adopted by a State in accordance with subparagraph (A)(iii) shall not permit discrimination on the basis of disability with regard to training and hiring.

"(8) COMPARABLE SERVICES AND BENEFITS.—

"(A) DETERMINATION OF AVAILABILITY.—

"(i) IN GENERAL.—The State plan shall include an assurance that, prior to providing any vocational rehabilitation service to an eligible individual, except those services specified in paragraph (5)(D) and in paragraphs (1) through (4) and (14) of section 103(a), the designated State unit will determine whether comparable services and benefits are available under any other program (other than a program carried out under this title) unless such a determination would interrupt or delay—

"(I) the progress of the individual toward achieving the employment outcome identified in the individualized rehabilitation employment plan of the individual in accordance with section 102(b); or

"(II) the provision of such service to any individual at extreme medical risk.

"(ii) AWARDS AND SCHOLARSHIPS.—For purposes of clause (i), comparable benefits do not include awards and scholarships based on merit.

"(B) INTERAGENCY AGREEMENT.—The State plan shall include an assurance that the Governor of the State or the designee of the Governor will ensure that an interagency agreement or other mechanism for interagency coordination takes effect between any appropriate public entity, including a component of the statewide workforce investment system, and the designated State unit, in order to ensure the provision of vocational rehabilitation services described in subparagraph (A) (other than those services specified in paragraph (5)(D), and in paragraphs (1) through (4) and (14) of section 103(a)), that are included in the individualized rehabilitation employment plan of an eligible individual, including the provision of such vocational rehabilitation services during the pendency of any dis-

pute described in clause (iii). Such agreement or mechanism shall include the following:

"(i) AGENCY FINANCIAL RESPONSIBILITY.—An identification of, or a description of a method for defining, the financial responsibility of such public entity for providing such services, and a provision stating that the financial responsibility of such public entity for providing such services, including the financial responsibility of the State agency responsible for administering the medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), other public agencies, and public institutions of higher education, shall precede the financial responsibility of the designated State unit especially with regard to the provision of auxiliary aids and services to the maximum extent allowed by law.

"(ii) CONDITIONS, TERMS, AND PROCEDURES OF REIMBURSEMENT.—Information specifying the conditions, terms, and procedures under which a designated State unit shall pursue and obtain reimbursement by

other public agencies for providing such services.

"(iii) INTERAGENCY DISPUTES.—Information specifying procedures for resolving interagency disputes under the agreement or other mechanism (including procedures under which the designated State unit may initiate proceedings to secure reimbursement from other agencies or otherwise implement the provisions of the agreement or mechanism).

"(iv) COORDINATION OF SERVICES PROCEDURES.—Information specifying policies and procedures for agencies to determine and identify the interagency coordination responsibilities of each agency to promote the coordination and timely delivery of vocational rehabilitation services (except those services specified in paragraph (5)(D) and in paragraphs (1) through (4) and (14) of section 103(a)).

"(C) RESPONSIBILITIES OF OTHER AGENCIES.—

"(i) RESPONSIBILITIES UNDER OTHER LAW.—Notwithstanding subparagraph (B),

if any public agency other than a designated State unit is obligated under Federal or State law, or assigned responsibility under State policy or under this paragraph, to provide or pay for any services that are also considered to be vocational rehabilitation services (other than those specified in paragraph (5)(D) and in paragraphs (1) through (4) and (14) of section 103(a)), such public agency shall fulfill that obligation or responsibility, either directly or by contract or other arrangement.

"(ii) REIMBURSEMENT.—In a case in which a public agency other than the designated State unit fails to fulfill the financial responsibility of the agency described in this paragraph to provide services described in clause (i), the designated State unit may claim reimbursement from such public agency for such services. Such public agency shall reimburse the designated State unit pursuant to the terms of the interagency agreement or other mechanism in effect under this paragraph according to the pro-

cedures established pursuant to subparagraph (B)(ii).

"(D) METHODS.—The Governor of a State may meet the requirements of subparagraph (B) through—

"(i) a State statute or regulation;

"(ii) a signed agreement between the respective agency officials that clearly identifies the responsibilities of each agency relating to the provision of services; or

"(iii) another appropriate method, as determined by the designated State unit.

"(9) INDIVIDUALIZED REHABILITATION EMPLOYMENT PLAN.—

"(A) DEVELOPMENT AND IMPLEMENTATION.—The State plan shall include an assurance that an individualized rehabilitation employment plan meeting the requirements of section 102(b) will be developed and implemented in a timely manner for an individual subsequent to the determination of the eligibility of the individual for services under this title, except that in a State operating under an order of selection described in paragraph (5), the plan will be devel-

oped and implemented only for individuals meeting the order of selection criteria of the State.

"(B) PROVISION OF SERVICES.—The State plan shall include an assurance that such services will be provided in accordance with the provisions of the individualized rehabilitation employment plan.

"(10) REPORTING REQUIREMENTS.—

"(A) IN GENERAL.—The State plan shall include an assurance that the designated State agency will submit reports in the form and level of detail and at the time required by the Commissioner regarding applicants for, and eligible individuals receiving, services under this title.

"(B) ANNUAL REPORTING.—In specifying the information to be submitted in the reports, the Commissioner shall require annual reporting on the eligible individuals receiving the services, on those specific data elements described in section 321(d)(2) of the Workforce Investment Partnership Act of 1998 that are determined by the Secretary to be relevant in assessing the performance of designated State units in carrying out the vocational rehabilitation program established under this title.

"(C) ADDITIONAL DATA.—In specifying the information required to be submitted in the reports, the Commissioner shall require additional data with regard to applicants and eligible individuals related to—

"(i) the number of applicants and the number of individuals determined to be eligible or ineligible for the program carried out under this title, including—

"(I) the number of individuals determined to be ineligible because they did not require vocational rehabilitation services, as provided in section 102(a); and

"(II) the number of individuals determined, on the basis of clear and convincing evidence, to be too severely disabled to benefit in terms of an employment outcome from vocational rehabilitation services;

"(ii) the number of individuals who received vocational rehabilitation services through the program, including—

"(I) the number who received services under paragraph (5)(D), but

not assistance under an individualized rehabilitation employment plan; and

"(II) the number who received assistance under an individualized rehabilitation employment plan consistent with section 102(b);

"(iii) the number of individuals receiving public assistance and the amount of the public assistance on the date of application and on the last date of participation in the program carried out under this title;

"(iv) the number of individuals with disabilities who ended their participation in the program and the number who achieved employment outcomes after receiving vocational rehabilitation services; and

"(v) the number of individuals who ended their participation in the program and who were employed 6 months and 12 months after securing or regaining employment, or, in the case of individuals whose employment outcome was to retain or advance in employment, who were employed 6 months and 12 months after achieving their employment outcome, including—

"(I) the number of such individuals who earned the minimum wage rate specified in section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) or another wage level set by the Commissioner, during such employment;

"(II) the number of such individuals who received employment benefits from an employer during such employment; and

"(III) the number of such individuals whose public assistance was terminated or reduced after such participation.

"(D) COSTS AND RESULTS.—The Commissioner shall also require that the designated State agency include in the reports information on—

"(i) the costs under this title of conducting administration, providing assessment services, counseling and guidance, and other direct services provided by designated State agency staff, providing services purchased under individualized rehabilitation

employment plans, supporting small business enterprises, establishing, developing, and improving community rehabilitation programs, and providing other services to groups; and

"(ii) the results of annual evaluation by the State of program effectiveness under paragraph (15)(E).

"(E) ADDITIONAL INFORMATION.—The Commissioner shall require that each designated State unit include in the reports additional information related to the applicants and eligible individuals, obtained either through a complete count or sampling, including—

"(i) information on—

"(I) age, gender, race, ethnicity, education, type of impairment, severity of disability, and whether the individuals are students described in clause (i) or (ii)(II) of paragraph (11)(D);

"(II) dates of application, determination of eligibility or ineligibility, initiation of the individualized rehabilitation employment plan, and ter-

mination of participation in the program;

"(III) earnings at the time of application for the program and termination of participation in the program;

"(IV) work status and occupation;

"(V) types of services, including assistive technology services and assistive technology devices, provided under the program;

"(VI) types of public or private programs or agencies that furnished services under the program; and

"(VII) the reasons for individuals terminating participation in the program without achieving an employment outcome; and

"(ii) information necessary to determine the success of the State in meeting—

"(I) the State performance measures established under section 321(b) of the Workforce Investment Partnership Act of 1998 to the extent the measures

are applicable to individuals with disabilities; and

"(II) the standards and indicators established pursuant to section 106.

"(F) COMPLETENESS AND CONFIDENTIALITY.—The State plan shall include an assurance that the information submitted in the reports will include a complete count, except as provided in subparagraph (E), of the applicants and eligible individuals, in a manner permitting the greatest possible cross-classification of data and that the identity of each individual for which information is supplied under this paragraph will be kept confidential.

"(11) COOPERATION, COLLABORATION, AND COORDINATION.—

"(A) COOPERATIVE AGREEMENTS WITH OTHER COMPONENTS OF STATEWIDE WORKFORCE INVESTMENT SYSTEMS.—The State plan shall provide that the designated State unit or designated State agency shall enter into a cooperative agreement with other entities that are components of the statewide workforce investment system of the State, regarding the system, which agreement may provide for—

"(i) provision of intercomponent staff training and technical assistance with regard to—

"(I) the availability and benefits of, and information on eligibility standards for, vocational rehabilitation services; and

"(II) the promotion of equal, effective, and meaningful participation by individuals with disabilities in workforce investment activities in the State through the promotion of program accessibility, the use of nondiscriminatory policies and procedures, and the provision of reasonable accommodations, auxiliary aids and services, and rehabilitation technology, for individuals with disabilities;

"(ii) use of information and financial management systems that link all components of the statewide workforce investment system, that link the components to other electronic networks, including nonvisual electronic networks, and that relate to such subjects as labor market information, and

information on job vacancies, career planning, and workforce investment activities;

"(iii) use of customer service features such as common intake and referral procedures, customer databases, resource information, and human services hotlines;

"(iv) establishment of cooperative efforts with employers to—

"(I) facilitate job placement; and

"(II) carry out any other activities that the designated State unit and the employers determine to be appropriate;

"(v) identification of staff roles, responsibilities, and available resources, and specification of the financial responsibility of each component of the statewide workforce investment system with regard to paying for necessary services (consistent with State law and Federal requirements); and

"(vi) specification of procedures for resolving disputes among such components.

"(B) REPLICATION OF COOPERATIVE AGREEMENTS.—The State plan shall provide for the replication of such cooperative agreements at

the local level between individual offices of the designated State unit and local entities carrying out activities through the statewide workforce investment system.

"(C) INTERAGENCY COOPERATION WITH OTHER AGENCIES.—The State plan shall include descriptions of interagency cooperation with, and utilization of the services and facilities of, the Federal, State, and local agencies and programs that are not carrying out activities through the statewide workforce investment system.

"(D) COORDINATION WITH EDUCATION OFFICIALS.—The State plan shall contain plans, policies, and procedures for coordination between the designated State agency and education officials that are designed to facilitate the transition of students who are individuals with disabilities described in section 7(20)(B) from the receipt of educational services in school to the receipt of vocational rehabilitation services under this title, including information on a formal interagency agreement with the State educational agency that, at a minimum, provides for—

"(i) consultation and technical assistance to assist educational agencies in plan-

ning for the transition of students who are individuals with disabilities described in section 7(20)(B) from school to post-school activities, including vocational rehabilitation services;

"(ii)(I) transition planning by personnel of the designated State agency and educational agency personnel for students with disabilities described in clause (i) that facilitates the development and completion of their individualized education programs under section 614(d) of the Individuals with Disabilities Education Act (as added by section 101 of Public Law 105–17); and

"(II) transition planning and services for students who are eligible to receive services under this title and who will be exiting school in the school year in which the planning and services are provided;

"(iii) the roles and responsibilities, including financial responsibilities, of each agency, including provisions for determining State lead agencies and qualified personnel responsible for the transition services described in clause (ii)(II); and

"(iv) procedures for outreach to and identification of students with disabilities described in clause (ii)(II) who need the transition services.

"(E) COORDINATION WITH STATEWIDE INDEPENDENT LIVING COUNCILS AND INDEPENDENT LIVING CENTERS.—The State plan shall include an assurance that the designated State unit, the Statewide Independent Living Council established under section 705, and the independent living centers described in part C of title VII within the State have developed working relationships and coordinate their activities.

"(F) COOPERATIVE AGREEMENT WITH RECIPIENTS OF GRANTS FOR SERVICES TO AMERICAN INDIANS.—In applicable cases, the State plan shall include an assurance that the State has entered into a formal cooperative agreement with each grant recipient in the State that receives funds under part C. The agreement shall describe strategies for collaboration and coordination in providing vocational rehabilitation services to American Indians who are individuals with disabilities, including—

"(i) strategies for interagency referral and information sharing that will assist in eligibility determinations and the development of individualized rehabilitation employment plans;

"(ii) procedures for ensuring that American Indians who are individuals with disabilities and are living near a reservation or tribal service area are provided vocational rehabilitation services; and

"(iii) provisions for sharing resources in cooperative studies and assessments, joint training activities, and other collaborative activities designed to improve the provision of services to American Indians who are individuals with disabilities.

"(12) RESIDENCY.—The State plan shall include an assurance that the State will not impose a residence requirement that excludes from services provided under the plan any individual who is present in the State.

"(13) SERVICES TO AMERICAN INDIANS.—The State plan shall include an assurance that, except as otherwise provided in part C, the designated State agency will provide vocational rehabilitation services

to American Indians who are individuals with disabilities residing in the State to the same extent as the designated State agency provides such services to other significant populations of individuals with disabilities residing in the State.

"(14) ANNUAL REVIEW OF INDIVIDUALS IN EXTENDED EMPLOYMENT OR OTHER EMPLOYMENT UNDER SPECIAL CERTIFICATE PROVISIONS OF THE FAIR LABOR STANDARDS ACT OF 1938.—The State plan shall provide for—

"(A) an annual review and reevaluation of the status of each individual with a disability served under this title who has achieved an employment outcome either in an extended employment setting in a community rehabilitation program or any other employment under section 14(c) of the Fair Labor Standards Act (29 U.S.C. 214(c)) for 2 years after the achievement of the outcome (and annually thereafter if requested by the individual or, if appropriate, the individual's representative), to determine the interests, priorities, and needs of the individual with respect to competitive employment or training for competitive employment;

"(B) input into the review and reevaluation, and a signed acknowledgment that such review and reevaluation have been conducted, by the individual with a disability, or, if appropriate, the individual's representative; and

"(C) maximum efforts, including the identification and provision of vocational rehabilitation services, reasonable accommodations, and other necessary support services, to assist the individuals described in subparagraph (A) in engaging in competitive employment.

"(15) ANNUAL STATE GOALS AND REPORTS OF PROGRESS.—

"(A) ASSESSMENTS AND ESTIMATES.—The State plan shall—

"(i) include the results of a comprehensive, statewide assessment, jointly conducted by the designated State unit and the State Rehabilitation Council (if the State has such a Council) every 3 years, describing the rehabilitation needs of individuals with disabilities residing within the State, particularly the vocational rehabilitation services needs of—

"(I) individuals with the most significant disabilities, including their need for supported employment services;

"(II) individuals with disabilities who are minorities and individuals with disabilities who have been unserved or underserved by the vocational rehabilitation program carried out under this title; and

"(III) individuals with disabilities served through other components of the statewide workforce investment system (other than the vocational rehabilitation program), as identified by such individuals and personnel assisting such individuals through the components;

"(ii) include an assessment of the need to establish, develop, or improve community rehabilitation programs within the State; and

"(iii) provide that the State shall submit to the Commissioner a report containing information regarding updates to the

assessments, for any year in which the State updates the assessments.

"(B) ANNUAL ESTIMATES.—The State plan shall include, and shall provide that the State shall annually submit a report to the Commissioner that includes, State estimates of—

"(i) the number of individuals in the State who are eligible for services under this title;

"(ii) the number of such individuals who will receive services provided with funds provided under part B and under part C of title VI, including, if the designated State agency uses an order of selection in accordance with paragraph (5), estimates of the number of individuals to be served under each priority category within the order; and

"(iii) the costs of the services described in clause (i), including, if the designated State agency uses an order of selection in accordance with paragraph (5), the service costs for each priority category within the order.

"(C) GOALS AND PRIORITIES.—

"(i) IN GENERAL.—The State plan shall identify the goals and priorities of the State in carrying out the program. The goals and priorities shall be jointly developed, agreed to, and reviewed annually by the designated State unit and the State Rehabilitation Council, if the State has such a Council. Any revisions to the goals and priorities shall be jointly agreed to by the designated State unit and the State Rehabilitation Council, if the State has such a Council. The State plan shall provide that the State shall submit to the Commissioner a report containing information regarding revisions in the goals and priorities, for any year in which the State revises the goals and priorities.

"(ii) BASIS.—The State goals and priorities shall be based on an analysis of—

"(I) the comprehensive assessment described in subparagraph (A), including any updates to the assessment;

"(II) the performance of the State on the standards and indicators established under section 106; and

"(III) other available information on the operation and the effectiveness of the vocational rehabilitation program carried out in the State, including any reports received from the State Rehabilitation Council, under section 105(c) and the findings and recommendations from monitoring activities conducted under section 107.

"(iii) SERVICE AND OUTCOME GOALS FOR CATEGORIES IN ORDER OF SELECTION.—If the designated State agency uses an order of selection in accordance with paragraph (5), the State shall also identify in the State plan service and outcome goals and the time within which these goals may be achieved for individuals in each priority category within the order.

"(D) STRATEGIES.—The State plan shall contain a description of the strategies the State will use to address the needs identified in the assessment conducted under subparagraph (A) and achieve the goals and priorities identified in subparagraph (C), including—

"(i) the methods to be used to expand and improve services to individuals with disabilities, including how a broad range of assistive technology services and assistive technology devices will be provided to such individuals at each stage of the rehabilitation process and how such services and devices will be provided to such individuals on a statewide basis;

"(ii) outreach procedures to identify and serve individuals with disabilities who are minorities and individuals with disabilities who have been unserved or underserved by the vocational rehabilitation program;

"(iii) where necessary, the plan of the State for establishing, developing, or improving community rehabilitation programs;

"(iv) strategies to improve the performance of the State with respect to the evaluation standards and performance indicators established pursuant to section 106; and

"(v) strategies for assisting entities carrying out other components of the statewide workforce investment system (other

than the vocational rehabilitation program) in assisting individuals with disabilities.

"(E) EVALUATION AND REPORTS OF PROGRESS.—The State plan shall—

"(i) include the results of an evaluation of the effectiveness of the vocational rehabilitation program, and a joint report by the designated State unit and the State Rehabilitation Council, if the State has such a Council, to the Commissioner on the progress made in improving the effectiveness from the previous year, which evaluation and report shall include—

"(I) an evaluation of the extent to which the goals identified in subparagraph (C) were achieved;

"(II) a description of strategies that contributed to achieving the goals;

"(III) to the extent to which the goals were not achieved, a description of the factors that impeded that achievement; and

"(IV) an assessment of the performance of the State on the standards

and indicators established pursuant to section 106; and

"(ii) provide that the designated State unit and the State Rehabilitation Council, if the State has such a Council, shall jointly submit to the Commissioner an annual report that contains the information described in clause (i).

"(16) PUBLIC COMMENT.—The State plan shall—

"(A) provide that the designated State agency, prior to the adoption of any policies or procedures governing the provision of vocational rehabilitation services under the State plan (including making any amendment to such policies and procedures), shall conduct public meetings throughout the State, after providing adequate notice of the meetings, to provide the public, including individuals with disabilities, an opportunity to comment on the policies or procedures, and actively consult with the Director of the client assistance program carried out under section 112, and, as appropriate, Indian tribes, tribal organizations, and Native Hawaiian organizations on the policies or procedures; and

"(B) provide that the designated State agency (or each designated State agency if 2 agencies are designated) and any sole agency administering the plan in a political subdivision of the State, shall take into account, in connection with matters of general policy arising in the administration of the plan, the views of—

"(i) individuals and groups of individuals who are recipients of vocational rehabilitation services, or in appropriate cases, the individuals' representatives;

"(ii) personnel working in programs that provide vocational rehabilitation services to individuals with disabilities;

"(iii) providers of vocational rehabilitation services to individuals with disabilities;

"(iv) the director of the client assistance program; and

"(v) the State Rehabilitation Council, if the State has such a Council.

"(17) PROHIBITION ON USE OF FUNDS FOR CONSTRUCTION OF FACILITIES.—The State plan shall contain an assurance that the State will not use any

funds made available under this title for the construction of facilities.

"(18) INNOVATION AND EXPANSION ACTIVITIES.—The State plan shall—

"(A) include an assurance that the State will reserve and use a portion of the funds allotted to the State under section 110—

"(i) for the development and implementation of innovative approaches to expand and improve the provision of vocational rehabilitation services to individuals with disabilities under this title, particularly individuals with the most significant disabilities, consistent with the findings of the statewide assessment and goals and priorities of the State as described in paragraph (15); and

"(ii) to support the funding of—

"(I) the State Rehabilitation Council, if the State has such a Council, consistent with the plan prepared under section 105(d)(1); and

"(II) the Statewide Independent Living Council, consistent with the plan prepared under section 705(e)(1);

"(B) include a description of how the reserved funds will be utilized; and

"(C) provide that the State shall submit to the Commissioner an annual report containing a description of how the reserved funds will be utilized.

"(19) CHOICE.—The State plan shall include an assurance that applicants and eligible individuals or, as appropriate, the applicants' representatives or individuals' representatives, will be provided information and support services to assist the applicants and individuals in exercising informed choice throughout the rehabilitation process, consistent with the provisions of section 102(d).

"(20) INFORMATION AND REFERRAL SERVICES.—

"(A) IN GENERAL.—The State plan shall include an assurance that the designated State agency will implement an information and referral system adequate to ensure that individuals with disabilities will be provided accurate vocational rehabilitation information, using appropriate modes of communication, to assist such individuals in preparing for, securing, retaining, or regaining employment, and will be appropriately referred to Federal and State programs

(other than the vocational rehabilitation program carried out under this title), including other components of the statewide workforce investment system in the State.

"(B) SERVICES.—In providing activities through the system established under subparagraph (A), the State may include services consisting of the provision of individualized counseling and guidance, individualized vocational exploration, supervised job placement referrals, and assistance in securing reasonable accommodations for eligible individuals who do not meet the order of selection criteria used by the State, to the extent that such services are not purchased by the designated State unit.

"(21) STATE INDEPENDENT CONSUMER-CONTROLLED COMMISSION; STATE REHABILITATION COUNCIL.—

"(A) COMMISSION OR COUNCIL.—The State plan shall provide that either—

"(i) the designated State agency is an independent commission that—

"(I) is responsible under State law for operating, or overseeing the op-

eration of, the vocational rehabilitation program in the State;

"(II) is consumer-controlled by persons who—

"(aa) are individuals with physical or mental impairments that substantially limit major life activities; and

"(bb) represent individuals with a broad range of disabilities, unless the designated State unit under the direction of the commission is the State agency for individuals who are blind;

"(III) includes family members, advocates, or other representatives, of individuals with mental impairments; and

"(IV) undertakes the functions set forth in section 105(c)(4); or

"(ii) the State has established a State Rehabilitation Council that meets the criteria set forth in section 105 and the designated State unit—

"(I) in accordance with paragraph (15), jointly develops, agrees to, and reviews annually State goals and priorities, and jointly submits annual reports of progress with the Council;

"(II) regularly consults with the Council regarding the development, implementation, and revision of State policies and procedures of general applicability pertaining to the provision of vocational rehabilitation services;

"(III) includes in the State plan and in any revision to the State plan, a summary of input provided by the Council, including recommendations from the annual report of the Council described in section 105(c)(5), the review and analysis of consumer satisfaction described in section 105(c)(4), and other reports prepared by the Council, and the response of the designated State unit to such input and recommendations, including explanations for rejecting any input or recommendation; and

"(IV) transmits to the Council—

"(aa) all plans, reports, and other information required under this title to be submitted to the Secretary;

"(bb) all policies, and information on all practices and procedures, of general applicability provided to or used by rehabilitation personnel in carrying out this title; and

"(cc) copies of due process hearing decisions issued under this title, which shall be transmitted in such a manner as to ensure that the identity of the participants in the hearings is kept confidential.

"(B) MORE THAN 1 DESIGNATED STATE AGENCY.—In the case of a State that, under section 101(a)(2), designates a State agency to administer the part of the State plan under which vocational rehabilitation services are provided for individuals who are blind (or to supervise the administration of such part by a local agency)

and designates a separate State agency to administer the rest of the State plan, the State shall either establish a State Rehabilitation Council for each of the 2 agencies that does not meet the requirements in subparagraph (A)(i), or establish 1 State Rehabilitation Council for both agencies if neither agency meets the requirements of subparagraph (A)(i).

"(22) SUPPORTED EMPLOYMENT STATE PLAN SUPPLEMENT.—The State plan shall include an assurance that the State has an acceptable plan for carrying out part C of title VI, including the use of funds under that part to supplement funds made available under part B of this title to pay for the cost of services leading to supported employment.

"(23) ELECTRONIC AND INFORMATION TECHNOLOGY REGULATIONS.—The State plan shall include an assurance that the State, and any recipient or subrecipient of funds made available to the State under this title—

"(A) will comply with the requirements of section 508, including the regulations established under that section; and

"(B) will designate an employee to coordinate efforts to comply with section 508 and will

adopt grievance procedures that incorporate due process standards and provide for the prompt and equitable resolution of complaints concerning such requirements.

"(24) ANNUAL UPDATES.—The plan shall include an assurance that the State will submit to the Commissioner reports containing annual updates of the information required under paragraph (7) (relating to a comprehensive system of personnel development) and any other updates of the information required under this section that are requested by the Commissioner, and annual reports as provided in paragraphs (15) (relating to assessments, estimates, goals and priorities, and reports of progress) and (18) (relating to innovation and expansion), at such time and in such manner as the Secretary may determine to be appropriate.

"(b) APPROVAL; DISAPPROVAL OF THE STATE PLAN.—

"(1) APPROVAL.—The Commissioner shall approve any plan that the Commissioner finds fulfills the conditions specified in this section, and shall disapprove any plan that does not fulfill such conditions.

"(2) DISAPPROVAL.—Prior to disapproval of the State plan, the Commissioner shall notify the State of

the intention to disapprove the plan and shall afford the State reasonable notice and opportunity for a hearing.

"SEC. 102. ELIGIBILITY AND INDIVIDUALIZED REHABILITATION EMPLOYMENT PLAN.

"(a) ELIGIBILITY.—

"(1) CRITERION FOR ELIGIBILITY.—An individual is eligible for assistance under this title if the individual—

"(A) is an individual with a disability under section 7(20)(A); and

"(B) requires vocational rehabilitation services to prepare for, secure, retain, or regain employment.

"(2) PRESUMPTION OF BENEFIT.—

"(A) DEMONSTRATION.—For purposes of this section, an individual shall be presumed to be an individual that can benefit in terms of an employment outcome from vocational rehabilitation services under section 7(20)(A), unless the designated State unit involved can demonstrate by clear and convincing evidence that such individual is incapable of benefiting in terms of an employment outcome from vocational rehabilita-

tion services due to the severity of the disability of the individual.

"(B) METHODS.—In making the demonstration required under subparagraph (A), the designated State unit shall explore the individual's abilities, capabilities, and capacity to perform in work situations, through the use of trial work experiences, as described in section 7(2)(D), with appropriate supports provided through the designated State unit, except under limited circumstances when an individual can not take advantage of such experiences. Such experiences shall be of sufficient variety and over a sufficient period of time to determine the eligibility of the individual or to determine the existence of clear and convincing evidence that the individual is incapable of benefiting in terms of an employment outcome from vocational rehabilitation services due to the severity of the disability of the individual.

"(3) PRESUMPTION OF ELIGIBILITY.—For purposes of this section, an individual who has a disability or is blind as determined pursuant to title II or title XVI of the Social Security Act (42 U.S.C. 401 et seq. and 1381 et seq.) shall be—

"(A) considered to be an individual with a significant disability under section 7(21)(A); and

"(B) presumed to be eligible for vocational rehabilitation services under this title (provided that the individual intends to achieve an employment outcome consistent with the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual) unless the designated State unit involved can demonstrate by clear and convincing evidence that such individual is incapable of benefiting in terms of an employment outcome from vocational rehabilitation services due to the severity of the disability of the individual in accordance with paragraph (2).

"(4) USE OF EXISTING INFORMATION.—

"(A) IN GENERAL.—To the maximum extent appropriate and consistent with the requirements of this part, for purposes of determining the eligibility of an individual for vocational rehabilitation services under this title and developing the individualized rehabilitation employment plan described in subsection (b) for the individual, the designated State unit shall use informa-

tion that is existing and current (as of the date of the determination of eligibility or of the development of the individualized rehabilitation employment plan), including information available from other programs and providers, particularly information used by education officials and the Social Security Administration, information provided by the individual and the family of the individual, and information obtained under the assessment for determining eligibility and vocational rehabilitation needs.

"(B) DETERMINATIONS BY OFFICIALS OF OTHER AGENCIES.—Determinations made by officials of other agencies, particularly education officials described in section 101(a)(11)(D), regarding whether an individual satisfies 1 or more factors relating to whether an individual is an individual with a disability under section 7(20)(A) or an individual with a significant disability under section 7(21)(A) shall be used, to the extent appropriate and consistent with the requirements of this part, in assisting the designated State unit in making such determinations.

"(C) BASIS.—The determination of eligibility for vocational rehabilitation services shall be based on—

"(i) the review of existing data described in section 7(2)(A)(i); and

"(ii) to the extent that such data is unavailable or insufficient for determining eligibility, the provision of assessment activities described in section 7(2)(A)(ii).

"(5) DETERMINATION OF INELIGIBILITY.—If an individual who applies for services under this title is determined, based on the review of existing data and, to the extent necessary, the assessment activities described in section 7(2)(A)(ii), not to be eligible for the services, or if an eligible individual receiving services under an individualized rehabilitation employment plan is determined to be no longer eligible for the services—

"(A) the ineligibility determination involved shall be made only after providing an opportunity for full consultation with the individual or, as appropriate, the individual's representative;

"(B) the individual or, as appropriate, the individual's representative, shall be informed in

writing (supplemented as necessary by other appropriate modes of communication consistent with the informed choice of the individual) of the ineligibility determination, including—

"(i) the reasons for the determination; and

"(ii) a description of the means by which the individual may express, and seek a remedy for, any dissatisfaction with the determination, including the procedures for review by an impartial hearing officer under subsection (c);

"(C) the individual shall be provided with a description of services available from the client assistance program under section 112 and information on how to contact that program; and

"(D) any ineligibility determination that is based on a finding that the individual is incapable of benefiting in terms of an employment outcome shall be reviewed—

"(i) within 12 months; and

"(ii) annually thereafter, if such a review is requested by the individual or, if appropriate, by the individual's representative.

"(6) TIMEFRAME FOR MAKING AN ELIGIBILITY DETERMINATION.—The designated State unit shall determine whether an individual is eligible for vocational rehabilitation services under this title within a reasonable period of time, not to exceed 60 days, after the individual has submitted an application for the services unless—

"(A) exceptional and unforeseen circumstances beyond the control of the designated State unit preclude making an eligibility determination within 60 days and the designated State unit and the individual agree to a specific extension of time; or

"(B) the designated State unit is exploring an individual's abilities, capabilities, and capacity to perform in work situations under paragraph (2)(B).

"(b) DEVELOPMENT OF AN INDIVIDUALIZED REHABILITATION EMPLOYMENT PLAN.—

"(1) OPTIONS FOR DEVELOPING AN INDIVIDUALIZED REHABILITATION EMPLOYMENT PLAN.—If an individual is determined to be eligible for vocational rehabilitation services as described in subsection (a), the designated State unit shall complete the assessment for determining eligibility and vocational rehabilita-

tion needs, as appropriate, and shall provide the eligible individual or the individual's representative, in writing and in an appropriate mode of communication, with information on the individual's options for developing an individualized rehabilitation employment plan, including—

"(A) information on the availability of assistance, to the extent determined to be appropriate by the eligible individual, from a qualified vocational rehabilitation counselor in developing all or part of the individualized rehabilitation employment plan for the individual, and the availability of technical assistance in developing all or part of the individualized rehabilitation employment plan for the individual;

"(B) a description of the full range of components that shall be included in an individualized rehabilitation employment plan;

"(C) as appropriate—

"(i) an explanation of agency guidelines and criteria associated with financial commitments concerning an individualized rehabilitation employment plan;

"(ii) additional information the eligible individual requests or the designated State unit determines to be necessary; and

"(iii) information on the availability of assistance in completing designated State agency forms required in developing an individualized rehabilitation employment plan; and

"(D)(i) a description of the rights and remedies available to such an individual including, if appropriate, recourse to the processes set forth in subsection (c); and

"(ii) a description of the availability of a client assistance program established pursuant to section 112 and information about how to contact the client assistance program.

"(2) MANDATORY PROCEDURES.—

"(A) WRITTEN DOCUMENT.—An individualized rehabilitation employment plan shall be a written document prepared on forms provided by the designated State unit.

"(B) INFORMED CHOICE.—An individualized rehabilitation employment plan shall be developed and implemented in a manner that affords eligible individuals the opportunity to exer-

cise informed choice in selecting an employment outcome, the specific vocational rehabilitation services to be provided under the plan, the entity that will provide the vocational rehabilitation services, and the methods used to procure the services, consistent with subsection (d).

"(C) SIGNATORIES.—An individualized rehabilitation employment plan shall be—

"(i) agreed to, and signed by, such eligible individual or, as appropriate, the individual's representative; and

"(ii) approved and signed by a qualified vocational rehabilitation counselor employed by the designated State unit.

"(D) COPY.—A copy of the individualized rehabilitation employment plan for an eligible individual shall be provided to the individual or, as appropriate, to the individual's representative, in writing and, if appropriate, in the native language or mode of communication of the individual or, as appropriate, of the individual's representative.

"(E) REVIEW AND AMENDMENT.—The individualized rehabilitation employment plan shall be—

"(i) reviewed at least annually by—

"(I) a qualified vocational rehabilitation counselor; and

"(II) the eligible individual or, as appropriate, the individual's representative; and

"(ii) amended, as necessary, by the individual or, as appropriate, the individual's representative, in collaboration with a representative of the designated State agency or a qualified vocational rehabilitation counselor employed by the designated State unit, if there are substantive changes in the employment outcome, the vocational rehabilitation services to be provided, or the service providers of the services (which amendments shall not take effect until agreed to and signed by the eligible individual or, as appropriate, the individual's representative, and by a qualified vocational rehabilitation counselor employed by the designated State unit).

"(3) MANDATORY COMPONENTS OF AN INDIVIDUALIZED REHABILITATION EMPLOYMENT PLAN.—Regardless of the approach selected by an eligible indi-

vidual to develop an individualized rehabilitation employment plan, an individualized rehabilitation employment plan shall, at a minimum, contain mandatory components consisting of—

"(A) a description of the specific employment outcome that is chosen by the eligible individual, consistent with the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the eligible individual, and, to the maximum extent appropriate, results in employment in an integrated setting;

"(B)(i) a description of the specific vocational rehabilitation services that are—

"(I) needed to achieve the employment outcome, including, as appropriate, the provision of assistive technology devices and assistive technology services, and personal assistance services, including training in the management of such services; and

"(II) provided in the most integrated setting that is appropriate for the service involved and is consistent with the informed choice of the eligible individual; and

"(ii) timelines for the achievement of the employment outcome and for the initiation of the services;

"(C) a description of the entity chosen by the eligible individual or, as appropriate, the individual's representative, that will provide the vocational rehabilitation services, and the methods used to procure such services;

"(D) a description of criteria to evaluate progress toward achievement of the employment outcome;

"(E) the terms and conditions of the individualized rehabilitation employment plan, including, as appropriate, information describing—

"(i) the responsibilities of the designated State unit;

"(ii) the responsibilities of the eligible individual, including—

"(I) the responsibilities the eligible individual will assume in relation to the employment outcome of the individual;

"(II) if applicable, the participation of the eligible individual in paying for the costs of the plan; and

"(III) the responsibility of the eligible individual with regard to applying for and securing comparable benefits as described in section 101(a)(8); and

"(iii) the responsibilities of other entities as the result of arrangements made pursuant to comparable services or benefits requirements as described in section 101(a)(8);

"(F) for an eligible individual with the most significant disabilities for whom an employment outcome in a supported employment setting has been determined to be appropriate, information identifying—

"(i) the extended services needed by the eligible individual; and

"(ii) the source of extended services or, to the extent that the source of the extended services cannot be identified at the time of the development of the individualized rehabilitation employment plan, a description of

the basis for concluding that there is a reasonable expectation that such source will become available; and

"(G) as determined to be necessary, a statement of projected need for post-employment services.

"(c) PROCEDURES.—

"(1) IN GENERAL.—Each State shall establish procedures for mediation of, and procedures for review through an impartial due process hearing of, determinations made by personnel of the designated State unit that affect the provision of vocational rehabilitation services to applicants or eligible individuals.

"(2) NOTIFICATION.—

"(A) RIGHTS AND ASSISTANCE.—The procedures shall provide that an applicant or an eligible individual or, as appropriate, the applicant's representative or individual's representative shall be notified of—

"(i) the right to obtain review of determinations described in paragraph (1) in an impartial due process hearing under paragraph (5);

"(ii) the right to pursue mediation with respect to the determinations under paragraph (4); and

"(iii) the availability of assistance from the client assistance program under section 112.

"(B) TIMING.—Such notification shall be provided in writing—

"(i) at the time an individual applies for vocational rehabilitation services provided under this title;

"(ii) at the time the individualized rehabilitation employment plan for the individual is developed; and

"(iii) upon reduction, suspension, or cessation of vocational rehabilitation services for the individual.

"(3) EVIDENCE AND REPRESENTATION.—The procedures required under this subsection shall, at a minimum—

"(A) provide an opportunity for an applicant or an eligible individual, or, as appropriate, the applicant's representative or individual's representative, to submit at the mediation session or hearing evidence and information to

support the position of the applicant or eligible individual; and

"(B) include provisions to allow an applicant or an eligible individual to be represented in the mediation session or hearing by a person selected by the applicant or eligible individual.

"(4) MEDIATION.—

"(A) PROCEDURES.—Each State shall ensure that procedures are established and implemented under this subsection to allow parties described in paragraph (1) to disputes involving any determination described in paragraph (1) to resolve such disputes through a mediation process that, at a minimum, shall be available whenever a hearing is requested under this subsection.

"(B) REQUIREMENTS.—Such procedures shall ensure that the mediation process—

"(i) is voluntary on the part of the parties;

"(ii) is not used to deny or delay the right of an individual to a hearing under this subsection, or to deny any other right afforded under this title; and

"(iii) is conducted by a qualified and impartial mediator who is trained in effective mediation techniques.

"(C) LIST OF MEDIATORS.—The State shall maintain a list of individuals who are qualified mediators and knowledgeable in laws (including regulations) relating to the provision of vocational rehabilitation services under this title, from which the mediators described in subparagraph (B) shall be selected.

"(D) COST.—The State shall bear the cost of the mediation process.

"(E) SCHEDULING.—Each session in the mediation process shall be scheduled in a timely manner and shall be held in a location that is convenient to the parties to the dispute.

"(F) AGREEMENT.—An agreement reached by the parties to the dispute in the mediation process shall be set forth in a written mediation agreement.

"(G) CONFIDENTIALITY.—Discussions that occur during the mediation process shall be confidential and may not be used as evidence in any subsequent due process hearing or civil proceeding. The parties to the mediation process

may be required to sign a confidentiality pledge prior to the commencement of such process.

"(H) CONSTRUCTION.—Nothing in this subsection shall be construed to preclude the parties to such a dispute from informally resolving the dispute prior to proceedings under this paragraph or paragraph (5), if the informal process used is not used to deny or delay the right of the applicant or eligible individual to a hearing under this subsection or to deny any other right afforded under this title.

"(5) HEARINGS.—

"(A) OFFICER.—A due process hearing described in paragraph (2) shall be conducted by an impartial hearing officer who shall issue a decision based on the provisions of the approved State plan, this Act (including regulations implementing this Act), and State regulations and policies that are consistent with the Federal requirements specified in this title. The officer shall provide the decision in writing to the applicant or eligible individual, or, as appropriate, the applicant's representative or individual's representative, and to the designated State unit.

"(B) LIST.—The designated State unit shall maintain a list of qualified impartial hearing officers who are knowledgeable in laws (including regulations) relating to the provision of vocational rehabilitation services under this title from which the officer described in subparagraph (A) shall be selected. For the purposes of maintaining such list, impartial hearing officers shall be identified jointly by—

"(i) the designated State unit; and

"(ii) members of the Council or commission, as appropriate, described in section 101(a)(21).

"(C) SELECTION.—Such an impartial hearing officer shall be selected to hear a particular case relating to a determination—

"(i) on a random basis; or

"(ii) by agreement between—

"(I) the Director of the designated State unit and the individual with a disability; or

"(II) in appropriate cases, the Director and the individual's representative.

"(D) PROCEDURES FOR SEEKING REVIEW.—A State may establish procedures to enable a party involved in a hearing under this paragraph to seek an impartial review of the decision of the hearing officer under subparagraph (A) by—

"(i) the chief official of the designated State agency if the State has established both a designated State agency and a designated State unit under section 101(a)(2); or

"(ii) an official from the office of the Governor.

"(E) REVIEW REQUEST.—If the State establishes impartial review procedures under subparagraph (D), either party may request the review of the decision of the hearing officer within 20 days after the decision.

"(F) REVIEWING OFFICIAL.—The reviewing official described in subparagraph (D) shall—

"(i) in conducting the review, provide an opportunity for the submission of additional evidence and information relevant to a final decision concerning the matter under review;

"(ii) not overturn or modify the decision of the hearing officer, or part of the decision, that supports the position of the applicant or eligible individual unless the reviewing official concludes, based on clear and convincing evidence, that the decision of the impartial hearing officer is clearly erroneous on the basis of being contrary to the approved State plan, this Act (including regulations implementing this Act) or any State regulation or policy that is consistent with the Federal requirements specified in this title; and

"(iii) make a final decision with respect to the matter in a timely manner and provide such decision in writing to the applicant or eligible individual, or, as appropriate, the applicant's representative or individual's representative, and to the designated State unit, including a full report of the findings and the grounds for such decision.

"(G) FINALITY OF HEARING DECISION.—A decision made after a hearing under subparagraph (A) shall be final, except that a party may

request an impartial review if the State has established procedures for such review under subparagraph (D) and a party involved in a hearing may bring a civil action under subparagraph (J).

"(H) FINALITY OF REVIEW.—A decision made under subparagraph (F) shall be final unless such a party brings a civil action under subparagraph (J).

"(I) IMPLEMENTATION.—If a party brings a civil action under subparagraph (J) to challenge a final decision of a hearing officer under subparagraph (A) or to challenge a final decision of a State reviewing official under subparagraph (F), the final decision involved shall be implemented pending review by the court.

"(J) CIVIL ACTION.—

"(i) IN GENERAL.—Any party aggrieved by a final decision described in subparagraph (I), may bring a civil action for review of such decision. The action may be brought in any State court of competent jurisdiction or in a district court of the United States of competent jurisdiction

without regard to the amount in controversy.

"(ii) PROCEDURE.—In any action brought under this subparagraph, the court—

"(I) shall receive the records relating to the hearing under subparagraph (A) and the records relating to the State review under subparagraphs (D) through (F), if applicable;

"(II) shall hear additional evidence at the request of a party to the action; and

"(III) basing the decision of the court on the preponderance of the evidence, shall grant such relief as the court determines to be appropriate.

"(6) HEARING BOARD.—

"(A) IN GENERAL.—A fair hearing board, established by a State before January 1, 1985, and authorized under State law to review determinations or decisions under this Act, is authorized to carry out the responsibilities of the impartial hearing officer under this subsection.

"(B) APPLICATION.—The provisions of paragraphs (1), (2), and (3) that relate to due process hearings do not apply, and paragraph (5) (other than subparagraph (J)) does not apply, to any State to which subparagraph (A) applies.

"(7) IMPACT ON PROVISION OF SERVICES.—Unless the individual with a disability so requests, or, in an appropriate case, the individual's representative, so requests, pending a decision by a mediator, hearing officer, or reviewing officer under this subsection, the designated State unit shall not institute a suspension, reduction, or termination of services being provided for the individual, including evaluation and assessment services and plan development, unless such services have been obtained through misrepresentation, fraud, collusion, or criminal conduct on the part of the individual, or the individual's representative.

"(8) INFORMATION COLLECTION AND REPORT.—

"(A) IN GENERAL.—The Director of the designated State unit shall collect information described in subparagraph (B) and prepare and submit to the Commissioner a report containing such information. The Commissioner shall pre-

pare a summary of the information furnished under this paragraph and include the summary in the annual report submitted under section 13. The Commissioner shall also collect copies of the final decisions of impartial hearing officers conducting hearings under this subsection and State officials conducting reviews under this subsection.

"(B) INFORMATION.—The information required to be collected under this subsection includes—

"(i) a copy of the standards used by State reviewing officials for reviewing decisions made by impartial hearing officers under this subsection;

"(ii) information on the number of hearings and reviews sought from the impartial hearing officers and the State reviewing officials, including the type of complaints and the issues involved;

"(iii) information on the number of hearing decisions made under this subsection that were not reviewed by the State reviewing officials; and

"(iv) information on the number of the hearing decisions that were reviewed by the State reviewing officials, and, based on such reviews, the number of hearing decisions that were—

"(I) sustained in favor of an applicant or eligible individual;

"(II) sustained in favor of the designated State unit;

"(III) reversed in whole or in part in favor of the applicant or eligible individual; and

"(IV) reversed in whole or in part in favor of the designated State unit.

"(C) CONFIDENTIALITY.—The confidentiality of records of applicants and eligible individuals maintained by the designated State unit shall not preclude the access of the Commissioner to those records for the purposes described in subparagraph (A).

"(d) POLICIES AND PROCEDURES.—Each designated State agency, in consultation with the State Rehabilitation Council, if the State has such a council, shall, consistent with section 100(a)(3)(C), develop and implement written policies and procedures that enable each individual who is

an applicant for or eligible to receive vocational rehabilitation services under this title to exercise informed choice throughout the vocational rehabilitation process carried out under this title, including policies and procedures that require the designated State agency—

"(1) to inform each such applicant and eligible individual (including students with disabilities described in section 101(a)(11)(D)(ii)(II) who are making the transition from programs under the responsibility of an educational agency to programs under the responsibility of the designated State unit), through appropriate modes of communication, about the availability of, and opportunities to exercise, informed choice, including the availability of support services for individuals with cognitive or other disabilities who require assistance in exercising informed choice, throughout the vocational rehabilitation process;

"(2) to assist applicants and eligible individuals in exercising informed choice in decisions related to the provision of assessment services under this title;

"(3) to develop and implement flexible procurement policies and methods that facilitate the provision of services, and that afford eligible individuals

meaningful choices among the methods used to procure services, under this title;

"(4) to provide or assist eligible individuals in acquiring information that enables those individuals to exercise informed choice under this title in the selection of—

"(A) the employment outcome;

"(B) the specific vocational rehabilitation services needed to achieve the employment outcome;

"(C) the entity that will provide the services;

"(D) the employment setting and the settings in which the services will be provided; and

"(E) the methods available for procuring the services; and

"(5) to ensure that the availability and scope of informed choice provided under this section is consistent with the obligations of the designated State agency under this title.

"SEC. 103. VOCATIONAL REHABILITATION SERVICES.

"(a) VOCATIONAL REHABILITATION SERVICES FOR INDIVIDUALS.—Vocational rehabilitation services provided under this title are any services described in an individualized rehabilitation employment plan necessary to assist an

individual with a disability in preparing for, securing, retaining, or regaining an employment outcome that is consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual, including—

"(1) an assessment for determining eligibility and vocational rehabilitation needs by qualified personnel, including, if appropriate, an assessment by personnel skilled in rehabilitation technology;

"(2) counseling and guidance, including information and support services to assist an individual in exercising informed choice consistent with the provisions of section 102(d);

"(3) referral and other services to secure needed services from other agencies through agreements developed under section 101(b)(11), if such services are not available under this title;

"(4) job-related services, including job search and placement assistance, job retention services, followup services, and follow-along services;

"(5) vocational and other training services, including the provision of personal and vocational adjustment services, books, tools, and other training materials, except that no training services provided at an institution of higher education shall be paid for

with funds under this title unless maximum efforts have been made by the designated State unit and the individual to secure grant assistance, in whole or in part, from other sources to pay for such training;

"(6) to the extent that financial support is not readily available from a source (such as through health insurance of the individual or through comparable services and benefits consistent with section 101(a)(8)(A)), other than the designated State unit, diagnosis and treatment of physical and mental impairments, including—

"(A) corrective surgery or therapeutic treatment necessary to correct or substantially modify a physical or mental condition that constitutes a substantial impediment to employment, but is of such a nature that such correction or modification may reasonably be expected to eliminate or reduce such impediment to employment within a reasonable length of time;

"(B) necessary hospitalization in connection with surgery or treatment;

"(C) prosthetic and orthotic devices;

"(D) eyeglasses and visual services as prescribed by qualified personnel who meet State li-

censure laws and who are selected by the individual;

"(E) special services (including transplantation and dialysis), artificial kidneys, and supplies necessary for the treatment of individuals with end-stage renal disease; and

"(F) diagnosis and treatment for mental and emotional disorders by qualified personnel who meet State licensure laws;

"(7) maintenance for additional costs incurred while participating in an assessment for determining eligibility and vocational rehabilitation needs or while receiving services under an individualized rehabilitation employment plan;

"(8) transportation, including adequate training in the use of public transportation vehicles and systems, that is provided in connection with the provision of any other service described in this section and needed by the individual to achieve an employment outcome;

"(9) on-the-job or other related personal assistance services provided while an individual is receiving other services described in this section;

"(10) interpreter services provided by qualified personnel for individuals who are deaf or hard of

hearing, and reader services for individuals who are determined to be blind, after an examination by qualified personnel who meet State licensure laws;

"(11) rehabilitation teaching services, and orientation and mobility services, for individuals who are blind;

"(12) occupational licenses, tools, equipment, and initial stocks and supplies;

"(13) technical assistance and other consultation services to conduct market analyses, develop business plans, and otherwise provide resources, to the extent such resources are authorized to be provided under the statewide workforce investment system, to eligible individuals who are pursuing self-employment or establishing a small business operation as an employment outcome;

"(14) rehabilitation technology, including telecommunications, sensory, and other technological aids and devices;

"(15) transition services for students with disabilities described in section 101(a)(11)(D)(ii)(II), that facilitate the achievement of the employment outcome identified in the individualized rehabilitation employment plan;

"(16) supported employment services;

"(17) services to the family of an individual with a disability necessary to assist the individual to achieve an employment outcome; and

"(18) specific post-employment services necessary to assist an individual with a disability to, retain, regain, or advance in employment.

"(b) VOCATIONAL REHABILITATION SERVICES FOR GROUPS OF INDIVIDUALS.—Vocational rehabilitation services provided for the benefit of groups of individuals with disabilities may also include the following:

"(1) In the case of any type of small business operated by individuals with significant disabilities the operation of which can be improved by management services and supervision provided by the designated State agency, the provision of such services and supervision, along or together with the acquisition by the designated State agency of vending facilities or other equipment and initial stocks and supplies.

"(2) The establishment, development, or improvement of community rehabilitation programs, that promise to contribute substantially to the rehabilitation of a group of individuals but that are not related directly to the individualized rehabilitation employment plan of any 1 individual with a disability.

Such programs shall be used to provide services that promote integration and competitive employment.

"(3) The use of telecommunications systems (including telephone, television, satellite, radio, and other similar systems) that have the potential for substantially improving delivery methods of activities described in this section and developing appropriate programming to meet the particular needs of individuals with disabilities.

"(4)(A) Special services to provide nonvisual access to information for individuals who are blind, including the use of telecommunications, Braille, sound recordings, or other appropriate media.

"(B) Captioned television, films, or video cassettes for individuals who are deaf or hard of hearing.

"(C) Tactile materials for individuals who are deaf-blind.

"(D) Other special services that provide information through tactile, vibratory, auditory, and visual media.

"(5) Technical assistance and support services to businesses that are not subject to title I of the Americans with Disabilities Act of 1990 (42 U.S.C. 12111 et seq.) and that are seeking to employ individuals with disabilities.

"(6) Consultative and technical assistance services to assist educational agencies in planning for the transition of students with disabilities described in section 101(a)(11)(D)(i) from school to post-school activities, including employment.

"SEC. 104. NON-FEDERAL SHARE FOR ESTABLISHMENT OF PROGRAM.

"For the purpose of determining the amount of payments to States for carrying out part B of this title (or to an Indian tribe under part C), the non-Federal share, subject to such limitations and conditions as may be prescribed in regulations by the Commissioner, shall include contributions of funds made by any private agency, organization, or individual to a State or local agency to assist in meeting the costs of establishment of a community rehabilitation program, which would be regarded as State or local funds except for the condition, imposed by the contributor, limiting use of such funds to establishment of such a program.

"SEC. 105. STATE REHABILITATION COUNCIL.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—Except as provided in section 101(a)(21)(A)(i), to be eligible to receive financial assistance under this title a State shall establish

a State Rehabilitation Council (referred to in this section as the 'Council') in accordance with this section.

"(2) SEPARATE AGENCY FOR INDIVIDUALS WHO ARE BLIND.—A State that designates a State agency to administer the part of the State plan under which vocational rehabilitation services are provided for individuals who are blind under section 101(a)(2)(A)(i) may establish a separate Council in accordance with this section to perform the duties of such a Council with respect to such State agency.

"(b) COMPOSITION AND APPOINTMENT.—

"(1) COMPOSITION.—

"(A) IN GENERAL.—Except in the case of a separate Council established under subsection (a)(2), the Council shall be composed of—

"(i) at least one representative of the Statewide Independent Living Council established under section 705, which representative may be the chairperson or other designee of the Council;

"(ii) at least one representative of a parent training and information center established pursuant to section 682(a) of the Individuals with Disabilities Education Act (as added by section 101 of the Individuals

with Disabilities Education Act Amendments of 1997; Public Law 105–17);

"(iii) at least one representative of the client assistance program established under section 112;

"(iv) at least one vocational rehabilitation counselor, with knowledge of and experience with vocational rehabilitation programs, who shall serve as an ex officio, nonvoting member of the Council if the counselor is an employee of the designated State agency;

"(v) at least one representative of community rehabilitation program service providers;

"(vi) four representatives of business, industry, and labor;

"(vii) representatives of disability advocacy groups representing a cross section of—

"(I) individuals with physical, cognitive, sensory, and mental disabilities; and

"(II) individuals' representatives of individuals with disabilities who

have difficulty in representing themselves or are unable due to their disabilities to represent themselves;

"(viii) current or former applicants for, or recipients of, vocational rehabilitation services;

"(ix) in a State in which one or more projects are carried out under section 121, at least one representative of the directors of the projects;

"(x) at least one representative of the State educational agency responsible for the public education of students with disabilities who are eligible to receive services under this title and part B of the Individuals with Disabilities Education Act; and

"(xi) at least one representative of the statewide workforce investment partnership.

"(B) SEPARATE COUNCIL.—In the case of a separate Council established under subsection (a)(2), the Council shall be composed of—

"(i) at least one representative described in subparagraph (A)(i);

"(ii) at least one representative described in subparagraph (A)(ii);

"(iii) at least one representative described in subparagraph (A)(iii);

"(iv) at least one vocational rehabilitation counselor described in subparagraph (A)(iv), who shall serve as described in such subparagraph;

"(v) at least one representative described in subparagraph (A)(v);

"(vi) four representatives described in subparagraph (A)(vi);

"(vii) at least one representative of a disability advocacy group representing individuals who are blind;

"(viii) at least one individual's representative, of an individual who—

"(I) is an individual who is blind and has multiple disabilities; and

"(II) has difficulty in representing himself or herself or is unable due to disabilities to represent himself or herself;

"(ix) applicants or recipients described in subparagraph (A)(viii);

"(x) in a State described in subparagraph (A)(ix), at least one representative described in such subparagraph;

"(xi) at least one representative described in subparagraph (A)(x); and

"(xii) at least one representative described in subparagraph (A)(xi).

"(C) EXCEPTION.—In the case of a separate Council established under subsection (a)(2), any Council that is required by State law, as in effect on the date of enactment of the Rehabilitation Act Amendments of 1992, to have fewer than 15 members shall be deemed to be in compliance with subparagraph (B) if the Council—

"(i) meets the requirements of subparagraph (B), other than the requirements of clauses (vi) and (ix) of such subparagraph; and

"(ii) includes at least—

"(I) one representative described in subparagraph (B)(vi); and

"(II) one applicant or recipient described in subparagraph (B)(ix).

"(2) EX OFFICIO MEMBER.—The Director of the designated State unit shall be an ex officio, nonvoting member of the Council.

"(3) APPOINTMENT.—Members of the Council shall be appointed by the Governor. The Governor shall select members after soliciting recommendations from representatives of organizations representing a broad range of individuals with disabilities and organizations interested in individuals with disabilities. In selecting members, the Governor shall consider, to the greatest extent practicable, the extent to which minority populations are represented on the Council.

"(4) QUALIFICATIONS.—A majority of Council members shall be persons who are—

"(A) individuals with disabilities described in section 7(20)(A); and

"(B) not employed by the designated State unit.

"(5) CHAIRPERSON.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the Council shall select a chairperson from among the membership of the Council.

"(B) DESIGNATION BY GOVERNOR.—In States in which the chief executive officer does

not have veto power pursuant to State law, the Governor shall designate a member of the Council to serve as the chairperson of the Council or shall require the Council to so designate such a member.

"(6) TERMS OF APPOINTMENT.—

"(A) LENGTH OF TERM.—Each member of the Council shall serve for a term of not more than 3 years, except that—

"(i) a member appointed to fill a vacancy occurring prior to the expiration of the term for which a predecessor was appointed, shall be appointed for the remainder of such term; and

"(ii) the terms of service of the members initially appointed shall be (as specified by the Governor) for such fewer number of years as will provide for the expiration of terms on a staggered basis.

"(B) NUMBER OF TERMS.—No member of the Council, other than a representative described in clause (iii) or (ix) of paragraph (1)(A), or clause (iii) or (x) of paragraph (1)(B), may serve more than two consecutive full terms.

"(7) VACANCIES.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), any vacancy occurring in the membership of the Council shall be filled in the same manner as the original appointment. The vacancy shall not affect the power of the remaining members to execute the duties of the Council.

"(B) DELEGATION.—The Governor may delegate the authority to fill such a vacancy to the remaining members of the Council after making the original appointment.

"(c) FUNCTIONS OF COUNCIL.—The Council shall, after consulting with the statewide workforce investment partnership—

"(1) review, analyze, and advise the designated State unit regarding the performance of the responsibilities of the unit under this title, particularly responsibilities relating to—

"(A) eligibility (including order of selection);

"(B) the extent, scope, and effectiveness of services provided; and

"(C) functions performed by State agencies that affect or that potentially affect the ability of individuals with disabilities in achieving employment outcomes under this title;

"(2) in partnership with the designated State unit—

"(A) develop, agree to, and review State goals and priorities in accordance with section 101(a)(15)(C); and

"(B) evaluate the effectiveness of the vocational rehabilitation program and submit reports of progress to the Commissioner in accordance with section 101(a)(15)(E);

"(3) advise the designated State agency and the designated State unit regarding activities authorized to be carried out under this title, and assist in the preparation of the State plan and amendments to the plan, applications, reports, needs assessments, and evaluations required by this title;

"(4) to the extent feasible, conduct a review and analysis of the effectiveness of, and consumer satisfaction with—

"(A) the functions performed by the designated State agency;

"(B) vocational rehabilitation services provided by State agencies and other public and private entities responsible for providing vocational rehabilitation services to individuals with disabilities under this Act; and

"(C) employment outcomes achieved by eligible individuals receiving services under this title, including the availability of health and other employment benefits in connection with such employment outcomes;

"(5) prepare and submit an annual report to the Governor and the Commissioner on the status of vocational rehabilitation programs operated within the State, and make the report available to the public;

"(6) to avoid duplication of efforts and enhance the number of individuals served, coordinate activities with the activities of other councils within the State, including the Statewide Independent Living Council established under section 705, the advisory panel established under section 612(a)(21) of the Individual with Disabilities Education Act (as amended by section 101 of the Individuals with Disabilities Education Act Amendments of 1997; Public Law 105–17), the State Developmental Disabilities Council described in section 124 of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6024), the State mental health planning council established under section 1914(a) of the Public Health Service Act (42 U.S.C. 300x–4(a)), and the statewide workforce investment partnership;

"(7) provide for coordination and the establishment of working relationships between the designated State agency and the Statewide Independent Living Council and centers for independent living within the State; and

"(8) perform such other functions, consistent with the purpose of this title, as the State Rehabilitation Council determines to be appropriate, that are comparable to the other functions performed by the Council.

"(d) RESOURCES.—

"(1) PLAN.—The Council shall prepare, in conjunction with the designated State unit, a plan for the provision of such resources, including such staff and other personnel, as may be necessary and sufficient to carry out the functions of the Council under this section. The resource plan shall, to the maximum extent possible, rely on the use of resources in existence during the period of implementation of the plan.

"(2) RESOLUTION OF DISAGREEMENTS.—To the extent that there is a disagreement between the Council and the designated State unit in regard to the resources necessary to carry out the functions of the Council as set forth in this section, the disagreement

shall be resolved by the Governor consistent with paragraph (1).

"(3) SUPERVISION AND EVALUATION.—Each Council shall, consistent with State law, supervise and evaluate such staff and other personnel as may be necessary to carry out its functions under this section.

"(4) PERSONNEL CONFLICT OF INTEREST.—While assisting the Council in carrying out its duties, staff and other personnel shall not be assigned duties by the designated State unit or any other agency or office of the State, that would create a conflict of interest.

"(e) CONFLICT OF INTEREST.—No member of the Council shall cast a vote on any matter that would provide direct financial benefit to the member or otherwise give the appearance of a conflict of interest under State law.

"(f) MEETINGS.—The Council shall convene at least 4 meetings a year in such places as it determines to be necessary to conduct Council business and conduct such forums or hearings as the Council considers appropriate. The meetings, hearings, and forums shall be publicly announced. The meetings shall be open and accessible to the general public unless there is a valid reason for an executive session.

"(g) COMPENSATION AND EXPENSES.—The Council may use funds allocated to the Council by the designated State unit under this title (except for funds appropriated to carry out the client assistance program under section 112 and funds reserved pursuant to section 110(c) to carry out part C) to reimburse members of the Council for reasonable and necessary expenses of attending Council meetings and performing Council duties (including child care and personal assistance services), and to pay compensation to a member of the Council, if such member is not employed or must forfeit wages from other employment, for each day the member is engaged in performing the duties of the Council.

"(h) HEARINGS AND FORUMS.—The Council is authorized to hold such hearings and forums as the Council may determine to be necessary to carry out the duties of the Council.

"SEC. 106. EVALUATION STANDARDS AND PERFORMANCE INDICATORS.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—

"(A) ESTABLISHMENT OF STANDARDS AND INDICATORS.—The Commissioner shall, not later than September 30, 1998, establish and publish evaluation standards and performance indicators

for the vocational rehabilitation program carried out under this title.

"(B) REVIEW AND REVISION.—Effective September 30, 1998, the Commissioner shall review and, if necessary, revise the evaluation standards and performance indicators every 3 years. Any revisions of the standards and indicators shall be developed with input from State vocational rehabilitation agencies, related professional and consumer organizations, recipients of vocational rehabilitation services, and other interested parties. Any revisions of the standards and indicators shall be subject to the publication, review, and comment provisions of paragraph (3).

"(C) BASES.—Effective July 1, 1999, to the maximum extent practicable, the standards and indicators shall be consistent with the core indicators of performance established under section 321(b) of the Workforce Investment Partnership Act of 1998.

"(2) MEASURES.—The standards and indicators shall include outcome and related measures of program performance that facilitate the accomplishment of the purpose and policy of this title.

"(3) COMMENT.—The standards and indicators shall be developed with input from State vocational rehabilitation agencies, related professional and consumer organizations, recipients of vocational rehabilitation services, and other interested parties. The Commissioner shall publish in the Federal Register a notice of intent to regulate regarding the development of proposed standards and indicators. Proposed standards and indicators shall be published in the Federal Register for review and comment. Final standards and indicators shall be published in the Federal Register.

"(b) COMPLIANCE.—

"(1) STATE REPORTS.—In accordance with regulations established by the Secretary, each State shall report to the Commissioner after the end of each fiscal year the extent to which the State is in compliance with the standards and indicators.

"(2) PROGRAM IMPROVEMENT.—

"(A) PLAN.—If the Commissioner determines that the performance of any State is below established standards, the Commissioner shall provide technical assistance to the State, and the State and the Commissioner shall jointly develop a program improvement plan outlining the spe-

cific actions to be taken by the State to improve program performance.

"(B) REVIEW.—The Commissioner shall—

"(i) review the program improvement efforts of the State on a biannual basis and, if necessary, request the State to make further revisions to the plan to improve performance; and

"(ii) continue to conduct such reviews and request such revisions until the State sustains satisfactory performance over a period of more than 1 year.

"(c) WITHHOLDING.—If the Commissioner determines that a State whose performance falls below the established standards has failed to enter into a program improvement plan, or is not complying substantially with the terms and conditions of such a program improvement plan, the Commissioner shall, consistent with subsections (c) and (d) of section 107, reduce or make no further payments to the State under this program, until the State has entered into an approved program improvement plan, or satisfies the Commissioner that the State is complying substantially with the terms and conditions of such a program improvement plan, as appropriate.

"(d) REPORT TO CONGRESS.—Beginning in fiscal year 1999, the Commissioner shall include in each annual report to the Congress under section 13 an analysis of program performance, including relative State performance, based on the standards and indicators.

"SEC. 107. MONITORING AND REVIEW.

"(a) IN GENERAL.—

"(1) DUTIES.—In carrying out the duties of the Commissioner under this title, the Commissioner shall—

"(A) provide for the annual review and periodic onsite monitoring of programs under this title; and

"(B) determine whether, in the administration of the State plan, a State is complying substantially with the provisions of such plan and with evaluation standards and performance indicators established under section 106.

"(2) PROCEDURES FOR REVIEWS.—In conducting reviews under this section the Commissioner shall consider, at a minimum—

"(A) State policies and procedures;

"(B) guidance materials;

"(C) decisions resulting from hearings conducted in accordance with due process;

"(D) State goals established under section 101(a)(15) and the extent to which the State has achieved such goals;

"(E) plans and reports prepared under section 106(b);

"(F) consumer satisfaction reviews and analyses described in section 105(c)(4);

"(G) information provided by the State Rehabilitation Council established under section 105, if the State has such a Council, or by the commission described in section 101(a)(21)(A)(i), if the State has such a commission;

"(H) reports; and

"(I) budget and financial management data.

"(3) PROCEDURES FOR MONITORING.—In conducting monitoring under this section the Commissioner shall conduct—

"(A) onsite visits, including onsite reviews of records to verify that the State is following requirements regarding the order of selection set forth in section 101(a)(5)(A);

"(B) public hearings and other strategies for collecting information from the public;

"(C) meetings with the State Rehabilitation Council, if the State has such a Council or with the commission described in section 101(a)(21)(A)(i), if the State has such a commission;

"(D) reviews of individual case files, including individualized rehabilitation employment plans and ineligibility determinations; and

"(E) meetings with rehabilitation counselors and other personnel.

"(4) AREAS OF INQUIRY.—In conducting the review and monitoring, the Commissioner shall examine—

"(A) the eligibility process;

"(B) the provision of services, including, if applicable, the order of selection;

"(C) whether the personnel evaluation system described in section 101(a)(7)(A)(iv) facilitates the accomplishments of the program;

"(D) such other areas as may be identified by the public or through meetings with the State Rehabilitation Council, if the State has such a Council or with the commission described in section 101(a)(21)(A)(i), if the State has such a commission; and

"(E) such other areas of inquiry as the Commissioner may consider appropriate.

"(5) REPORTS.—If the Commissioner issues a report detailing the findings of an annual review or on-site monitoring conducted under this section, the report shall be made available to the State Rehabilitation Council, if the State has such a Council.

"(b) TECHNICAL ASSISTANCE.—The Commissioner shall—

"(1) provide technical assistance to programs under this title regarding improving the quality of vocational rehabilitation services provided; and

"(2) provide technical assistance and establish a corrective action plan for a program under this title if the Commissioner finds that the program fails to comply substantially with the provisions of the State plan, or with evaluation standards or performance indicators established under section 106, in order to ensure that such failure is corrected as soon as practicable.

"(c) FAILURE TO COMPLY WITH PLAN.—

"(1) WITHHOLDING PAYMENTS.—Whenever the Commissioner, after providing reasonable notice and an opportunity for a hearing to the State agency ad-

ministering or supervising the administration of the State plan approved under section 101, finds that—

"(A) the plan has been so changed that it no longer complies with the requirements of section 101(a); or

"(B) in the administration of the plan there is a failure to comply substantially with any provision of such plan or with an evaluation standard or performance indicator established under section 106,

the Commissioner shall notify such State agency that no further payments will be made to the State under this title (or, in the discretion of the Commissioner, that such further payments will be reduced, in accordance with regulations the Commissioner shall prescribe, or that further payments will not be made to the State only for the projects under the parts of the State plan affected by such failure), until the Commissioner is satisfied there is no longer any such failure.

"(2) PERIOD.—Until the Commissioner is so satisfied, the Commissioner shall make no further payments to such State under this title (or shall reduce payments or limit payments to projects under those

parts of the State plan in which there is no such failure).

"(3) DISBURSAL OF WITHHELD FUNDS.—The Commissioner may, in accordance with regulations the Secretary shall prescribe, disburse any funds withheld from a State under paragraph (1) to any public or nonprofit private organization or agency within such State or to any political subdivision of such State submitting a plan meeting the requirements of section 101(a). The Commissioner may not make any payment under this paragraph unless the entity to which such payment is made has provided assurances to the Commissioner that such entity will contribute, for purposes of carrying out such plan, the same amount as the State would have been obligated to contribute if the State received such payment.

"(d) REVIEW.—

"(1) PETITION.—Any State that is dissatisfied with a final determination of the Commissioner under section 101(b) or subsection (c) may file a petition for judicial review of such determination in the United States Court of Appeals for the circuit in which the State is located. Such a petition may be filed only within the 30-day period beginning on the date that notice of such final determination was re-

ceived by the State. The clerk of the court shall transmit a copy of the petition to the Commissioner or to any officer designated by the Commissioner for that purpose. In accordance with section 2112 of title 28, United States Code, the Commissioner shall file with the court a record of the proceeding on which the Commissioner based the determination being appealed by the State. Until a record is so filed, the Commissioner may modify or set aside any determination made under such proceedings.

"(2) SUBMISSIONS AND DETERMINATIONS.—If, in an action under this subsection to review a final determination of the Commissioner under section 101(b) or subsection (c), the petitioner or the Commissioner applies to the court for leave to have additional oral submissions or written presentations made respecting such determination, the court may, for good cause shown, order the Commissioner to provide within 30 days an additional opportunity to make such submissions and presentations. Within such period, the Commissioner may revise any findings of fact, modify or set aside the determination being reviewed, or make a new determination by reason of the additional submissions and presentations, and shall file such modified or new determination, and any revised

findings of fact, with the return of such submissions and presentations. The court shall thereafter review such new or modified determination.

"(3) STANDARDS OF REVIEW.—

"(A) IN GENERAL.—Upon the filing of a petition under paragraph (1) for judicial review of a determination, the court shall have jurisdiction—

"(i) to grant appropriate relief as provided in chapter 7 of title 5, United States Code, except for interim relief with respect to a determination under subsection (c); and

"(ii) except as otherwise provided in subparagraph (B), to review such determination in accordance with chapter 7 of title 5, United States Code.

"(B) SUBSTANTIAL EVIDENCE.—Section 706 of title 5, United States Code, shall apply to the review of any determination under this subsection, except that the standard for review prescribed by paragraph (2)(E) of such section 706 shall not apply and the court shall hold unlawful and set aside such determination if the court finds that the determination is not supported by

substantial evidence in the record of the proceeding submitted pursuant to paragraph (1), as supplemented by any additional submissions and presentations filed under paragraph (2).

"SEC. 108. EXPENDITURE OF CERTAIN AMOUNTS.

"(a) EXPENDITURE.—Amounts described in subsection (b) may not be expended by a State for any purpose other than carrying out programs for which the State receives financial assistance under this title, under part C of title VI, or under title VII.

"(b) AMOUNTS.—The amounts referred to in subsection (a) are amounts provided to a State under the Social Security Act (42 U.S.C. 301 et seq.) as reimbursement for the expenditure of payments received by the State from allotments under section 110 of this Act.

"SEC. 109. TRAINING OF EMPLOYERS WITH RESPECT TO AMERICANS WITH DISABILITIES ACT OF 1990.

"A State may expend payments received under section 111—

"(1) to carry out a program to train employers with respect to compliance with the requirements of title I of the Americans with Disabilities Act of 1990 (42 U.S.C. 12111 et seq.); and

"(2) to inform employers of the existence of the program and the availability of the services of the program.

"PART B—BASIC VOCATIONAL REHABILITATION SERVICES

"STATE ALLOTMENTS

"SEC. 110. (a)(1) Subject to the provisions of subsection (c), for each fiscal year beginning before October 1, 1978, each State shall be entitled to an allotment of an amount bearing the same ratio to the amount authorized to be appropriated under section 100(b)(1) for allotment under this section as the product of—

"(A) the population of the State; and

"(B) the square of its allotment percentage,

bears to the sum of the corresponding products for all the States.

"(2)(A) For each fiscal year beginning on or after October 1, 1978, each State shall be entitled to an allotment in an amount equal to the amount such State received under paragraph (1) for the fiscal year ending September 30, 1978, and an additional amount determined pursuant to subparagraph (B) of this paragraph.

"(B) For each fiscal year beginning on or after October 1, 1978, each State shall be entitled to an allotment, from any amount authorized to be appropriated for such fiscal year under section 100(b)(1) for allotment under this sec-

tion in excess of the amount appropriated under section 100(b)(1)(A) for the fiscal year ending September 30, 1978, in an amount equal to the sum of—

"(i) an amount bearing the same ratio to 50 percent of such excess amount as the product of the population of the State and the square of its allotment percentage bears to the sum of the corresponding products for all the States; and

"(ii) an amount bearing the same ratio to 50 percent of such excess amount as the product of the population of the State and its allotment percentage bears to the sum of the corresponding products for all the States.

"(3) The sum of the payment to any State (other than Guam, American Samoa, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands) under this subsection for any fiscal year which is less than one-third of 1 percent of the amount appropriated under section 100(b)(1), or $3,000,000, whichever is greater, shall be increased to that amount, the total of the increases thereby required being derived by proportionately reducing the allotment to each of the remaining such States under this subsection, but with such adjustments as may be necessary to prevent the sum of the allotments made under this sub-

section to any such remaining State from being thereby reduced to less than that amount.

"(b)(1) Not later than forty-five days prior to the end of the fiscal year, the Commissioner shall determine, after reasonable opportunity for the submission to the Commissioner of comments by the State agency administering or supervising the program established under this title, that any payment of an allotment to a State under section 111(a) for any fiscal year will not be utilized by such State in carrying out the purposes of this title.

"(2) As soon as practicable but not later than the end of the fiscal year, the Commissioner shall make such amount available for carrying out the purposes of this title to one or more other States to the extent the Commissioner determines such other State will be able to use such additional amount during that fiscal year or the subsequent fiscal year for carrying out such purposes. The Commissioner shall make such amount available only if such other State will be able to make sufficient payments from non-Federal sources to pay for the non-Federal share of the cost of vocational rehabilitation services under the State plan for the fiscal year for which the amount was appropriated.

"(3) For the purposes of this part, any amount made available to a State for any fiscal year pursuant to this subsection shall be regarded as an increase of such State's

allotment (as determined under the preceding provisions of this section) for such year.

"(c)(1) For fiscal year 1987 and for each subsequent fiscal year, the Commissioner shall reserve from the amount appropriated under section 100(b)(1) for allotment under this section a sum, determined under paragraph (2), to carry out the purposes of part C.

"(2) The sum referred to in paragraph (1) shall be, as determined by the Secretary—

"(A) not less than three-quarters of 1 percent and not more than 1.5 percent of the amount referred to in paragraph (1), for fiscal year 1998; and

"(B) not less than 1 percent and not more than 1.5 percent of the amount referred to in paragraph (1), for each of fiscal years 1999 through 2004.

"PAYMENTS TO STATES

"SEC. 111. (a)(1) Except as provided in paragraph (2), from each State's allotment under this part for any fiscal year, the Commissioner shall pay to a State an amount equal to the Federal share of the cost of vocational rehabilitation services under the plan for that State approved under section 101, including expenditures for the administration of the State plan.

"(2)(A) The total of payments under paragraph (1) to a State for a fiscal year may not exceed its allotment under subsection (a) of section 110 for such year.

"(B) For fiscal year 1994 and each fiscal year thereafter, the amount otherwise payable to a State for a fiscal year under this section shall be reduced by the amount by which expenditures from non-Federal sources under the State plan under this title for the previous fiscal year are less than the total of such expenditures for the second fiscal year preceding the previous fiscal year.

"(C) The Commissioner may waive or modify any requirement or limitation under paragraphs (A) and (B) if the Commissioner determines that a waiver or modification is an equitable response to exceptional or uncontrollable circumstances affecting the State.

"(b) The method of computing and paying amounts pursuant to subsection (a) shall be as follows:

"(1) The Commissioner shall, prior to the beginning of each calendar quarter or other period prescribed by the Commissioner, estimate the amount to be paid to each State under the provisions of such subsection for such period, such estimate to be based on such records of the State and information furnished by it, and such other investigation as the Commissioner may find necessary.

"(2) The Commissioner shall pay, from the allotment available therefor, the amount so estimated by the Commissioner for such period, reduced or in-

creased, as the case may be, by any sum (not previously adjusted under this paragraph) by which the Commissioner finds that the estimate of the amount to be paid the State for any prior period under such subsection was greater or less than the amount which should have been paid to the State for such prior period under such subsection. Such payment shall be made prior to audit or settlement by the General Accounting Office, shall be made through the disbursing facilities of the Treasury Department, and shall be made in such installments as the Commissioner may determine.

"CLIENT ASSISTANCE PROGRAM

"SEC. 112. (a) From funds appropriated under subsection (h), the Secretary shall, in accordance with this section, make grants to States to establish and carry out client assistance programs to provide assistance in informing and advising all clients and client applicants of all available benefits under this Act, and, upon request of such clients or client applicants, to assist and advocate for such clients or applicants in their relationships with projects, programs, and services provided under this Act, including assistance and advocacy in pursuing legal, administrative, or other appropriate remedies to ensure the protection of the rights of such individuals under this Act and to facilitate access to the services funded under this Act through individual

and systemic advocacy. The client assistance program shall provide information on the available services and benefits under this Act and title I of the Americans with Disabilities Act of 1990 (42 U.S.C. 12111 et seq.) to individuals with disabilities in the State, especially with regard to individuals with disabilities who have traditionally been unserved or underserved by vocational rehabilitation programs. In providing assistance and advocacy under this subsection with respect to services under this title, a client assistance program may provide the assistance and advocacy with respect to services that are directly related to facilitating the employment of the individual.

"(b) No State may receive payments from its allotment under this Act in any fiscal year unless the State has in effect not later than October 1, 1984, a client assistance program which—

"(1) has the authority to pursue legal, administrative, and other appropriate remedies to ensure the protection of rights of individuals with disabilities who are receiving treatments, services, or rehabilitation under this Act within the State; and

"(2) meets the requirements of designation under subsection (c).

"(c)(1)(A) The Governor shall designate a public or private agency to conduct the client assistance program

under this section. Except as provided in the last sentence of this subparagraph, the Governor shall designate an agency which is independent of any agency which provides treatment, services, or rehabilitation to individuals under this Act. If there is an agency in the State which has, or had, prior to the date of enactment of the Rehabilitation Amendments of 1984, served as a client assistance agency under this section and which received Federal financial assistance under this Act, the Governor may, in the initial designation, designate an agency which provides treatment, services, or rehabilitation to individuals with disabilities under this Act.

"(B)(i) The Governor may not redesignate the agency designated under subparagraph (A) without good cause and unless—

"(I) the Governor has given the agency 30 days notice of the intention to make such redesignation, including specification of the good cause for such redesignation and an opportunity to respond to the assertion that good cause has been shown;

"(II) individuals with disabilities or the individuals' representatives have timely notice of the redesignation and opportunity for public comment; and

"(III) the agency has the opportunity to appeal to the Commissioner on the basis that the redesignation was not for good cause.

"(ii) If, after the date of enactment of the Rehabilitation Act Amendments of 1998—

"(I) a designated State agency undergoes any change in the organizational structure of the agency that results in the creation of 1 or more new State agencies or departments or results in the merger of the designated State agency with 1 or more other State agencies or departments; and

"(II) an agency (including an office or other unit) within the designated State agency was conducting a client assistance program before the change under the last sentence of subparagraph (A),

the Governor shall redesignate the agency conducting the program. In conducting the redesignation, the Governor shall designate to conduct the program an agency that is independent of any agency that provides treatment, services, or rehabilitation to individuals with disabilities under this Act.

"(2) In carrying out the provisions of this section, the Governor shall consult with the director of the State vocational rehabilitation agency, the head of the developmental disability protection and advocacy agency, and with rep-

resentatives of professional and consumer organizations serving individuals with disabilities in the State.

"(3) The agency designated under this subsection shall be accountable for the proper use of funds made available to the agency.

"(d) The agency designated under subsection (c) of this section may not bring any class action in carrying out its responsibilities under this section.

"(e)(1)(A) The Secretary shall allot the sums appropriated for each fiscal year under this section among the States on the basis of relative population of each State, except that no State shall receive less than $50,000.

"(B) The Secretary shall allot $30,000 each to American Samoa, Guam, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

"(C) For the purpose of this paragraph, the term 'State' does not include American Samoa, Guam, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

"(D)(i) In any fiscal year that the funds appropriated for such fiscal year exceed $7,500,000, the minimum allotment shall be $100,000 for States and $45,000 for territories.

"(ii) For any fiscal year in which the total amount appropriated under subsection (h) exceeds the total amount

appropriated under such subsection for the preceding fiscal year, the Secretary shall increase each of the minimum allotments under clause (i) by a percentage that shall not exceed the percentage increase in the total amount appropriated under such subsection between the preceding fiscal year and the fiscal year involved.

"(2) The amount of an allotment to a State for a fiscal year which the Secretary determines will not be required by the State during the period for which it is available for the purpose for which allotted shall be available for reallotment by the Secretary at appropriate times to other States with respect to which such a determination has not been made, in proportion to the original allotments of such States for such fiscal year, but with such proportionate amount for any of such other States being reduced to the extent it exceeds the sum the Secretary estimates such State needs and will be able to use during such period, and the total of such reduction shall be similarly reallotted among the States whose proportionate amounts were not so reduced. Any such amount so reallotted to a State for a fiscal year shall be deemed to be a part of its allotment for such fiscal year.

"(3) Except as specifically prohibited by or as otherwise provided in State law, the Secretary shall pay to the

agency designated under subsection (c) the amount specified in the application approved under subsection (f).

"(f) No grant may be made under this section unless the State submits an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary deems necessary to meet the requirements of this section.

"(g) The Secretary shall prescribe regulations applicable to the client assistance program which shall include the following requirements:

"(1) No employees of such programs shall, while so employed, serve as staff or consultants of any rehabilitation project, program, or facility receiving assistance under this Act in the State.

"(2) Each program shall be afforded reasonable access to policymaking and administrative personnel in the State and local rehabilitation programs, projects, or facilities.

"(3)(A) Each program shall contain provisions designed to assure that to the maximum extent possible alternative means of dispute resolution are available for use at the discretion of an applicant or client of the program prior to resorting to litigation or formal adjudication to resolve a dispute arising under this section.

"(B) In subparagraph (A), the term 'alternative means of dispute resolution' means any procedure, including good faith negotiation, conciliation, facilitation, mediation, factfinding, and arbitration, and any combination of procedures, that is used in lieu of litigation in a court or formal adjudication in an administrative forum, to resolve a dispute arising under this section.

"(4) For purposes of any periodic audit, report, or evaluation of the performance of a client assistance program under this section, the Secretary shall not require such a program to disclose the identity of, or any other personally identifiable information related to, any individual requesting assistance under such program.

"(h) There are authorized to be appropriated such sums as may be necessary for fiscal years 1998 through 2004 to carry out the provisions of this section.

"PART C—AMERICAN INDIAN VOCATIONAL REHABILITATION SERVICES

"VOCATIONAL REHABILITATION SERVICES GRANTS

"SEC. 121. (a) The Commissioner, in accordance with the provisions of this part, may make grants to the governing bodies of Indian tribes located on Federal and State reservations (and consortia of such governing bodies) to pay

90 percent of the costs of vocational rehabilitation services for American Indians who are individuals with disabilities residing on such reservations. The non-Federal share of such costs may be in cash or in kind, fairly valued, and the Commissioner may waive such non-Federal share requirement in order to carry out the purposes of this Act.

"(b)(1) No grant may be made under this part for any fiscal year unless an application therefor has been submitted to and approved by the Commissioner. The Commissioner may not approve an application unless the application—

"(A) is made at such time, in such manner, and contains such information as the Commissioner may require;

"(B) contains assurances that the rehabilitation services provided under this part to American Indians who are individuals with disabilities residing on a reservation in a State shall be, to the maximum extent feasible, comparable to rehabilitation services provided under this title to other individuals with disabilities residing in the State and that, where appropriate, may include services traditionally used by Indian tribes; and

"(C) contains assurances that the application was developed in consultation with the designated State unit of the State.

"(2) The provisions of sections 5, 6, 7, and 102(a) of the Indian Self-Determination and Education Assistance Act shall be applicable to any application submitted under this part. For purposes of this paragraph, any reference in any such provision to the Secretary of Education or to the Secretary of the Interior shall be considered to be a reference to the Commissioner.

"(3) Any application approved under this part shall be effective for not more than 60 months, except as determined otherwise by the Commissioner pursuant to prescribed regulations. The State shall continue to provide vocational rehabilitation services under its State plan to American Indians residing on a reservation whenever such State includes any such American Indians in its State population under section 110(a)(1).

"(4) In making grants under this part, the Secretary shall give priority consideration to applications for the continuation of programs which have been funded under this part.

"(5) Nothing in this section may be construed to authorize a separate service delivery system for Indian residents of a State who reside in non-reservation areas.

"(c) The term 'reservation' includes Indian reservations, public domain Indian allotments, former Indian reservations in Oklahoma, and land held by incorporated Native groups, regional corporations, and village corporations under the provisions of the Alaska Native Claims Settlement Act.

"PART D—VOCATIONAL REHABILITATION SERVICES CLIENT INFORMATION

"SEC. 131. DATA SHARING.

"(a) IN GENERAL.—

"(1) MEMORANDUM OF UNDERSTANDING.—The Secretary of Education and the Secretary of Health and Human Services shall enter into a memorandum of understanding for the purposes of exchanging data of mutual importance—

"(A) that concern clients of designated State agencies; and

"(B) that are data maintained either by—

"(i) the Rehabilitation Services Administration, as required by section 13; or

"(ii) the Social Security Administration, from its Summary Earnings and Records and Master Beneficiary Records.

"(2) LABOR MARKET INFORMATION.—The Secretary of Labor shall provide the Commissioner with

labor market information that facilitates evaluation by the Commissioner of the program carried out under part B, and allows the Commissioner to compare the progress of individuals with disabilities who are assisted under the program in securing, retaining, regaining, and advancing in employment with the progress made by individuals who are assisted under title III of the Workforce Investment Partnership Act of 1998.

"(b) TREATMENT OF INFORMATION.—For purposes of the exchange described in subsection (a)(1), the data described in subsection (a)(1)(B)(ii) shall not be considered return information (as defined in section 6103(b)(2) of the Internal Revenue Code of 1986) and, as appropriate, the confidentiality of all client information shall be maintained by the Rehabilitation Services Administration and the Social Security Administration.".

SEC. 605. RESEARCH AND TRAINING.

Title II of the Rehabilitation Act of 1973 (29 U.S.C. 760 et seq.) is amended to read as follows:

"TITLE II—RESEARCH AND TRAINING

"DECLARATION OF PURPOSE

"SEC. 200. The purpose of this title is to—

"(1) provide for research, demonstration projects, training, and related activities to maximize the full

inclusion and integration into society, employment, independent living, family support, and economic and social self-sufficiency of individuals with disabilities of all ages, with particular emphasis on improving the effectiveness of services authorized under this Act;

"(2) provide for a comprehensive and coordinated approach to the support and conduct of such research, demonstration projects, training, and related activities and to ensure that the approach is in accordance with the 5-year plan developed under section 202(h);

"(3) promote the transfer of rehabilitation technology to individuals with disabilities through research and demonstration projects relating to—

"(A) the procurement process for the purchase of rehabilitation technology;

"(B) the utilization of rehabilitation technology on a national basis;

"(C) specific adaptations or customizations of products to enable individuals with disabilities to live more independently; and

"(D) the development or transfer of assistive technology;

"(4) ensure the widespread distribution, in usable formats, of practical scientific and technological information—

"(A) generated by research, demonstration projects, training, and related activities; and

"(B) regarding state-of-the-art practices, improvements in the services authorized under this Act, rehabilitation technology, and new knowledge regarding disabilities,

to rehabilitation professionals, individuals with disabilities, and other interested parties, including the general public;

"(5) identify effective strategies that enhance the opportunities of individuals with disabilities to engage in employment, including employment involving telecommuting and self-employment; and

"(6) increase opportunities for researchers who are members of traditionally underserved populations, including researchers who are members of minority groups and researchers who are individuals with disabilities.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 201. (a) There are authorized to be appropriated—

"(1) for the purpose of providing for the expenses of the National Institute on Disability and Rehabili-

tation Research under section 202, which shall include the expenses of the Rehabilitation Research Advisory Council under section 205, and shall not include the expenses of such Institute to carry out section 204, such sums as may be necessary for each of fiscal years 1998 through 2004; and

"(2) to carry out section 204, such sums as may be necessary for each of fiscal years 1998 through 2004.

"(b) Funds appropriated under this title shall remain available until expended.

"NATIONAL INSTITUTE ON DISABILITY AND REHABILITATION RESEARCH

"SEC. 202. (a)(1) There is established within the Department of Education a National Institute on Disability and Rehabilitation Research (hereinafter in this title referred to as the 'Institute'), which shall be headed by a Director (hereinafter in this title referred to as the 'Director'), in order to—

"(A) promote, coordinate, and provide for—

"(i) research;

"(ii) demonstration projects and training; and

"(iii) related activities,

with respect to individuals with disabilities;

"(B) more effectively carry out activities through the programs under section 204 and activities under this section;

"(C) widely disseminate information from the activities described in subparagraphs (A) and (B); and

"(D) provide leadership in advancing the quality of life of individuals with disabilities.

"(2) In the performance of the functions of the office, the Director shall be directly responsible to the Secretary or to the same Under Secretary or Assistant Secretary of the Department of Education to whom the Commissioner is responsible under section 3(a).

"(b) The Director, through the Institute, shall be responsible for—

"(1) administering the programs described in section 204 and activities under this section;

"(2) widely disseminating findings, conclusions, and recommendations, resulting from research, demonstration projects, training, and related activities (referred to in this title as 'covered activities') funded by the Institute, to—

"(A) other Federal, State, tribal, and local public agencies;

"(B) private organizations engaged in research relating to rehabilitation or providing rehabilitation services;

"(C) rehabilitation practitioners; and

"(D) individuals with disabilities and the individuals' representatives;

"(3) coordinating, through the Interagency Committee established by section 203 of this Act, all Federal programs and policies relating to research in rehabilitation;

"(4) widely disseminating educational materials and research results, concerning ways to maximize the full inclusion and integration into society, employment, independent living, family support, and economic and social self-sufficiency of individuals with disabilities, to—

"(A) public and private entities, including—

"(i) elementary and secondary schools (as defined in section 14101 of the Elementary and Secondary Education Act of 1965; and

"(ii) institutions of higher education;

"(B) rehabilitation practitioners;

"(C) individuals with disabilities (especially such individuals who are members of minority groups or of populations that are unserved or underserved by programs under this Act); and

"(D) the individuals' representatives for the individuals described in subparagraph (C);

"(5)(A) conducting an education program to inform the public about ways of providing for the rehabilitation of individuals with disabilities, including information relating to—

"(i) family care;

"(ii) self-care; and

"(iii) assistive technology devices and assistive technology services; and

"(B) as part of the program, disseminating engineering information about assistive technology devices;

"(6) conducting conferences, seminars, and workshops (including in-service training programs and programs for individuals with disabilities) concerning advances in rehabilitation research and rehabilitation technology (including advances concerning the selection and use of assistive technology devices and assistive technology services), pertinent to the full inclusion

and integration into society, employment, independent living, family support, and economic and social self-sufficiency of individuals with disabilities;

"(7) taking whatever action is necessary to keep the Congress fully and currently informed with respect to the implementation and conduct of programs and activities carried out under this title, including dissemination activities;

"(8) producing, in conjunction with the Department of Labor, the National Center for Health Statistics, the Bureau of the Census, the Health Care Financing Administration, the Social Security Administration, the Bureau of Indian Affairs, the Indian Health Service, and other Federal departments and agencies, as may be appropriate, statistical reports and studies on the employment, health, income, and other demographic characteristics of individuals with disabilities, including information on individuals with disabilities who live in rural or inner-city settings, with particular attention given to underserved populations, and widely disseminating such reports and studies to rehabilitation professionals, individuals with disabilities, the individuals' representatives, and others to assist in the planning, assessment, and

evaluation of vocational and other rehabilitation services for individuals with disabilities;

"(9) conducting research on consumer satisfaction with vocational rehabilitation services for the purpose of identifying effective rehabilitation programs and policies that promote the independence of individuals with disabilities and achievement of long-term vocational goals;

"(10) conducting research to examine the relationship between the provision of specific services and successful, sustained employment outcomes, including employment outcomes involving self-employment; and

"(11) coordinating activities with the Attorney General regarding the provision of information, training, or technical assistance regarding the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) to ensure consistency with the plan for technical assistance required under section 506 of such Act (42 U.S.C. 12206).

"(c)(1) The Director, acting through the Institute or 1 or more entities funded by the Institute, shall provide for the development and dissemination of models to address consumer-driven information needs related to assistive technology devices and assistive technology services.

"(2) The development and dissemination of models may include—

"(A) convening groups of individuals with disabilities, family members and advocates of such individuals, commercial producers of assistive technology, and entities funded by the Institute to develop, assess, and disseminate knowledge about information needs related to assistive technology;

"(B) identifying the types of information regarding assistive technology devices and assistive technology services that individuals with disabilities find especially useful;

"(C) evaluating current models, and developing new models, for transmitting the information described in subparagraph (B) to consumers and to commercial producers of assistive technology; and

"(D) disseminating through 1 or more entities funded by the Institute, the models described in subparagraph (C) and findings regarding the information described in subparagraph (B) to consumers and commercial producers of assistive technology.

"(d)(1) The Director of the Institute shall be appointed by the Secretary. The Director shall be an individual with substantial experience in rehabilitation and in research administration. The Director shall be compensated at the rate

payable for level V of the Executive Schedule under section 5316 of title 5, United States Code. The Director shall not delegate any of his functions to any officer who is not directly responsible to the Director.

"(2) There shall be a Deputy Director of the Institute (referred to in this section as the 'Deputy Director') who shall be appointed by the Secretary. The Deputy Director shall be an individual with substantial experience in rehabilitation and in research administration. The Deputy Director shall be compensated at the rate of pay for level 4 of the Senior Executive Service Schedule under section 5382 of title 5, United States Code, and shall act for the Director during the absence of the Director or the inability of the Director to perform the essential functions of the job, exercising such powers as the Director may prescribe. In the case of any vacancy in the office of the Director, the Deputy Director shall serve as Director until a Director is appointed under paragraph (1). The position created by this paragraph shall be a Senior Executive Service position, as defined in section 3132 of title 5, United States Code.

"(3) The Director, subject to the approval of the President, may appoint, for terms not to exceed three years, without regard to the provisions of title 5, United States Code, governing appointment in the competitive service, and may compensate, without regard to the provisions of chapter 51

and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, such technical and professional employees of the Institute as the Director determines to be necessary to accomplish the functions of the Institute and also appoint and compensate without regard to such provisions, in a number not to exceed one-fifth of the number of full-time, regular technical and professional employees of the Institute.

"(4) The Director may obtain the services of consultants, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service.

"(e) The Director, pursuant to regulations which the Secretary shall prescribe, may establish and maintain fellowships with such stipends and allowances, including travel and subsistence expenses provided for under title 5, United States Code, as the Director considers necessary to procure the assistance of highly qualified research fellows, including individuals with disabilities, from the United States and foreign countries.

"(f)(1) The Director shall, pursuant to regulations that the Secretary shall prescribe, provide for scientific peer review of all applications for financial assistance for research, training, and demonstration projects over which the Director has authority. The Director shall provide for the review

by utilizing, to the maximum extent possible, appropriate peer review panels established within the Institute. The panels shall be standing panels if the grant period involved or the duration of the program involved is not more than 3 years. The panels shall be composed of individuals who are not Federal employees, who are scientists or other experts in the rehabilitation field (including the independent living field), including knowledgeable individuals with disabilities, and the individuals' representatives, and who are competent to review applications for the financial assistance.

"(2) The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the panels.

"(3) The Director shall solicit nominations for such panels from the public and shall publish the names of the individuals selected. Individuals comprising each panel shall be selected from a pool of qualified individuals to facilitate knowledgeable, cost-effective review.

"(4) In providing for such scientific peer review, the Secretary shall provide for training, as necessary and appropriate, to facilitate the effective participation of those individuals selected to participate in such review.

"(g) Not less than 90 percent of the funds appropriated under this title for any fiscal year shall be expended by the Director to carry out activities under this title through

grants, contracts, or cooperative agreements. Up to 10 percent of the funds appropriated under this title for any fiscal year may be expended directly for the purpose of carrying out the functions of the Director under this section.

"(h)(1) The Director shall—

"(A) by October 1, 1998 and every fifth October 1 thereafter, prepare and publish in the Federal Register for public comment a draft of a 5-year plan that outlines priorities for rehabilitation research, demonstration projects, training, and related activities and explains the basis for such priorities;

"(B) by June 1, 1999, and every fifth June 1 thereafter, after considering public comments, submit the plan in final form to the appropriate committees of Congress;

"(C) at appropriate intervals, prepare and submit revisions in the plan to the appropriate committees of Congress; and

"(D) annually prepare and submit progress reports on the plan to the appropriate committees of Congress.

"(2) Such plan shall—

"(A) identify any covered activity that should be conducted under this section and section 204 respecting the full inclusion and integration into society of

individuals with disabilities, especially in the area of employment;

"(B) determine the funding priorities for covered activities to be conducted under this section and section 204;

"(C) specify appropriate goals and timetables for covered activities to be conducted under this section and section 204;

"(D) be developed by the Director—

"(i) after consultation with the Rehabilitation Research Advisory Council established under section 205;

"(ii) in coordination with the Commissioner;

"(iii) after consultation with the National Council on Disability established under title IV, the Secretary of Education, officials responsible for the administration of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6000 et seq.), and the Interagency Committee on Disability Research established under section 203; and

"(iv) after full consideration of the input of individuals with disabilities and the individuals' representatives, organizations representing indi-

viduals with disabilities, providers of services furnished under this Act, researchers in the rehabilitation field, and any other persons or entities the Director considers to be appropriate;

"(E) specify plans for widespread dissemination of the results of covered activities, in accessible formats, to rehabilitation practitioners, individuals with disabilities, and the individuals' representatives; and

"(F) specify plans for widespread dissemination of the results of covered activities that concern individuals with disabilities who are members of minority groups or of populations that are unserved or underserved by programs carried out under this Act.

"(i) In order to promote cooperation among Federal departments and agencies conducting research programs, the Director shall consult with the administrators of such programs, and with the Interagency Committee established by section 203, regarding the design of research projects conducted by such entities and the results and applications of such research.

"(j)(1) The Director shall take appropriate actions to provide for a comprehensive and coordinated research program under this title. In providing such a program, the Director may undertake joint activities with other Federal entities engaged in research and with appropriate private

entities. Any Federal entity proposing to establish any research project related to the purposes of this Act shall consult, through the Interagency Committee established by section 203, with the Director as Chairperson of such Committee and provide the Director with sufficient prior opportunity to comment on such project.

"(2) Any person responsible for administering any program of the National Institutes of Health, the Department of Veterans Affairs, the National Science Foundation, the National Aeronautics and Space Administration, the Office of Special Education and Rehabilitative Services, or of any other Federal entity, shall, through the Interagency Committee established by section 203, consult and cooperate with the Director in carrying out such program if the program is related to the purposes of this title.

"(k) The Director shall make grants to institutions of higher education for the training of rehabilitation researchers, including individuals with disabilities, with particular attention to research areas that support the implementation and objectives of this Act and that improve the effectiveness of services authorized under this Act.

"INTERAGENCY COMMITTEE

"SEC. 203. (a)(1) In order to promote coordination and cooperation among Federal departments and agencies conducting rehabilitation research programs, there is established within the Federal Government an Interagency Com-

mittee on Disability Research (hereinafter in this section referred to as the 'Committee'), chaired by the Director and comprised of such members as the President may designate, including the following (or their designees): the Director, the Commissioner of the Rehabilitation Services Administration, the Assistant Secretary for Special Education and Rehabilitative Services, the Secretary of Education, the Secretary of Veterans Affairs, the Director of the National Institutes of Health, the Director of the National Institute of Mental Health, the Administrator of the National Aeronautics and Space Administration, the Secretary of Transportation, the Assistant Secretary of the Interior for Indian Affairs, the Director of the Indian Health Service, and the Director of the National Science Foundation.

"(2) The Committee shall meet not less than four times each year.

"(b) After receiving input from individuals with disabilities and the individuals' representatives, the Committee shall identify, assess, and seek to coordinate all Federal programs, activities, and projects, and plans for such programs, activities, and projects with respect to the conduct of research related to rehabilitation of individuals with disabilities.

"(c) The Committee shall annually submit to the President and to the appropriate committees of the Congress a

report making such recommendations as the Committee deems appropriate with respect to coordination of policy and development of objectives and priorities for all Federal programs relating to the conduct of research related to rehabilitation of individuals with disabilities.

"RESEARCH AND OTHER COVERED ACTIVITIES

"SEC. 204. (a)(1) To the extent consistent with priorities established in the 5-year plan described in section 202(h), the Director may make grants to and contracts with States and public or private agencies and organizations, including institutions of higher education, Indian tribes, and tribal organizations, to pay part of the cost of projects for the purpose of planning and conducting research, demonstration projects, training, and related activities, the purposes of which are to develop methods, procedures, and rehabilitation technology, that maximize the full inclusion and integration into society, employment, independent living, family support, and economic and social self-sufficiency of individuals with disabilities, especially individuals with the most significant disabilities, and improve the effectiveness of services authorized under this Act.

"(2)(A) In carrying out this section, the Director shall emphasize projects that support the implementation of titles I, III, V, VI, and VII, including projects addressing the needs described in the State plans submitted under section 101 or 704 by State agencies.

"(B) Such projects, as described in the State plans submitted by State agencies, may include—

"(i) medical and other scientific, technical, methodological, and other investigations into the nature of disability, methods of analyzing it, and restorative techniques, including basic research where related to rehabilitation techniques or services;

"(ii) studies and analysis of industrial, vocational, social, recreational, psychiatric, psychological, economic, and other factors affecting rehabilitation of individuals with disabilities;

"(iii) studies and analysis of special problems of individuals who are homebound and individuals who are institutionalized;

"(iv) studies, analyses, and demonstrations of architectural and engineering design adapted to meet the special needs of individuals with disabilities;

"(v) studies, analyses, and other activities related to supported employment;

"(vi) related activities which hold promise of increasing knowledge and improving methods in the rehabilitation of individuals with disabilities and individuals with the most significant disabilities, particularly individuals with disabilities, and individuals with the most significant disabilities, who are mem-

bers of populations that are unserved or underserved by programs under this Act; and

"(vii) studies, analyses, and other activities related to job accommodations, including the use of rehabilitation engineering and assistive technology.

"(b)(1) In addition to carrying out projects under subsection (a), the Director may make grants under this subsection (referred to in this subsection as 'research grants') to pay part or all of the cost of the research or other specialized covered activities described in paragraphs (2) through (18). A research grant made under any of paragraphs (2) through (18) may only be used in a manner consistent with priorities established in the 5-year plan described in section 202(h).

"(2)(A) Research grants may be used for the establishment and support of Rehabilitation Research and Training Centers, for the purpose of providing an integrated program of research, which Centers shall—

"(i) be operated in collaboration with institutions of higher education or providers of rehabilitation services or other appropriate services; and

"(ii) serve as centers of national excellence and national or regional resources for providers and individuals with disabilities and the individuals' representatives.

"(B) The Centers shall conduct research and training activities by—

"(i) conducting coordinated and advanced programs of research in rehabilitation targeted toward the production of new knowledge that will improve rehabilitation methodology and service delivery systems, alleviate or stabilize disabling conditions, and promote maximum social and economic independence of individuals with disabilities, especially promoting the ability of the individuals to prepare for, secure, retain, regain, or advance in employment;

"(ii) providing training (including graduate, pre-service, and in-service training) to assist individuals to more effectively provide rehabilitation services;

"(iii) providing training (including graduate, pre-service, and in-service training) for rehabilitation research personnel and other rehabilitation personnel; and

"(iv) serving as an informational and technical assistance resource to providers, individuals with disabilities, and the individuals' representatives, through conferences, workshops, public education programs, in-service training programs, and similar activities.

"(C) The research to be carried out at each such Center may include—

"(i) basic or applied medical rehabilitation research;

"(ii) research regarding the psychological and social aspects of rehabilitation, including disability policy;

"(iii) research related to vocational rehabilitation;

"(iv) continuation of research that promotes the emotional, social, educational, and functional growth of children who are individuals with disabilities;

"(v) continuation of research to develop and evaluate interventions, policies, and services that support families of those children and adults who are individuals with disabilities; and

"(vi) continuation of research that will improve services and policies that foster the productivity, independence, and social integration of individuals with disabilities, and enable individuals with disabilities, including individuals with mental retardation and other developmental disabilities, to live in their communities.

"(D) Training of students preparing to be rehabilitation personnel shall be an important priority for such a Center.

"(E) The Director shall make grants under this paragraph to establish and support both comprehensive centers dealing with multiple disabilities and centers primarily focused on particular disabilities.

"(F) Grants made under this paragraph may be used to provide funds for services rendered by such a Center to individuals with disabilities in connection with the research and training activities.

"(G) Grants made under this paragraph may be used to provide faculty support for teaching—

"(i) rehabilitation-related courses of study for credit; and

"(ii) other courses offered by the Centers, either directly or through another entity.

"(H) The research and training activities conducted by such a Center shall be conducted in a manner that is accessible to and usable by individuals with disabilities.

"(I) The Director shall encourage the Centers to develop practical applications for the findings of the research of the Centers.

"(J) In awarding grants under this paragraph, the Director shall take into consideration the location of any proposed Center and the appropriate geographic and regional allocation of such Centers.

"(K) To be eligible to receive a grant under this paragraph, each such institution or provider described in subparagraph (A) shall—

"(i) be of sufficient size, scope, and quality to effectively carry out the activities in an efficient manner consistent with appropriate State and Federal law; and

"(ii) demonstrate the ability to carry out the training activities either directly or through another entity that can provide such training.

"(L) The Director shall make grants under this paragraph for periods of 5 years, except that the Director may make a grant for a period of less than 5 years if—

"(i) the grant is made to a new recipient; or

"(ii) the grant supports new or innovative research.

"(M) Grants made under this paragraph shall be made on a competitive basis. To be eligible to receive a grant under this paragraph, a prospective grant recipient shall submit an application to the Director at such time, in such manner, and containing such information as the Director may require.

"(N) In conducting scientific peer review under section 202(f) of an application for the renewal of a grant made under this paragraph, the peer review panel shall take into

account the past performance of the applicant in carrying out the grant and input from individuals with disabilities and the individuals' representatives.

"(O) An institution or provider that receives a grant under this paragraph to establish such a Center may not collect more than 15 percent of the amount of the grant received by the Center in indirect cost charges.

"(3)(A) Research grants may be used for the establishment and support of Rehabilitation Engineering Research Centers, operated by or in collaboration with institutions of higher education or nonprofit organizations, to conduct research or demonstration activities, and training activities, regarding rehabilitation technology, including rehabilitation engineering, assistive technology devices, and assistive technology services, for the purposes of enhancing opportunities for better meeting the needs of, and addressing the barriers confronted by, individuals with disabilities in all aspects of their lives.

"(B) In order to carry out the purposes set forth in subparagraph (A), such a Center shall carry out the research or demonstration activities by—

"(i) developing and disseminating innovative methods of applying advanced technology, scientific achievement, and psychological and social knowledge to—

"(I) solve rehabilitation problems and remove environmental barriers through planning and conducting research, including cooperative research with public or private agencies and organizations, designed to produce new scientific knowledge, and new or improved methods, equipment, and devices; and

"(II) study new or emerging technologies, products, or environments, and the effectiveness and benefits of such technologies, products, or environments;

"(ii) demonstrating and disseminating—

"(I) innovative models for the delivery, to rural and urban areas, of cost-effective rehabilitation technology services that promote utilization of assistive technology devices; and

"(II) other scientific research to assist in meeting the employment and independent living needs of individuals with significant disabilities; or

"(iii) conducting research or demonstration activities that facilitate service delivery systems change by demonstrating, evaluating, documenting, and disseminating—

"(I) consumer responsive and individual and family-centered innovative models for the delivery to both rural and urban areas, of innovative cost-effective rehabilitation technology services that promote utilization of rehabilitation technology; and

"(II) other scientific research to assist in meeting the employment and independent living needs of, and addressing the barriers confronted by, individuals with disabilities, including individuals with significant disabilities.

"(C) To the extent consistent with the nature and type of research or demonstration activities described in subparagraph (B), each Center established or supported through a grant made available under this paragraph shall—

"(i) cooperate with programs established under the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2201 et seq.) and other regional and local programs to provide information to individuals with disabilities and the individuals' representatives to—

"(I) increase awareness and understanding of how rehabilitation technology can address their needs; and

"(II) increase awareness and understanding of the range of options, programs, services, and resources available, including financing options for the technology and services covered by the area of focus of the Center;

"(ii) provide training opportunities to individuals, including individuals with disabilities, to become researchers of rehabilitation technology and practitioners of rehabilitation technology in conjunction with institutions of higher education and nonprofit organizations; and

"(iii) respond, through research or demonstration activities, to the needs of individuals with all types of disabilities who may benefit from the application of technology within the area of focus of the Center.

"(D)(i) In establishing Centers to conduct the research or demonstration activities described in subparagraph (B)(iii), the Director may establish one Center in each of the following areas of focus:

"(I) Early childhood services, including early intervention and family support.

"(II) Education at the elementary and secondary levels, including transition from school to postschool activities.

"(III) Employment, including supported employment, and reasonable accommodations and the reduction of environmental barriers as required by the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) and title V.

"(IV) Independent living, including transition from institutional to community living, maintenance of community living on leaving the work force, self-help skills, and activities of daily living.

"(ii) Each Center conducting the research or demonstration activities described in subparagraph (B)(iii) shall have an advisory committee, of which the majority of members are individuals with disabilities who are users of rehabilitation technology, and the individuals' representatives.

"(E) Grants made under this paragraph shall be made on a competitive basis and shall be for a period of 5 years, except that the Director may make a grant for a period of less than 5 years if—

"(i) the grant is made to a new recipient; or

"(ii) the grant supports new or innovative research.

"(F) To be eligible to receive a grant under this paragraph, a prospective grant recipient shall submit an appli-

cation to the Director at such time, in such manner, and containing such information as the Director may require.

"(G) Each Center established or supported through a grant made available under this paragraph shall—

"(i) cooperate with State agencies and other local, State, regional, and national programs and organizations developing or delivering rehabilitation technology, including State programs funded under the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2201 et seq.); and

"(ii) prepare and submit to the Director as part of an application for continuation of a grant, or as a final report, a report that documents the outcomes of the program of the Center in terms of both short- and long-term impact on the lives of individuals with disabilities, and such other information as may be requested by the Director.

"(4)(A) Research grants may be used to conduct a program for spinal cord injury research, including conducting such a program by making grants to public or private agencies and organizations to pay part or all of the costs of special projects and demonstration projects for spinal cord injuries, that will—

"(i) ensure widespread dissemination of research findings among all Spinal Cord Injury Centers, to rehabilitation practitioners, individuals with spinal cord injury, the individuals' representatives, and organizations receiving financial assistance under this paragraph;

"(ii) provide encouragement and support for initiatives and new approaches by individual and institutional investigators; and

"(iii) establish and maintain close working relationships with other governmental and voluntary institutions and organizations engaged in similar efforts in order to unify and coordinate scientific efforts, encourage joint planning, and promote the interchange of data and reports among spinal cord injury investigations.

"(B) Any agency or organization carrying out a project or demonstration project assisted by a grant under this paragraph that provides services to individuals with spinal cord injuries shall—

"(i) establish, on an appropriate regional basis, a multidisciplinary system of providing vocational and other rehabilitation services, specifically designed to meet the special needs of individuals with spinal

cord injuries, including acute care as well as periodic inpatient or outpatient followup and services;

"(ii) demonstrate and evaluate the benefits to individuals with spinal cord injuries served in, and the degree of cost-effectiveness of, such a regional system;

"(iii) demonstrate and evaluate existing, new, and improved methods and rehabilitation technology essential to the care, management, and rehabilitation of individuals with spinal cord injuries; and

"(iv) demonstrate and evaluate methods of community outreach for individuals with spinal cord injuries and community education in connection with the problems of such individuals in areas such as housing, transportation, recreation, employment, and community activities.

"(C) In awarding grants under this paragraph, the Director shall take into account the location of any proposed Spinal Cord Injury Center and the appropriate geographic and regional allocation of such Centers.

"(5) Research grants may be used to conduct a program for end-stage renal disease research, to include support of projects and demonstrations for providing special services (including transplantation and dialysis), artificial kidneys, and supplies necessary for the rehabilitation of individuals with such disease and which will—

"(A) ensure dissemination of research findings;

"(B) provide encouragement and support for initiatives and new approaches by individuals and institutional investigators; and

"(C) establish and maintain close working relationships with other governmental and voluntary institutions and organizations engaged in similar efforts,

in order to unify and coordinate scientific efforts, encourage joint planning, and promote the interchange of data and reports among investigators in the field of end-stage renal disease. No person shall be selected to participate in such program who is eligible for services for such disease under any other provision of law.

"(6) Research grants may be used to conduct a program for international rehabilitation research, demonstration, and training for the purpose of developing new knowledge and methods in the rehabilitation of individuals with disabilities in the United States, cooperating with and assisting in developing and sharing information found useful in other nations in the rehabilitation of individuals with disabilities, and initiating a program to exchange experts and technical assistance in the field of rehabilitation of individuals with disabilities with other nations as a means of increasing the levels of skill of rehabilitation personnel.

"(7) Research grants may be used to conduct a research program concerning the use of existing telecommunications systems (including telephone, television, satellite, radio, and other similar systems) which have the potential for substantially improving service delivery methods, and the development of appropriate programming to meet the particular needs of individuals with disabilities.

"(8) Research grants may be used to conduct a program of joint projects with the National Institutes of Health, the National Institute of Mental Health, the Health Services Administration, the Administration on Aging, the National Science Foundation, the Veterans' Administration, the Department of Health and Human Services, the National Aeronautics and Space Administration, other Federal agencies, and private industry in areas of joint interest involving rehabilitation.

"(9) Research grants may be used to conduct a program of research related to the rehabilitation of children, or older individuals, who are individuals with disabilities, including older American Indians who are individuals with disabilities. Such research program may include projects designed to assist the adjustment of, or maintain as residents in the community, older workers who are individuals with disabilities on leaving the work force.

"(10) Research grants may be used to conduct a research program to develop and demonstrate innovative methods to attract and retain professionals to serve in rural areas in the rehabilitation of individuals with disabilities, including individuals with significant disabilities.

"(11) Research grants may be used to conduct a model research and demonstration project designed to assess the feasibility of establishing a center for producing and distributing to individuals who are deaf or hard of hearing captioned video cassettes providing a broad range of educational, cultural, scientific, and vocational programming.

"(12) Research grants may be used to conduct a model research and demonstration program to develop innovative methods of providing services for preschool age children who are individuals with disabilities, including—

"(A) early intervention, assessment, parent counseling, infant stimulation, early identification, diagnosis, and evaluation of children who are individuals with significant disabilities up to the age of five, with a special emphasis on children who are individuals with significant disabilities up to the age of three;

"(B) such physical therapy, language development, pediatric, nursing, psychological, and psychiatric services as are necessary for such children; and

"(C) appropriate services for the parents of such children, including psychological and psychiatric services, parent counseling, and training.

"(13) Research grants may be used to conduct a model research and training program under which model training centers shall be established to develop and use more advanced and effective methods of evaluating and addressing the employment needs of individuals with disabilities, including programs that—

"(A) provide training and continuing education for personnel involved with the employment of individuals with disabilities;

"(B) develop model procedures for testing and evaluating the employment needs of individuals with disabilities;

"(C) develop model training programs to teach individuals with disabilities skills which will lead to appropriate employment;

"(D) develop new approaches for job placement of individuals with disabilities, including new follow-up procedures relating to such placement;

"(E) provide information services regarding education, training, employment, and job placement for individuals with disabilities; and

"(F) develop new approaches and provide information regarding job accommodations, including the use of rehabilitation engineering and assistive technology.

"(14) Research grants may be used to conduct a rehabilitation research program under which financial assistance is provided in order to—

"(A) test new concepts and innovative ideas;

"(B) demonstrate research results of high potential benefits;

"(C) purchase prototype aids and devices for evaluation;

"(D) develop unique rehabilitation training curricula; and

"(E) be responsive to special initiatives of the Director.

No single grant under this paragraph may exceed $50,000 in any fiscal year and all payments made under this paragraph in any fiscal year may not exceed 5 percent of the amount available for this section to the National Institute on Disability and Rehabilitation Research in any fiscal year. Regulations and administrative procedures with respect to financial assistance under this paragraph shall, to the maximum extent possible, be expedited.

"(15) Research grants may be used to conduct studies of the rehabilitation needs of American Indian populations and of effective mechanisms for the delivery of rehabilitation services to Indians residing on and off reservations.

"(16) Research grants may be used to conduct a demonstration program under which one or more projects national in scope shall be established to develop procedures to provide incentives for the development, manufacturing, and marketing of orphan technological devices, including technology transfer concerning such devices, designed to enable individuals with disabilities to achieve independence and access to gainful employment.

"(17)(A) Research grants may be used to conduct a research program related to quality assurance in the area of rehabilitation technology.

"(B) Activities carried out under the research program may include—

"(i) the development of methodologies to evaluate rehabilitation technology products and services and the dissemination of the methodologies to consumers and other interested parties;

"(ii) identification of models for service provider training and evaluation and certification of the effectiveness of the models;

"(iii) identification and dissemination of outcome measurement models for the assessment of rehabilitation technology products and services; and

"(iv) development and testing of research-based tools to enhance consumer decisionmaking about rehabilitation technology products and services.

"(C) The Director shall develop the quality assurance research program after consultation with representatives of all types of organizations interested in rehabilitation technology quality assurance.

"(18) Research grants may be used to provide for research and demonstration projects and related activities that explore the use and effectiveness of specific alternative or complementary medical practices for individuals with disabilities. Such projects and activities may include projects and activities designed to—

"(A) determine the use of specific alternative or complementary medical practices among individuals with disabilities and the perceived effectiveness of the practices;

"(B) determine the specific information sources, decisionmaking methods, and methods of payment used by individuals with disabilities who access alternative or complementary medical services;

"(C) develop criteria to screen and assess the validity of research studies of such practices for individuals with disabilities; and

"(D) determine the effectiveness of specific alternative or complementary medical practices that show promise for promoting increased functioning, prevention of secondary disabilities, or other positive outcomes for individuals with certain types of disabilities, by conducting controlled research studies.

"(c)(1) In carrying out evaluations of covered activities under this section, the Director is authorized to make arrangements for site visits to obtain information on the accomplishments of the projects.

"(2) The Director shall not make a grant under this section that exceeds $499,999 unless the peer review of the grant application has included a site visit.

"REHABILITATION RESEARCH ADVISORY COUNCIL

"SEC. 205. (a) ESTABLISHMENT.—Subject to the availability of appropriations, the Secretary shall establish in the Department of Education a Rehabilitation Research Advisory Council (referred to in this section as the 'Council') composed of 12 members appointed by the Secretary.

"(b) DUTIES.—The Council shall advise the Director with respect to research priorities and the development and revision of the 5-year plan required by section 202(h).

"(c) QUALIFICATIONS.—Members of the Council shall be generally representative of the community of rehabilitation professionals, the community of rehabilitation researchers, the community of individuals with disabilities, and the individuals' representatives. At least one-half of the members shall be individuals with disabilities or the individuals' representatives.

"(d) TERMS OF APPOINTMENT.—

"(1) LENGTH OF TERM.—Each member of the Council shall serve for a term of up to 3 years, determined by the Secretary, except that—

"(A) a member appointed to fill a vacancy occurring prior to the expiration of the term for which a predecessor was appointed, shall be appointed for the remainder of such term; and

"(B) the terms of service of the members initially appointed shall be (as specified by the Secretary) for such fewer number of years as will provide for the expiration of terms on a staggered basis.

"(2) NUMBER OF TERMS.—No member of the Council may serve more than two consecutive full terms. Members may serve after the expiration of their terms until their successors have taken office.

"(e) VACANCIES.—Any vacancy occurring in the membership of the Council shall be filled in the same manner as the original appointment for the position being vacated. The vacancy shall not affect the power of the remaining members to execute the duties of the Council.

"(f) PAYMENT AND EXPENSES.—

"(1) PAYMENT.—Each member of the Council who is not an officer or full-time employee of the Federal Government shall receive a payment of $150 for each day (including travel time) during which the member is engaged in the performance of duties for the Council. All members of the Council who are officers or full-time employees of the United States shall serve without compensation in addition to compensation received for their services as officers or employees of the United States.

"(2) TRAVEL EXPENSES.—Each member of the Council may receive travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for employees serving intermittently in the Government service, for each day the member is engaged in the performance of duties away from the home or regular place of business of the member.

"(g) DETAIL OF FEDERAL EMPLOYEES.—On the request of the Council, the Secretary may detail, with or without reimbursement, any of the personnel of the Department of Education to the Council to assist the Council in carrying out its duties. Any detail shall not interrupt or otherwise affect the civil service status or privileges of the Federal employee.

"(h) TECHNICAL ASSISTANCE.—On the request of the Council, the Secretary shall provide such technical assistance to the Council as the Council determines to be necessary to carry out its duties.

"(i) TERMINATION.—Section 14 of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply with respect to the Council.".

SEC. 606. PROFESSIONAL DEVELOPMENT AND SPECIAL PROJECTS AND DEMONSTRATIONS.

Title III of the Rehabilitation Act of 1973 (29 U.S.C. 770 et seq.) is amended to read as follows:

"TITLE III—PROFESSIONAL DEVELOPMENT AND SPECIAL PROJECTS AND DEMONSTRATIONS

"SEC. 301. DECLARATION OF PURPOSE AND COMPETITIVE BASIS OF GRANTS AND CONTRACTS.

"(a) PURPOSE.—It is the purpose of this title to authorize grants and contracts to—

"(1)(A) provide academic training to ensure that skilled personnel are available to provide rehabilitation services to individuals with disabilities through vocational, medical, social, and psychological rehabilitation programs (including supported employment programs), through independent living services programs, and through client assistance programs; and

"(B) provide training to maintain and upgrade basic skills and knowledge of personnel employed to provide state-of-the-art service delivery and rehabilitation technology services;

"(2) conduct special projects and demonstrations that expand and improve the provision of rehabilitation and other services authorized under this Act, or that otherwise further the purposes of this Act, including related research and evaluation;

"(3) provide vocational rehabilitation services to individuals with disabilities who are migrant or seasonal farmworkers;

"(4) initiate recreational programs to provide recreational activities and related experiences for individuals with disabilities to aid such individuals in employment, mobility, socialization, independence, and community integration; and

"(5) provide training and information to individuals with disabilities and the individuals' representatives, and other appropriate parties to develop the skills necessary for individuals with disabilities to gain access to the rehabilitation system and workforce investment system and to become active decision-makers in the rehabilitation process.

"(b) COMPETITIVE BASIS OF GRANTS AND CONTRACTS.—The Secretary shall ensure that all grants and contracts are awarded under this title on a competitive basis.

"SEC. 302. TRAINING.

"(a) GRANTS AND CONTRACTS FOR PERSONNEL TRAINING.—

"(1) AUTHORITY.—The Commissioner shall make grants to, and enter into contracts with, States and public or nonprofit agencies and organizations (in-

cluding institutions of higher education) to pay part of the cost of projects to provide training, traineeships, and related activities, including the provision of technical assistance, that are designed to assist in increasing the numbers of, and upgrading the skills of, qualified personnel (especially rehabilitation counselors) who are trained in providing vocational, medical, social, and psychological rehabilitation services, who are trained to assist individuals with communication and related disorders, who are trained to provide other services provided under this Act, to individuals with disabilities, and who may include—

"(A) personnel specifically trained in providing employment assistance to individuals with disabilities through job development and job placement services;

"(B) personnel specifically trained to identify, assess, and meet the individual rehabilitation needs of individuals with disabilities, including needs for rehabilitation technology;

"(C) personnel specifically trained to deliver services to individuals who may benefit from receiving independent living services;

"(D) personnel specifically trained to deliver services in the client assistance programs;

"(E) personnel specifically trained to deliver services, through supported employment programs, to individuals with a most significant disability;

"(F) personnel providing vocational rehabilitation services specifically trained in the use of braille, the importance of braille literacy, and in methods of teaching braille; and

"(G) personnel trained in performing other functions necessary to the provision of vocational, medical, social, and psychological rehabilitation services, and other services provided under this Act.

"(2) AUTHORITY TO PROVIDE SCHOLARSHIPS.—Grants and contracts under paragraph (1) may be expended for scholarships and may include necessary stipends and allowances.

"(3) RELATED FEDERAL STATUTES.—In carrying out this subsection, the Commissioner may make grants to and enter into contracts with States and public or nonprofit agencies and organizations, including institutions of higher education, to furnish training regarding related Federal statutes (other than this Act).

"(4) TRAINING FOR STATEWIDE WORKFORCE SYSTEMS PERSONNEL.—The Commissioner may make grants to and enter into contracts under this subsection with States and public or nonprofit agencies and organizations, including institutions of higher education, to furnish training to personnel providing services to individuals with disabilities under the Workforce Investment Partnership Act of 1998. Under this paragraph, personnel may be trained—

"(A) in evaluative skills to determine whether an individual with a disability may be served by the State vocational rehabilitation program or another component of the statewide workforce investment system; or

"(B) to assist individuals with disabilities seeking assistance through one-stop customer service centers established under section 315 of the Workforce Investment Partnership Act of 1998.

"(5) JOINT FUNDING.—Training and other activities provided under paragraph (4) for personnel may be jointly funded with the Department of Labor, using funds made available under title III of the Workforce Investment Partnership Act of 1998.

"(b) GRANTS AND CONTRACTS FOR ACADEMIC DEGREES AND ACADEMIC CERTIFICATE GRANTING TRAINING PROJECTS.—

"(1) AUTHORITY.—

"(A) IN GENERAL.—The Commissioner may make grants to, and enter into contracts with, States and public or nonprofit agencies and organizations (including institutions of higher education) to pay part of the costs of academic training projects to provide training that leads to an academic degree or academic certificate. In making such grants or entering into such contracts, the Commissioner shall target funds to areas determined under subsection (e) to have shortages of qualified personnel.

"(B) TYPES OF PROJECTS.—Academic training projects described in this subsection may include—

"(i) projects to train personnel in the areas of vocational rehabilitation counseling, rehabilitation technology, rehabilitation medicine, rehabilitation nursing, rehabilitation social work, rehabilitation psychiatry, rehabilitation psychology, rehabilitation dentistry, physical therapy, occupational

therapy, speech pathology and audiology, physical education, therapeutic recreation, community rehabilitation programs, or prosthetics and orthotics;

"(ii) projects to train personnel to provide—

"(I) services to individuals with specific disabilities or individuals with disabilities who have specific impediments to rehabilitation, including individuals who are members of populations that are unserved or underserved by programs under this Act;

"(II) job development and job placement services to individuals with disabilities;

"(III) supported employment services, including services of employment specialists for individuals with disabilities;

"(IV) specialized services for individuals with significant disabilities; or

"(V) recreation for individuals with disabilities;

"(iii) projects to train personnel in other fields contributing to the rehabilitation of individuals with disabilities; and

"(iv) projects to train personnel in the use, applications, and benefits of rehabilitation technology.

"(2) APPLICATION.—No grant shall be awarded or contract entered into under this subsection unless the applicant has submitted to the Commissioner an application at such time, in such form, in accordance with such procedures, and including such information as the Secretary may require, including—

"(A) a description of how the designated State unit or units will participate in the project to be funded under the grant or contract, including, as appropriate, participation on advisory committees, as practicum sites, in curriculum development, and in other ways so as to build closer relationships between the applicant and the designated State unit and to encourage students to pursue careers in public vocational rehabilitation programs;

"(B) the identification of potential employers that would meet the requirements of paragraph (4)(A)(i); and

"(C) an assurance that data on the employment of graduates or trainees who participate in the project is accurate.

"(3) LIMITATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), no grant or contract under this subsection may be used to provide any one course of study to an individual for a period of more than 4 years.

"(B) EXCEPTION.—If a grant or contract recipient under this subsection determines that an individual has a disability which seriously affects the completion of training under this subsection, the grant or contract recipient may extend the period referred to in subparagraph (A).

"(4) REQUIRED AGREEMENTS.—

"(A) IN GENERAL.—A recipient of a grant or contract under this subsection shall provide assurances to the Commissioner that each individual who receives a scholarship, for the first academic year after the date of enactment of the Rehabilitation Act Amendments of 1998, utilizing funds provided under such grant or contract shall enter into an agreement with the recipient under which the individual shall—

"(i) maintain employment—

"(I) with an employer that is a State rehabilitation or other agency or organization (including a professional corporation or practice group) that provides services to individuals with disabilities under this Act, or with an institution of higher education or other organization that conducts rehabilitation education, training, or research under this Act;

"(II) on a full- or part-time basis; and

"(III) for a period of not less than the full-time equivalent of 2 years for each year for which assistance under this subsection was received by the individual, within a period, beginning after the recipient completes the training for which the scholarship was awarded, of not more than the sum of the number of years in the period described in this subclause and 2 additional years;

"(ii) directly provide or administer services, conduct research, or furnish training, funded under this Act; and

"(iii) repay all or part of the amount of any scholarship received under the grant or contract, plus interest, if the individual does not fulfill the requirements of clauses (i) and (ii), except that the Commissioner may by regulation provide for repayment exceptions and deferrals.

"(B) ENFORCEMENT.—The Commissioner shall be responsible for the enforcement of each agreement entered into under subparagraph (A) upon the completion of the training involved with respect to such agreement.

"(c) GRANTS TO HISTORICALLY BLACK COLLEGES AND UNIVERSITIES.—The Commissioner, in carrying out this section, shall make grants to historically Black colleges and universities and other institutions of higher education whose minority student enrollment is at least 50 percent of the total enrollment of the institution.

"(d) APPLICATION.—A grant may not be awarded to a State or other organization under this section unless the State or organization has submitted an application to the Commissioner at such time, in such form, in accordance

with such procedures, and containing such information as the Commissioner may require, including a detailed description of strategies that will be utilized to recruit and train individuals so as to reflect the diverse populations of the United States as part of the effort to increase the number of individuals with disabilities, and individuals who are from linguistically and culturally diverse backgrounds, who are available to provide rehabilitation services.

"(e) EVALUATION AND COLLECTION OF DATA.—The Commissioner shall evaluate the impact of the training programs conducted under this section, and collect information on the training needs of, and data on shortages of qualified personnel necessary to provide services to individuals with disabilities.

"(f) GRANTS FOR THE TRAINING OF INTERPRETERS.—

"(1) AUTHORITY.—

"(A) IN GENERAL.—For the purpose of training a sufficient number of qualified interpreters to meet the communications needs of individuals who are deaf or hard of hearing, and individuals who are deaf-blind, the Commissioner, acting through a Federal office responsible for deafness and communicative disorders, may award grants to public or private nonprofit

agencies or organizations to pay part of the costs—

"(i) for the establishment of interpreter training programs; or

"(ii) to enable such agencies or organizations to provide financial assistance for ongoing interpreter training programs.

"(B) GEOGRAPHIC AREAS.—The Commissioner shall award grants under this subsection for programs in geographic areas throughout the United States that the Commissioner considers appropriate to best carry out the objectives of this section.

"(C) PRIORITY.—In awarding grants under this subsection, the Commissioner shall give priority to public or private nonprofit agencies or organizations with existing programs that have a demonstrated capacity for providing interpreter training services.

"(D) FUNDING.—The Commissioner may award grants under this subsection through the use of—

"(i) amounts appropriated to carry out this section; or

"(ii) pursuant to an agreement with the Director of the Office of the Special Education Program (established under section 603 of the Individuals with Disabilities Education Act (as amended by section 101 of the Individuals with Disabilities Education Act Amendments of 1997 (Public Law 105–17))), amounts appropriated under section 686 of the Individuals with Disabilities Education Act.

"(2) APPLICATION.—A grant may not be awarded to an agency or organization under paragraph (1) unless the agency or organization has submitted an application to the Commissioner at such time, in such form, in accordance with such procedures, and containing such information as the Commissioner may require, including—

"(A) a description of the manner in which an interpreter training program will be developed and operated during the 5-year period following the date on which a grant is received by the applicant under this subsection;

"(B) a demonstration of the applicant's capacity or potential for providing training for in-

terpreters for individuals who are deaf or hard of hearing, and individuals who are deaf-blind;

"(C) assurances that any interpreter trained or retrained under a program funded under the grant will meet such minimum standards of competency as the Commissioner may establish for purposes of this subsection; and

"(D) such other information as the Commissioner may require.

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 1998 through 2004.

"(h) PROVISION OF INFORMATION.—The Commissioner, subject to the provisions of section 306, may require that recipients of grants or contracts under this section provide information, including data, with regard to the impact of activities funded under this section.

"SEC. 303. SPECIAL DEMONSTRATION PROGRAM.

"(a) AUTHORITY.—The Commissioner, subject to the provisions of section 306, may award grants or contracts to eligible entities to pay all or part of the cost of programs that expand and improve the provision of rehabilitation and other services authorized under this Act or that further

the purposes of the Act, including related research and evaluation activities.

"(b) ELIGIBLE ENTITIES AND TERMS AND CONDITIONS.—

"(1) ELIGIBLE ENTITIES.—To be eligible to receive a grant or contract under subsection (a), an entity shall be a State vocational rehabilitation agency, community rehabilitation program, Indian tribe or tribal organization, or other public or nonprofit agency or organization, or as the Commissioner determines appropriate, a for-profit organization. The Commissioner may limit competitions to 1 or more types of organizations described in this paragraph.

"(2) TERMS AND CONDITIONS.—Awards under this section shall contain such terms and conditions as the Commissioner may require.

"(c) APPLICATION.—An eligible entity that desires to receive an award under this section shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Commissioner may require, including, if the Commissioner determines appropriate, a description of how the proposed project or demonstration program—

"(1) is based on current research findings, which may include research conducted by the National In-

stitute on Disability and Rehabilitation Research, the National Institutes of Health, and other public or private organizations; and

"(2) is of national significance.

"(d) TYPES OF PROJECTS.—The programs that may be funded under this section include—

"(1) special projects and demonstrations of service delivery;

"(2) model demonstration projects;

"(3) technical assistance projects;

"(4) systems change projects;

"(5) special studies and evaluations; and

"(6) dissemination and utilization activities.

"(e) PRIORITY FOR COMPETITIONS.—

"(1) IN GENERAL.—In announcing competitions for grants and contracts under this section, the Commissioner shall give priority consideration to—

"(A) projects to provide training, information, and technical assistance that will enable individuals with disabilities and the individuals' representatives, to participate more effectively in meeting the vocational, independent living, and rehabilitation needs of the individuals with disabilities;

"(B) special projects and demonstration programs of service delivery for adults who are either low-functioning and deaf or low-functioning and hard of hearing;

"(C) innovative methods of promoting consumer choice in the rehabilitation process;

"(D) supported employment, including community-based supported employment programs to meet the needs of individuals with the most significant disabilities or to provide technical assistance to States and community organizations to improve and expand the provision of supported employment services; and

"(E) model transitional planning services for youths with disabilities.

"(2) ELIGIBILITY AND COORDINATION.—

"(A) ELIGIBILITY.—Eligible applicants for grants and contracts under this section for projects described in paragraph (1)(A) include—

"(i) Parent Training and Information Centers funded under section 682 of the Individuals with Disabilities Education Act (as amended by section 101 of the Individuals with Disabilities Education Act Amendments of 1997 (Public Law 105–17));

"(ii) organizations that meet the definition of a parent organization in section 682 of such Act; and

"(iii) private nonprofit organizations assisting parent training and information centers.

"(B) COORDINATION.—Recipients of grants and contracts under this section for projects described in paragraph (1)(A) shall, to the extent practicable, coordinate training and information activities with Centers for Independent Living.

"(3) ADDITIONAL COMPETITIONS.—In announcing competitions for grants and contracts under this section, the Commissioner may require that applicants address 1 or more of the following:

"(A) Age ranges.

"(B) Types of disabilities.

"(C) Types of services.

"(D) Models of service delivery.

"(E) Stage of the rehabilitation process.

"(F) The needs of—

"(i) underserved populations;

"(ii) unserved and underserved areas;

"(iii) individuals with significant disabilities;

"(iv) low-incidence disability populations; and

"(v) individuals residing in federally designated empowerment zones and enterprise communities.

"(G) Expansion of employment opportunities for individuals with disabilities.

"(H) Systems change projects to promote meaningful access of individuals with disabilities to employment-related services under the Workforce Investment Partnership Act of 1998 and under other Federal laws.

"(I) Innovative methods of promoting the achievement of high-quality employment outcomes.

"(J) The demonstration of the effectiveness of early intervention activities in improving employment outcomes.

"(K) Alternative methods of providing affordable transportation services to individuals with disabilities who are employed, seeking employment, or receiving vocational rehabilitation services from public or private organizations and who reside in geographic areas in which public

transportation or paratransit service is not available.

"(f) USE OF FUNDS FOR CONTINUATION AWARDS.—The Commissioner may use funds made available to carry out this section for continuation awards for projects that were funded under sections 12 and 311 (as such sections were in effect on the day prior to the date of the enactment of the Rehabilitation Act Amendments of 1998).

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 1998 through 2004.

"SEC. 304. MIGRANT AND SEASONAL FARMWORKERS.

"(a) GRANTS.—

"(1) AUTHORITY.—The Commissioner, subject to the provisions of section 306, may make grants to eligible entities to pay up to 90 percent of the cost of projects or demonstration programs for the provision of vocational rehabilitation services to individuals with disabilities who are migrant or seasonal farmworkers, as determined in accordance with rules prescribed by the Secretary of Labor, and to the family members who are residing with such individuals (whether or not such family members are individuals with disabilities).

"(2) ELIGIBLE ENTITIES.—To be eligible to receive a grant under paragraph (1), an entity shall be—

"(A) a State designated agency;

"(B) a nonprofit agency working in collaboration with a State agency described in subparagraph (A); or

"(C) a local agency working in collaboration with a State agency described in subparagraph (A).

"(3) MAINTENANCE AND TRANSPORTATION.—

"(A) IN GENERAL.—Amounts provided under a grant under this section may be used to provide for the maintenance of and transportation for individuals and family members described in paragraph (1) as necessary for the rehabilitation of such individuals.

"(B) REQUIREMENT.—Maintenance payments under this paragraph shall be provided in a manner consistent with any maintenance payments provided to other individuals with disabilities in the State under this Act.

"(4) ASSURANCE OF COOPERATION.—To be eligible to receive a grant under this section an entity shall provide assurances (satisfactory to the Commis-

sioner) that in the provision of services under the grant there will be appropriate cooperation between the grantee and other public or nonprofit agencies and organizations having special skills and experience in the provision of services to migrant or seasonal farmworkers or their families.

"(5) COORDINATION WITH OTHER PROGRAMS.—The Commissioner shall administer this section in coordination with other programs serving migrant and seasonal farmworkers, including programs under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.), section 330 of the Public Health Service Act (42 U.S.C. 254b), the Migrant and Seasonal Agricultural Worker Protection Act (29 U.S.C. 1801 et seq.), and the Workforce Investment Partnership Act of 1998.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section, for each of the fiscal years 1998 through 2004.

"SEC. 305. RECREATIONAL PROGRAMS.

"(a) GRANTS.—

"(1) AUTHORITY.—

"(A) IN GENERAL.—The Commissioner, subject to the provisions of section 306, shall make

grants to States, public agencies, and nonprofit private organizations to pay the Federal share of the cost of the establishment and operation of recreation programs to provide individuals with disabilities with recreational activities and related experiences to aid in the employment, mobility, socialization, independence, and community integration of such individuals.

"(B) RECREATION PROGRAMS.—The recreation programs that may be funded using assistance provided under a grant under this section may include vocational skills development, leisure education, leisure networking, leisure resource development, physical education and sports, scouting and camping, 4–H activities, music, dancing, handicrafts, art, and homemaking. When possible and appropriate, such programs and activities should be provided in settings with peers who are not individuals with disabilities.

"(C) DESIGN OF PROGRAM.—Programs and activities carried out under this section shall be designed to demonstrate ways in which such programs assist in maximizing the independence and integration of individuals with disabilities.

"(2) MAXIMUM TERM OF GRANT.—A grant under this section shall be made for a period of not more than 3 years.

"(3) AVAILABILITY OF NONGRANT RESOURCES.—

"(A) IN GENERAL.—A grant may not be made to an applicant under this section unless the applicant provides assurances that, with respect to costs of the recreation program to be carried out under the grant, the applicant, to the maximum extent practicable, will make available non-Federal resources (in cash or in-kind) to pay the non-Federal share of such costs.

"(B) FEDERAL SHARE.—The Federal share of the costs of the recreation programs carried out under this section shall be—

"(i) with respect to the first year in which assistance is provided under a grant under this section, 100 percent;

"(ii) with respect to the second year in which assistance is provided under a grant under this section, 75 percent; and

"(iii) with respect to the third year in which assistance is provided under a grant under this section, 50 percent.

"(4) APPLICATION.—To be eligible to receive a grant under this section, a State, agency, or organization shall submit an application to the Commissioner at such time, in such manner, and containing such information as the Commissioner may require, including a description of—

"(A) the manner in which the findings and results of the project to be funded under the grant, particularly information that facilitates the replication of the results of such projects, will be made generally available; and

"(B) the manner in which the service program funded under the grant will be continued after Federal assistance ends.

"(5) LEVEL OF SERVICES.—Recreation programs funded under this section shall maintain, at a minimum, the same level of services over a 3-year project period.

"(6) REPORTS BY GRANTEES.—

"(A) REQUIREMENT.—The Commissioner shall require that each recipient of a grant under this section annually prepare and submit to the Commissioner a report concerning the results of the activities funded under the grant.

"(B) LIMITATION.—The Commissioner may not make financial assistance available to a grant recipient for a subsequent year until the Commissioner has received and evaluated the annual report of the recipient under subparagraph (A) for the current year.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, such sums as may be necessary for each of the fiscal years 1998 through 2004.

"SEC. 306. MEASURING OF PROJECT OUTCOMES AND PERFORMANCE.

"The Commissioner may require that recipients of grants under this title submit information, including data, as determined by the Commissioner to be necessary to measure project outcomes and performance, including any data needed to comply with the Government Performance and Results Act.".

SEC. 607. NATIONAL COUNCIL ON DISABILITY.

Title IV of the Rehabilitation Act of 1973 (29 U.S.C. 780 et seq.) is amended to read as follows:

"TITLE IV—NATIONAL COUNCIL ON DISABILITY

"ESTABLISHMENT OF NATIONAL COUNCIL ON DISABILITY

"SEC. 400. (a)(1)(A) There is established within the Federal Government a National Council on Disability

(hereinafter in this title referred to as the 'National Council'), which shall be composed of fifteen members appointed by the President, by and with the advice and consent of the Senate.

"(B) The President shall select members of the National Council after soliciting recommendations from representatives of—

"(i) organizations representing a broad range of individuals with disabilities; and

"(ii) organizations interested in individuals with disabilities.

"(C) The members of the National Council shall be individuals with disabilities, parents or guardians of individuals with disabilities, or other individuals who have substantial knowledge or experience relating to disability policy or programs. The members of the National Council shall be appointed so as to be representative of individuals with disabilities, national organizations concerned with individuals with disabilities, providers and administrators of services to individuals with disabilities, individuals engaged in conducting medical or scientific research relating to individuals with disabilities, business concerns, and labor organizations. A majority of the members of the National Council shall be individuals with disabilities. The members of

the National Council shall be broadly representative of minority and other individuals and groups.

"(2) The purpose of the National Council is to promote policies, programs, practices, and procedures that—

"(A) guarantee equal opportunity for all individuals with disabilities, regardless of the nature or severity of the disability; and

"(B) empower individuals with disabilities to achieve economic self-sufficiency, independent living, and inclusion and integration into all aspects of society.

"(b)(1) Each member of the National Council shall serve for a term of 3 years, except that the terms of service of the members initially appointed after the date of enactment of the Rehabilitation, Comprehensive Services, and Developmental Disabilities Amendments of 1978 shall be (as specified by the President) for such fewer number of years as will provide for the expiration of terms on a staggered basis.

"(2)(A) No member of the National Council may serve more than two consecutive full terms beginning on the date of commencement of the first full term on the Council. Members may serve after the expiration of their terms until their successors have taken office.

"(B) As used in this paragraph, the term 'full term' means a term of 3 years.

"(3) Any member appointed to fill a vacancy occurring before the expiration of the term for which such member's predecessor was appointed shall be appointed only for the remainder of such term.

"(c) The President shall designate the Chairperson from among the members appointed to the National Council. The National Council shall meet at the call of the Chairperson, but not less often than four times each year.

"(d) Eight members of the National Council shall constitute a quorum and any vacancy in the National Council shall not affect its power to function.

"DUTIES OF NATIONAL COUNCIL

"SEC. 401. (a) The National Council shall—

"(1) provide advice to the Director with respect to the policies and conduct of the National Institute on Disability and Rehabilitation Research, including ways to improve research concerning individuals with disabilities and the methods of collecting and disseminating findings of such research;

"(2) provide advice to the Commissioner with respect to the policies of and conduct of the Rehabilitation Services Administration;

"(3) advise the President, the Congress, the Commissioner, the appropriate Assistant Secretary of the

Department of Education, and the Director of the National Institute on Disability and Rehabilitation Research on the development of the programs to be carried out under this Act;

"(4) provide advice regarding priorities for the activities of the Interagency Disability Coordinating Council and review the recommendations of such Council for legislative and administrative changes to ensure that such recommendations are consistent with the purposes of the Council to promote the full integration, independence, and productivity of individuals with disabilities;

"(5) review and evaluate on a continuing basis—

"(A) policies, programs, practices, and procedures concerning individuals with disabilities conducted or assisted by Federal departments and agencies, including programs established or assisted under this Act or under the Developmental Disabilities Assistance and Bill of Rights Act; and

"(B) all statutes and regulations pertaining to Federal programs which assist such individuals with disabilities;

in order to assess the effectiveness of such policies, programs, practices, procedures, statutes, and regulations in meeting the needs of individuals with disabilities;

"(6) assess the extent to which such policies, programs, practices, and procedures facilitate or impede the promotion of the policies set forth in subparagraphs (A) and (B) of section 400(a)(2);

"(7) gather information about the implementation, effectiveness, and impact of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.);

"(8) make recommendations to the President, the Congress, the Secretary, the Director of the National Institute on Disability and Rehabilitation Research, and other officials of Federal agencies or other Federal entities, respecting ways to better promote the policies set forth in section 400(a)(2);

"(9) provide to the Congress on a continuing basis advice, recommendations, legislative proposals, and any additional information that the National Council or the Congress deems appropriate; and

"(10) review and evaluate on a continuing basis new and emerging disability policy issues affecting individuals with disabilities at the international, Federal, State, and local levels, and in the private

sector, including the need for and coordination of adult services, access to personal assistance services, school reform efforts and the impact of such efforts on individuals with disabilities, access to health care, and policies that operate as disincentives for the individuals to seek and retain employment.

"(b)(1) Not later than July 26, 1998, and annually thereafter, the National Council shall prepare and submit to the President and the appropriate committees of the Congress a report entitled 'National Disability Policy: A Progress Report'.

"(2) The report shall assess the status of the Nation in achieving the policies set forth in section 400(a)(2), with particular focus on the new and emerging issues impacting on the lives of individuals with disabilities. The report shall present, as appropriate, available data on health, housing, employment, insurance, transportation, recreation, training, prevention, early intervention, and education. The report shall include recommendations for policy change.

"(3) In determining the issues to focus on and the findings, conclusions, and recommendations to include in the report, the National Council shall seek input from the public, particularly individuals with disabilities, representatives of organizations representing a broad range of indi-

viduals with disabilities, and organizations and agencies interested in individuals with disabilities.

"COMPENSATION OF NATIONAL COUNCIL MEMBERS

"SEC. 402. (a) Members of the National Council shall be entitled to receive compensation at a rate equal to the rate of pay for level 4 of the Senior Executive Service Schedule under section 5382 of title 5, United States Code, including travel time, for each day they are engaged in the performance of their duties as members of the National Council.

"(b) Members of the National Council who are full-time officers or employees of the United States shall receive no additional pay on account of their service on the National Council except for compensation for travel expenses as provided under subsection (c) of this section.

"(c) While away from their homes or regular places of business in the performance of services for the National Council, members of the National Council shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703 of title 5, United States Code.

"STAFF OF NATIONAL COUNCIL

"SEC. 403. (a)(1) The Chairperson of the National Council may appoint and remove, without regard to the provisions of title 5, United States Code, governing ap-

pointments, the provisions of chapter 75 of such title (relating to adverse actions), the provisions of chapter 77 of such title (relating to appeals), or the provisions of chapter 51 and subchapter III of chapter 53 of such title (relating to classification and General Schedule pay rates), an Executive Director to assist the National Council to carry out its duties. The Executive Director shall be appointed from among individuals who are experienced in the planning or operation of programs for individuals with disabilities.

"(2) The Executive Director is authorized to hire technical and professional employees to assist the National Council to carry out its duties.

"(b)(1) The National Council may procure temporary and intermittent services to the same extent as is authorized by section 3109(b) of title 5, United States Code (but at rates for individuals not to exceed the daily equivalent of the rate of pay for level 4 of the Senior Executive Service Schedule under section 5382 of title 5, United States Code).

"(2) The National Council may—

"(A) accept voluntary and uncompensated services, notwithstanding the provisions of section 1342 of title 31, United States Code;

"(B) in the name of the Council, solicit, accept, employ, and dispose of, in furtherance of this Act, any money or property, real or personal, or mixed,

tangible or nontangible, received by gift, devise, bequest, or otherwise; and

"(C) enter into contracts and cooperative agreements with Federal and State agencies, private firms, institutions, and individuals for the conduct of research and surveys, preparation of reports and other activities necessary to the discharge of the Council's duties and responsibilities.

"(3) Not more than 10 per centum of the total amounts available to the National Council in each fiscal year may be used for official representation and reception.

"(c) The Administrator of General Services shall provide to the National Council on a reimbursable basis such administrative support services as the Council may request.

"(d)(1) It shall be the duty of the Secretary of the Treasury to invest such portion of the amounts made available under subsection (a)(2)(B) as is not, in the Secretary's judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States.

"(2) The amounts described in paragraph (1), and the interest on, and the proceeds from the sale or redemption of, the obligations described in paragraph (1) shall be available to the National Council to carry out this title.

"ADMINISTRATIVE POWERS OF NATIONAL COUNCIL

"SEC. 404. (a) The National Council may prescribe such bylaws and rules as may be necessary to carry out its duties under this title.

"(b) The National Council may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as it deems advisable.

"(c) The National Council may appoint advisory committees to assist the National Council in carrying out its duties. The members thereof shall serve without compensation.

"(d) The National Council may use the United States mails in the same manner and upon the same conditions as other departments and agencies of the United States.

"(e) The National Council may use, with the consent of the agencies represented on the Interagency Disability Coordinating Council, and as authorized in title V, such services, personnel, information, and facilities as may be needed to carry out its duties under this title, with or without reimbursement to such agencies.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 405. There are authorized to be appropriated to carry out this title such sums as may be necessary for each of the fiscal years 1998 through 2004.".

SEC. 608. RIGHTS AND ADVOCACY.

(a) CONFORMING AMENDMENTS TO RIGHTS AND ADVOCACY PROVISIONS.—

(1) EMPLOYMENT.—Section 501 (29 U.S.C. 791) is amended—

(A) in the third sentence of subsection (a), by striking "President's Committees on Employment of the Handicapped" and inserting "President's Committees on Employment of People With Disabilities"; and

(B) in subsection (e), by striking "individualized written rehabilitation program" and inserting "individualized rehabilitation employment plan".

(2) ACCESS BOARD.—Section 502 (29 U.S.C. 792) is amended—

(A) in subsection (a)(1), in the sentence following subparagraph (B), by striking "Chairperson" and inserting "chairperson";

(B) in subsection (b)—

(i) in paragraph (9), by striking "; and" and inserting a semicolon;

(ii) in paragraph (10), by striking the period and inserting "; and"; and

(iii) by adding at the end the following:

"(11) carry out the responsibilities specified for the Access Board in section 508";

(C) in subsection (d)(2)(A), by inserting before the semicolon the following: "and section 508(d)(2)(C)";

(D) in subsection (g)(2), by striking "Committee on Education and Labor" and inserting "Committee on Education and the Workforce"; and

(E) in subsection (i), by striking "fiscal years 1993 through 1997" and inserting "fiscal years 1998 through 2004".

(3) FEDERAL GRANTS AND CONTRACTS.—Section 504(a) (29 U.S.C. 794(a)) is amended in the first sentence by striking "section 7(8)" and inserting "section 7(20)".

(4) SECRETARIAL RESPONSIBILITIES.—Section 506(a) (29 U.S.C. 794b(a)) is amended—

(A) by striking the second sentence and inserting the following: "Any concurrence of the Access Board under paragraph (2) shall reflect its consideration of cost studies carried out by States."; and

(B) in the second sentence of subsection (c), by striking "provided under this paragraph" and inserting "provided under this subsection".

(b) ELECTRONIC AND INFORMATION TECHNOLOGY REGULATIONS.—Section 508 (29 U.S.C. 794d) is amended to read as follows:

"SEC. 508. ELECTRONIC AND INFORMATION TECHNOLOGY.

"(a) REQUIREMENTS FOR FEDERAL DEPARTMENTS AND AGENCIES.—

"(1) ACCESSIBILITY.—Each Federal department or agency shall procure, maintain, and use (unless such procurement, maintenance, or use is not practicable) electronic and information technology that allows, regardless of the type of medium of the technology, individuals with disabilities to have access to and use information and data that is comparable to the information and data that is accessible to and used by individuals who are not individuals with disabilities.

"(2) ELECTRONIC AND INFORMATION TECHNOLOGY STANDARDS.—

"(A) IN GENERAL.—Not later than 18 months after the date of enactment of the Rehabilitation Act Amendments of 1998, the Architectural and Transportation Barriers Compliance

Board (referred to in this section as the 'Access Board'), after consultation with the Secretary of Education, the Administrator of General Services, the Director of the Office of Management and Budget, the Secretary of Commerce, the Chairman of the Federal Communications Commission, and the head of any other Federal department or agency that the Access Board determines to be appropriate, including consultation on relevant research findings, and after consultation with the electronic and information technology industry and appropriate public or nonprofit agencies or organizations, shall issue and publish standards setting forth—

"(i) for purposes of this section, a definition of electronic and information technology that is consistent with the definition of information technology in section 5002 of the Clinger-Cohen Act of 1996 (Public Law 104–106; 110 Stat. 679); and

"(ii) the technical and functional performance criteria necessary to implement the requirements set forth in paragraph (1).

"(B) REVIEW AND AMENDMENT.—The Access Board shall periodically review and, as ap-

propriate, amend the standards required under subparagraph (A) to reflect technological advances or changes in electronic and information technology.

"(3) INCORPORATION OF STANDARDS.—Not later than 6 months after the Access Board publishes the standards required under paragraph (2), the Federal Acquisition Regulatory Council shall revise the Federal Acquisition Regulation and each Federal department or agency shall revise the Federal procurement policies and directives under the control of the department or agency to incorporate those standards.

"(b) TECHNICAL ASSISTANCE.—The Administrator of General Services and the Access Board shall provide technical assistance to individuals and Federal departments and agencies concerning the requirements of this section.

"(c) AGENCY EVALUATIONS.—Not later than 6 months after the date of enactment of the Rehabilitation Act Amendments of 1998, the head of each Federal department or agency shall evaluate the extent to which the electronic and information technology of the department or agency is accessible to individuals with disabilities, and submit a report containing the evaluation to the Attorney General.

"(d) REPORTS.—

"(1) INTERIM REPORT.—Not later than 18 months after the date of enactment of the Rehabilitation Act Amendments of 1998, the Attorney General shall prepare and submit to the President a report containing information on and recommendations regarding the state of electronic and information technology accessibility in the Federal Government for individuals with disabilities.

"(2) BIENNIAL REPORTS.—Not later than 3 years after the date of enactment of the Rehabilitation Act Amendments of 1998, and every 2 years thereafter, the Attorney General shall prepare and submit to the President and Congress a report containing information on and recommendations regarding the state of Federal department and agency compliance with the requirements of this section, including actions regarding individual complaints under subsection (f).

"(e) COOPERATION.—Each head of a Federal department or agency (including the Access Board, the Equal Employment Opportunity Commission, and the General Services Administration) shall provide the Attorney General with such information as the Attorney General determines is necessary to conduct the evaluations under subsection (c) and prepare the reports under subsection (d).

"(f) ENFORCEMENT.—

"(1) GENERAL.—Any individual with a disability, including a Federal employee or a person served by a Federal agency, may file a complaint alleging that a procurement action initiated after the date described in paragraph (4) fails to comply with subsection (a)(1).

"(2) ADMINISTRATIVE COMPLAINTS.—Complaints filed under paragraph (1) shall be filed with the Federal department or agency alleged to be in noncompliance. The Federal department or agency receiving the complaint shall apply the complaint procedures established to implement section 504 for resolving allegations of discrimination in a federally conducted program or activity.

"(3) CIVIL ACTIONS.—The remedies, procedures, and rights set forth in sections 505(a)(2) and 505(b) shall be the remedies, procedures, and rights available to any individual alleging that a procurement action initiated after the date described in paragraph (4) fails to comply with subsection (a)(1).

"(4) APPLICATION.—This subsection shall apply to Federal departments and agencies on the date of publication of the standards issued pursuant to subsection (a)(2)(A).

"(g) RELATIONSHIP TO OTHER FEDERAL LAWS.—This section shall not be construed to limit any right, remedy, or procedure otherwise available under any provision of Federal law (including sections 501 through 505) that provides greater or equal protection for the rights of individuals with disabilities than this section.".

(c) PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS.—Section 509 (29 U.S.C. 794e) is amended to read as follows:

"SEC. 509. PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS.

"(a) PURPOSE.—The purpose of this section is to support a system in each State to protect the legal and human rights of individuals with disabilities who—

"(1) need services that are beyond the scope of services authorized to be provided by the client assistance program under section 112; and

"(2) are ineligible for protection and advocacy programs under part C of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.) because the individuals do not have a developmental disability, as defined in section 102 of such Act (42 U.S.C. 6002) and the Protection and Advocacy for Mentally Ill Individuals Act of 1986 (42 U.S.C. 10801 et seq.) because the individuals are not

individuals with mental illness, as defined in section 102 of such Act (42 U.S.C. 10802).

"(b) APPROPRIATIONS LESS THAN $5,500,000.—For any fiscal year in which the amount appropriated to carry out this section is less than $5,500,000, the Commissioner may make grants from such amount to eligible systems within States to plan for, develop outreach strategies for, and carry out protection and advocacy programs authorized under this section for individuals with disabilities who meet the requirements of paragraphs (1) and (2) of subsection (a).

"(c) APPROPRIATIONS OF $5,500,000 OR MORE.—

"(1) RESERVATIONS.—

"(A) TECHNICAL ASSISTANCE.—For any fiscal year in which the amount appropriated to carry out this section equals or exceeds $5,500,000, the Commissioner shall set aside not less than 1.8 percent and not more than 2.2 percent of the amount to provide training and technical assistance to the systems established under this section.

"(B) GRANT FOR THE ELIGIBLE SYSTEM SERVING THE AMERICAN INDIAN CONSORTIUM.—For any fiscal year in which the amount appropriated to carry out this section equals or exceeds

$10,500,000, the Commissioner shall reserve a portion, and use the portion to make a grant for the eligible system serving the American Indian consortium. The Commission shall make the grant in an amount of not less than $50,000 for the fiscal year.

"(2) ALLOTMENTS.—For any such fiscal year, after the reservations required by paragraph (1) have been made, the Commissioner shall make allotments from the remainder of such amount in accordance with paragraph (3) to eligible systems within States to enable such systems to carry out protection and advocacy programs authorized under this section for such individuals.

"(3) SYSTEMS WITHIN STATES.—

"(A) POPULATION BASIS.—Except as provided in subparagraph (B), from such remainder for each such fiscal year, the Commissioner shall make an allotment to the eligible system within a State of an amount bearing the same ratio to such remainder as the population of the State bears to the population of all States.

"(B) MINIMUMS.—Subject to the availability of appropriations to carry out this section, and except as provided in paragraph (4), the al-

lotment to any system under subparagraph (A) shall be not less than $100,000 or one-third of one percent of the remainder for the fiscal year for which the allotment is made, whichever is greater, and the allotment to any system under this section for any fiscal year that is less than $100,000 or one-third of one percent of such remainder shall be increased to the greater of the two amounts.

"(4) SYSTEMS WITHIN OTHER JURISDICTIONS.—

"(A) IN GENERAL.—For the purposes of paragraph (3)(B), Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands shall not be considered to be States.

"(B) ALLOTMENT.—The eligible system within a jurisdiction described in subparagraph (A) shall be allotted under paragraph (3)(A) not less than $50,000 for the fiscal year for which the allotment is made.

"(5) ADJUSTMENT FOR INFLATION.—For any fiscal year, beginning in fiscal year 1999, in which the total amount appropriated to carry out this section exceeds the total amount appropriated to carry out this section for the preceding fiscal year, the Commis-

sioner shall increase each of the minimum grants or allotments under paragraphs (1)(B), (3)(B), and (4)(B) by a percentage that shall not exceed the percentage increase in the total amount appropriated to carry out this section between the preceding fiscal year and the fiscal year involved.

"(d) PROPORTIONAL REDUCTION.—To provide minimum allotments to systems within States (as increased under subsection (c)(5)) under subsection (c)(3)(B), or to provide minimum allotments to systems within States (as increased under subsection (c)(5)) under subsection (c)(4)(B), the Commissioner shall proportionately reduce the allotments of the remaining systems within States under subsection (c)(3), with such adjustments as may be necessary to prevent the allotment of any such remaining system within a State from being reduced to less than the minimum allotment for a system within a State (as increased under subsection (c)(5)) under subsection (c)(3)(B), or the minimum allotment for a State (as increased under subsection (c)(5)) under subsection (c)(4)(B), as appropriate.

"(e) REALLOTMENT.—Whenever the Commissioner determines that any amount of an allotment to a system within a State for any fiscal year described in subsection (c)(1) will not be expended by such system in carrying out the provisions of this section, the Commissioner shall make such

amount available for carrying out the provisions of this section to one or more of the systems that the Commissioner determines will be able to use additional amounts during such year for carrying out such provisions. Any amount made available to a system for any fiscal year pursuant to the preceding sentence shall, for the purposes of this section, be regarded as an increase in the allotment of the system (as determined under the preceding provisions of this section) for such year.

"(f) APPLICATION.—In order to receive assistance under this section, an eligible system shall submit an application to the Commissioner, at such time, in such form and manner, and containing such information and assurances as the Commissioner determines necessary to meet the requirements of this section, including assurances that the eligible system will—

"(1) have in effect a system to protect and advocate the rights of individuals with disabilities;

"(2) have the same general authorities, including access to records and program income, as are set forth in part C of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.);

"(3) have the authority to pursue legal, administrative, and other appropriate remedies or approaches to ensure the protection of, and advocacy for, the

rights of such individuals within the State or the American Indian consortium who are individuals described in subsection (a);

"(4) provide information on and make referrals to programs and services addressing the needs of individuals with disabilities in the State or the American Indian consortium;

"(5) develop a statement of objectives and priorities on an annual basis, and provide to the public, including individuals with disabilities and, as appropriate, the individuals' representatives, an opportunity to comment on the objectives and priorities established by, and activities of, the system including—

"(A) the objectives and priorities for the activities of the system for each year and the rationale for the establishment of such objectives and priorities; and

"(B) the coordination of programs provided through the system under this section with the advocacy programs of the client assistance program under section 112, the State long-term care ombudsman program established under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.), the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6000 et seq.), and

the Protection and Advocacy for Mentally Ill Individuals Act of 1986 (42 U.S.C. 10801 et seq.);

"(6) establish a grievance procedure for clients or prospective clients of the system to ensure that individuals with disabilities are afforded equal opportunity to access the services of the system;

"(7) provide assurances to the Commissioner that funds made available under this section will be used to supplement and not supplant the non-Federal funds that would otherwise be made available for the purpose for which Federal funds are provided; and

"(8) not use allotments or grants provided under this section in a manner inconsistent with section 5 of the Assisted Suicide Funding Restriction Act of 1997.

"(g) CARRYOVER AND DIRECT PAYMENT.—

"(1) DIRECT PAYMENT.—Notwithstanding any other provision of law, the Commissioner shall pay directly to any system that complies with the provisions of this section, the amount of the allotment of the State or the grant for the eligible system that serves the American Indian consortium involved under this section, unless the State or American Indian consortium provides otherwise.

"(2) CARRYOVER.—Any amount paid to an eligible system that serves a State or American Indian consortium for a fiscal year that remains unobligated at the end of such year shall remain available to such system that serves the State or American Indian consortium for obligation during the next fiscal year for the purposes for which such amount was paid.

"(h) LIMITATION ON DISCLOSURE REQUIREMENTS.—For purposes of any audit, report, or evaluation of the performance of the program established under this section, the Commissioner shall not require such a program to disclose the identity of, or any other personally identifiable information related to, any individual requesting assistance under such program.

"(i) ADMINISTRATIVE COST.—In any State in which an eligible system is located within a State agency, a State may use a portion of any allotment under subsection (c) for the cost of the administration of the system required by this section. Such portion may not exceed 5 percent of the allotment.

"(j) DELEGATION.—The Commissioner may delegate the administration of this program to the Commissioner of the Administration on Developmental Disabilities within the Department of Health and Human Services.

"(k) REPORT.—The Commissioner shall annually prepare and submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report describing the types of services and activities being undertaken by programs funded under this section, the total number of individuals served under this section, the types of disabilities represented by such individuals, and the types of issues being addressed on behalf of such individuals.

"(l) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 1998 through 2004.

"(m) DEFINITIONS.—As used in this section:

"(1) ELIGIBLE SYSTEM.—The term 'eligible system' means a protection and advocacy system that is established under part C of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.) and that meets the requirements of subsection (f).

"(2) AMERICAN INDIAN CONSORTIUM.—The term 'American Indian consortium' means a consortium established as described in section 142 of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6042).".

SEC. 609. EMPLOYMENT OPPORTUNITIES FOR INDIVIDUALS WITH DISABILITIES.

Title VI of the Rehabilitation Act of 1973 (29 U.S.C. 795 et seq.) is amended to read as follows:

"TITLE VI—EMPLOYMENT OPPORTUNITIES FOR INDIVIDUALS WITH DISABILITIES

"SEC. 601. SHORT TITLE.

"This title may be cited as the 'Employment Opportunities for Individuals With Disabilities Act'.

"PART A—PROJECTS IN TELECOMMUTING AND SELF-EMPLOYMENT FOR INDIVIDUALS WITH DISABILITIES

"SEC. 611. FINDINGS, POLICIES, AND PURPOSES.

"(a) FINDINGS.—Congress makes the following findings:

"(1) It is in the best interest of the United States to identify and promote increased employment opportunities for individuals with disabilities.

"(2) Telecommuting is one of the most rapidly expanding forms of employment. In 1990 there were 4,000,000 telecommuters and that number has risen to 11,100,000 in 1997.

"(3) It is in the best interest of the United States to ensure that individuals with disabilities have access to telecommuting employment opportunities. It

has been estimated that 10 percent of individuals with disabilities, who are unemployed, could benefit from telecommuting opportunities.

"(4) It is in the interest of employers to recognize that individuals with disabilities are excellent candidates for telecommuting employment opportunities.

"(5) Individuals with disabilities, especially those living in rural areas, often do not have access to accessible transportation, and in such cases telecommuting presents an excellent opportunity for the employment of such individuals.

"(6) It is in the best interests of economic development agencies, venture capitalists, and financial institutions for the Federal Government to demonstrate that individuals with disabilities, who wish to become or who are self-employed, can meet the criteria for assistance, investment of capital, and business that other entrepreneurs meet.

"(b) POLICIES.—It is the policy of the United States to—

"(1) promote opportunities for individuals with disabilities to—

"(A) secure, retain, regain, or advance in employment involving telecommuting;

"(B) gain access to employment opportunities; and

"(C) demonstrate their abilities, capabilities, interests, and preferences regarding employment in positions that are increasingly being offered to individuals in the workplace; and

"(2) promote opportunities for individuals with disabilities to engage in self-employment enterprises that permit these individuals to achieve significant levels of independence, participate in and contribute to the life of their communities, and offer employment opportunities to others.

"(c) PURPOSES.—It is the purpose of this part to—

"(1) through the awarding of 1-time, time-limited grants, contracts, or cooperative agreements to public and private entities—

"(A) provide funds, in accordance with section 612, to enable individuals with disabilities to identify and secure employment opportunities involving telecommuting; and

"(B) encourage employers to become partners in providing telecommuting placements for individuals with disabilities through the involvement of such employers in telecommuting projects that continue and expand opportunities

for the provision of telecommuting placements to individuals with disabilities beyond those opportunities that are currently facilitated by the telecommuting projects; and

"(2) through the awarding of 1-time, time-limited grants, contracts, cooperative agreements, or other appropriate mechanisms of providing assistance to public or private entities—

"(A) assist individuals with disabilities to engage in self-employment enterprises in accordance with section 613; and

"(B) encourage entities to assist more individuals with disabilities to engage in self-employment enterprises.

"SEC. 612. PROJECTS IN TELECOMMUTING FOR INDIVIDUALS WITH DISABILITIES.

"(a) IN GENERAL.—The Commissioner shall, on a competitive basis, award 1-time, time-limited grants, contracts, or cooperative agreements to eligible entities for the establishment and operation of projects in telecommuting for individuals with disabilities.

"(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant, contract, or cooperative agreement under subsection (a) an entity shall—

"(1) be—

"(A) an entity carrying out a Project With Industry described in part B;

"(B) a designated State agency;

"(C) a statewide workforce investment partnership or local workforce investment partnership;

"(D) a public educational agency;

"(E) a training institution, which may include an institution of higher education;

"(F) a private organization, with priority given to organizations of or for individuals with disabilities;

"(G) a public or private employer;

"(H) any other entity that the Commissioner determines to be appropriate; or

"(I) a combination or consortium of the entities described in subparagraphs (A) through (H);

"(2) have 3 or more years of experience in assisting individuals with disabilities in securing, retaining, regaining, or advancing in employment;

"(3) demonstrate that such entity has the capacity to secure full- and part-time employment involving telecommuting for individuals with disabilities; and

"(4) submit an application that meets the requirements of subsection (c).

"(c) APPLICATION REQUIREMENTS.—To be eligible to receive a grant, contract, or cooperative agreement under subsection (a), an entity shall submit to the Commissioner at such time, in such manner, and containing such information concerning the telecommuting project to be funded under the grant, contract, or agreement as the Commissioner may require, including—

"(1) a description of how and the extent to which the applicant meets the requirement of subsection (b)(2);

"(2) with respect to any partners who will participate in the implementation of activities under the telecommuting project, a description of—

"(A) the identity of such partners; and

"(B) the roles and responsibilities of each partner in preparing the application, and if funded, the roles and responsibility of each partner during the telecommuting project;

"(3) a description of the geographic region that will be the focus of activity under the telecommuting project;

"(4) a projection for each year of a 3-year period of the grant, contract, or agreement, of the number of

individuals with disabilities who will be employed as the result of the assistance provided by the telecommuting project;

"(5) with respect to any employers that have indicated an interest in offering telecommuting employment opportunities to individuals with disabilities, a description of—

"(A) the identity of such employers; and

"(B) the manner in which additional employers would be recruited under the telecommuting project;

"(6) a description of the manner in which individuals with disabilities will be identified and selected to participate in the telecommuting project;

"(7) a description of the jobs that will be targeted by the telecommuting project;

"(8) a description of the process by which individuals with disabilities will be matched with employers for telecommuting placements;

"(9) a description of the manner in which the project will become self-sustaining in the third year of the telecommuting project; and

"(10) a description of the nature and amount of funding, including in-kind support, other than funds

received under this part, that will be available to be used by the telecommuting project.

"(d) USE OF FUNDS.—Amounts received under a grant, contract, or cooperative agreement under subsection (a) shall be used for—

"(1) the recruitment of individuals with disabilities for telecommuting placements;

"(2) the conduct of marketing activities with respect to employers;

"(3) the purchase of training services for an individual with a disability who is going to assume a telecommuting placement;

"(4) the purchase of equipment, materials, telephone lines, auxiliary aids, and services related to telecommuting placements;

"(5) the provision of orientation services and training to the supervisors of employers participating in the project and to co-workers of individuals with disabilities who are selected for telecommuting placements;

"(6) the provision of technical assistance to employers, including technical assistance regarding reasonable accommodations with regard to individuals with disabilities participating in telecommuting placements; and

"(7) other uses determined appropriate by the Commissioner.

"(e) PROJECT REQUIREMENTS.—Telecommuting projects funded under this section shall—

"(1) establish criteria for safety with regard to the telecommuting work space, which at a minimum meet guidelines established by the Occupational Safety and Health Administration for a work space of comparable size and function;

"(2) on an annual basis, enter into agreements with the Commissioner that contain goals concerning the number of individuals with disabilities that the project will place in telecommuting positions;

"(3) establish procedures for ensuring that prospective employers and individuals with disabilities, who are to assume telecommuting placements, have a clear understanding of how the individual's work performance will be monitored and evaluated by the employer;

"(4) identify and make available support services for individuals with disabilities in telecommuting placements;

"(5) develop procedures that allow the telecommuting project, the employer, and the individual with a disability to reach agreement on their respec-

tive responsibilities with regard to establishing and maintaining the telecommuting placement; and

"(6) for each year of a telecommuting project, submit an annual report to the Commissioner concerning—

"(A) the number of individuals with disabilities placed in telecommuting positions and whether the goal described in the agreement entered into under paragraph (2) was met;

"(B) the number of individuals with disabilities employed as salaried employees and their annual salaries;

"(C) the number of individuals with disabilities employed as independent contractors and their annual incomes;

"(D) the number of individuals with disabilities that received benefits from their employers;

"(E) the number of individuals with disabilities in telecommuting placements still working after—

"(i) 6 months; and

"(ii) 12 months; and

"(F) any reports filed with the Occupational Safety and Health Administration.

"(f) LIMITATIONS.—

"(1) PERIOD OF AWARD.—A grant, contract, or cooperative agreement under subsection (a) shall be for a 3-year period.

"(2) AMOUNT.—The amount of a grant, contract, or cooperative agreement under subsection (a) shall not be less than $250,000 nor more than $1,000,000.

"SEC. 613. PROJECTS IN SELF-EMPLOYMENT FOR INDIVIDUALS WITH DISABILITIES.

"(a) IN GENERAL.—The Commissioner shall, on a competitive basis, award 1-time, time-limited grants, contracts, or cooperative agreements to eligible entities for the establishment and operation of projects in self-employment for individuals with disabilities.

"(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant, contract, or cooperative agreement under subsection (a) an entity shall—

"(1) be—

"(A) a financial institution;

"(B) an economic development agency;

"(C) a venture capitalist;

"(D) an entity carrying out a Project With Industry described in part B;

"(E) a designated State agency, or other public entity;

"(F) a private organization, including employers and organizations related to individuals with disabilities;

"(G) any other entity that the Commissioner determines to be appropriate; or

"(H) a combination or consortium of the entities described in subparagraphs (A) through (G);

"(2) demonstrate that such entity has the capacity to assist clients, including clients with disabilities, to successfully engage in self-employment enterprises; and

"(3) submit an application that meets the requirements of subsection (c).

"(c) APPLICATION REQUIREMENTS.—To be eligible to receive a grant, contract, or cooperative agreement under subsection (a), an entity shall submit to the Commissioner at such time, in such manner, and containing such information concerning the self-employment project to be funded under the grant, contract, or agreement as the Commissioner may require, including—

"(1) a description of how and the extent to which the applicant has assisted individuals, including individuals with disabilities, if appropriate, to successfully engage in self-employment enterprises;

"(2) with respect to any partners who will participate in the implementation of activities under the self-employment project, a description of—

"(A) the identity of such partners; and

"(B) the roles and responsibilities of each partner in preparing the application, and if funded, the roles and responsibility of each partner during the self-employment project;

"(3) a description of the geographic region that will be the focus of activity in the self-employment project;

"(4) a projection for each year of a 3-year period of the grant, contract, or agreement, of the number of clients who will be assisted to engage in self-employment enterprises through the self-employment project;

"(5) a description of the manner in which potential clients will be identified and selected to be assisted by the self-employment project;

"(6) a description of the manner in which self-employment enterprises (or market niches) will be identified for the geographic areas to be targeted in the self-employment project;

"(7) a description of the process by which prospective clients will be matched with self-employment opportunities;

"(8) a description of the manner in which the project will become self-sustaining in the third year of the self-employment project; and

"(9) a description of the nature and amount of funding, including in-kind support, other than funds received under this part, that will be available to be used during the self-employment project.

"(d) USE OF FUNDS.—Amounts received under a grant, contract, or cooperative agreement under subsection (a) shall be used—

"(1) for the preparation of marketing analyses to identify self-employment opportunities;

"(2) for the conduct of marketing activities with respect to financial institutions or venture capitalists concerning the benefits of investing in individuals with disabilities who are engaged in self-employment enterprises;

"(3) for the conduct of marketing activities with respect to potential clients who engage in or might engage in self-employment enterprises;

"(4) for the provision of training for clients to be assisted through the project who seek to engage or are engaging in self-employment enterprises;

"(5) to cover the costs of business expenses specifically related to an individual's disability;

"(6) to provide assistance for clients in developing business plans for capital investment;

"(7) to provide assistance for clients in securing capital to engage in a self-employment enterprise;

"(8) to provide technical assistance to clients engaged in self-employment enterprises who seek such assistance in order to sustain or expand their enterprises; and

"(9) for other uses as determined appropriate by the Commissioner.

"(e) PROJECT REQUIREMENTS.—Self-employment projects funded under this section shall—

"(1) establish criteria for and apply such criteria in selecting clients to be assisted through the project;

"(2) on an annual basis, enter into agreements with the Commissioner that contain goals concerning the number of individuals with disabilities that the project will assist in starting and sustaining self-employment enterprises;

"(3) establish and apply criteria to determine whether an enterprise is a viable option in which to invest project funds;

"(4) establish and apply criteria to determine when and if the project would provide assistance in

sustaining an ongoing enterprise engaged in by a client or potential client;

"(5) establish and apply criteria to determine when and if the project would provide assistance in expanding an ongoing enterprise engaged in by a client or potential client;

"(6) establish and apply procedures to ensure that a potential client has a clear understanding of the scope and limits of assistance from the project that will be applicable in such client's case;

"(7) develop procedures, which include a written agreement, that provide for the documentation of the respective responsibilities of the self-employment project and any client with regard to the creation, maintenance, or expansion of the client's self-employment enterprise; and

"(8) with respect to the project, submit a report to the Commissioner—

"(A) for each project year, concerning the number of clients assisted by the project who are engaging in self-employment enterprises and whether the goal described in the agreement entered into under paragraph (2) was met; and

"(B) concerning the number of clients assisted by the project who are still engaged in such an enterprise on the date that is—

"(i) 6 months after the date on which assistance provided by the project was terminated; and

"(ii) 12 months after the date on which assistance provided by the project was terminated.

"(f) DURATION OF AWARDS.—A grant, contract, or cooperative agreement under subsection (a) shall be for a 3-year period.

"(g) DEFINITION.—For the purpose of this section, the term 'client' means 1 or more individuals with disabilities who engage in or seek to engage in a self-employment enterprise.

"SEC. 614. DISCRETIONARY AUTHORITY FOR DUAL-PURPOSE APPLICATIONS.

"(a) IN GENERAL.—The Commissioner may establish procedures to permit applicants for grants, contracts, or cooperative agreements under this part to submit applications that serve dual purposes, so long as such applications meet the requirements of sections 612 and 613.

"(b) AMOUNT OF ASSISTANCE.—In a case described in subsection (a), the minimum amount of a grant, contract,

or cooperative agreement awarded under a dual-purpose application may, at the discretion of the Commissioner, exceed the limitations described in section 612(f)(2).

"SEC. 615. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated to carry out this part, $10,000,000 for fiscal year 1998, and such sums as may be necessary for each of the fiscal years 1999 through 2004.

"PART B—PROJECTS WITH INDUSTRY

"PROJECTS WITH INDUSTRY

"SEC. 621. (a)(1) The purpose of this part is to create and expand job and career opportunities for individuals with disabilities in the competitive labor market by engaging the talent and leadership of private industry as partners in the rehabilitation process, to identify competitive job and career opportunities and the skills needed to perform such jobs, to create practical job and career readiness and training programs, and to provide job placements and career advancement.

"(2) The Commissioner, in consultation with the Secretary of Labor and with designated State units, may award grants to individual employers, community rehabilitation program providers, labor unions, trade associations, Indian tribes, tribal organizations, designated State units, and other entities to establish jointly financed Projects With

Industry to create and expand job and career opportunities for individuals with disabilities, which projects shall—

"(A) provide for the establishment of business advisory councils, that shall—

"(i) be comprised of—

"(I) representatives of private industry, business concerns, and organized labor;

"(II) individuals with disabilities and representatives of individuals with disabilities; and

"(III) a representative of the appropriate designated State unit;

"(ii) identify job and career availability within the community, consistent with the current and projected local employment opportunities identified by the local workforce investment partnership for the community under section 308(e)(6) of the Workforce Investment Partnership Act of 1998;

"(iii) identify the skills necessary to perform the jobs and careers identified; and

"(iv) prescribe training programs designed to develop appropriate job and career skills, or job placement programs designed to identify and develop job placement and career advancement

opportunities, for individuals with disabilities in fields related to the job and career availability identified under clause (ii);

"(B) provide job development, job placement, and career advancement services;

"(C) to the extent appropriate, provide for—

"(i) training in realistic work settings in order to prepare individuals with disabilities for employment and career advancement in the competitive market; and

"(ii) the modification of any facilities or equipment of the employer involved that are used primarily by individuals with disabilities, except that a project shall not be required to provide for such modification if the modification is required as a reasonable accommodation under the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.); and

"(D) provide individuals with disabilities with such support services as may be required in order to maintain the employment and career advancement for which the individuals have received training under this part.

"(3)(A) An individual shall be eligible for services described in paragraph (2) if the individual is determined

to be an individual described in section 102(a)(1), and if the determination is made in a manner consistent with section 102(a).

"(B) Such a determination may be made by the recipient of a grant under this part, to the extent the determination is appropriate and available and consistent with the requirements of section 102(a).

"(4) The Commissioner shall enter into an agreement with the grant recipient regarding the establishment of the project. Any agreement shall be jointly developed by the Commissioner, the grant recipient, and, to the extent practicable, the appropriate designated State unit and the individuals with disabilities (or the individuals' representatives) involved. Such agreements shall specify the terms of training and employment under the project, provide for the payment by the Commissioner of part of the costs of the project (in accordance with subsection (c)), and contain the items required under subsection (b) and such other provisions as the parties to the agreement consider to be appropriate.

"(5) Any agreement shall include a description of a plan to annually conduct a review and evaluation of the operation of the project in accordance with standards developed by the Commissioner under subsection (d), and, in conducting the review and evaluation, to collect data and

information of the type described in subparagraphs (A) through (C) of section 101(a)(10), as determined to be appropriate by the Commissioner.

"(6) The Commissioner may include, as part of agreements with grant recipients, authority for such grant recipients to provide technical assistance to—

"(A) assist employers in hiring individuals with disabilities; or

"(B) improve or develop relationships between—

"(i) grant recipients or prospective grant recipients; and

"(ii) employers or organized labor; or

"(C) assist employers in understanding and meeting the requirements of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) as the Act relates to employment of individuals with disabilities.

"(b) No payment shall be made by the Commissioner under any agreement with a grant recipient entered into under subsection (a) unless such agreement—

"(1) provides an assurance that individuals with disabilities placed under such agreement shall receive at least the applicable minimum wage;

"(2) provides an assurance that any individual with a disability placed under this part shall be af-

forded terms and benefits of employment equal to terms and benefits that are afforded to the similarly situated nondisabled co-workers of the individual, and that such individuals with disabilities shall not be segregated from their co-workers; and

"(3) provides an assurance that an annual evaluation report containing information specified under subsection (a)(5) shall be submitted as determined to be appropriate by the Commissioner.

"(c) Payments under this section with respect to any project may not exceed 80 per centum of the costs of the project.

"(d)(1) The Commissioner shall develop standards for the evaluation described in subsection (a)(5) and shall review and revise the evaluation standards as necessary, subject to paragraphs (2) and (3).

"(2) In revising the standards for evaluation to be used by the grant recipients, the Commissioner shall obtain and consider recommendations for such standards from State vocational rehabilitation agencies, current and former grant recipients, professional organizations representing business and industry, organizations representing individuals with disabilities, individuals served by grant recipients, organizations representing community rehabilitation program providers, and labor organizations.

"(3) No standards may be established under this subsection unless the standards are approved by the National Council on Disability. The Council shall be afforded adequate time to review and approve the standards.

"(e)(1)(A) A grant may be awarded under this section for a period of up to 5 years and such grant may be renewed.

"(B) Grants under this section shall be awarded on a competitive basis. To be eligible to receive such a grant, a prospective grant recipient shall submit an application to the Commissioner at such time, in such manner, and containing such information as the Commissioner may require.

"(2) The Commissioner shall, to the extent practicable, ensure an equitable distribution of payments made under this section among the States. To the extent funds are available, the Commissioner shall award grants under this section to new projects that will serve individuals with disabilities in States, portions of States, Indian tribes, or tribal organizations, that are currently unserved or underserved by projects.

"(f)(1) The Commissioner shall, as necessary, develop and publish in the Federal Register, in final form, indicators of what constitutes minimum compliance consistent with the evaluation standards under subsection (d)(1).

"(2) Each grant recipient shall report to the Commissioner at the end of each project year the extent to which the grant recipient is in compliance with the evaluation standards.

"(3)(A) The Commissioner shall annually conduct on-site compliance reviews of at least 15 percent of grant recipients. The Commissioner shall select grant recipients for review on a random basis.

"(B) The Commissioner shall use the indicators in determining compliance with the evaluation standards.

"(C) The Commissioner shall ensure that at least one member of a team conducting such a review shall be an individual who—

"(i) is not an employee of the Federal Government; and

"(ii) has experience or expertise in conducting projects.

"(D) The Commissioner shall ensure that—

"(i) a representative of the appropriate designated State unit shall participate in the review; and

"(ii) no person shall participate in the review of a grant recipient if—

"(I) the grant recipient provides any direct financial benefit to the reviewer; or

"(II) participation in the review would give the appearance of a conflict of interest.

"(4) In making a determination concerning any subsequent grant under this section, the Commissioner shall consider the past performance of the applicant, if applicable. The Commissioner shall use compliance indicators developed under this subsection that are consistent with program evaluation standards developed under subsection (d) to assess minimum project performance for purposes of making continuation awards in the third, fourth, and fifth years.

"(5) Each fiscal year the Commissioner shall include in the annual report to Congress required by section 13 an analysis of the extent to which grant recipients have complied with the evaluation standards. The Commissioner may identify individual grant recipients in the analysis. In addition, the Commissioner shall report the results of onsite compliance reviews, identifying individual grant recipients.

"(g) The Commissioner may provide, directly or by way of grant, contract, or cooperative agreement, technical assistance to—

"(1) entities conducting projects for the purpose of assisting such entities in—

"(A) the improvement of or the development of relationships with private industry or labor; or

"(B) the improvement of relationships with State vocational rehabilitation agencies; and

"(2) entities planning the development of new projects.

"(h) As used in this section:

"(1) The term 'agreement' means an agreement described in subsection (a)(4).

"(2) The term 'project' means a Project With Industry established under subsection (a)(2).

"(3) The term 'grant recipient' means a recipient of a grant under subsection (a)(2).

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 622. There are authorized to be appropriated to carry out the provisions of this part, such sums as may be necessary for each of fiscal years 1998 through 2004.

"PART C—SUPPORTED EMPLOYMENT SERVICES FOR INDIVIDUALS WITH THE MOST SIGNIFICANT DISABILITIES

"SEC. 631. PURPOSE.

"It is the purpose of this part to authorize allotments, in addition to grants for vocational rehabilitation services under title I, to assist States in developing collaborative programs with appropriate entities to provide supported

employment services for individuals with the most significant disabilities to enable such individuals to achieve the employment outcome of supported employment.

"SEC. 632. ALLOTMENTS.

"(a) IN GENERAL.—

"(1) STATES.—The Secretary shall allot the sums appropriated for each fiscal year to carry out this part among the States on the basis of relative population of each State, except that—

"(A) no State shall receive less than $250,000, or one-third of one percent of the sums appropriated for the fiscal year for which the allotment is made, whichever is greater; and

"(B) if the sums appropriated to carry out this part for the fiscal year exceed by $1,000,000 or more the sums appropriated to carry out this part in fiscal year 1992, no State shall receive less than $300,000, or one-third of one percent of the sums appropriated for the fiscal year for which the allotment is made, whichever is greater.

"(2) CERTAIN TERRITORIES.—

"(A) IN GENERAL.—For the purposes of this subsection, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of

the Northern Mariana Islands shall not be considered to be States.

"(B) ALLOTMENT.—Each jurisdiction described in subparagraph (A) shall be allotted not less than one-eighth of one percent of the amounts appropriated for the fiscal year for which the allotment is made.

"(b) REALLOTMENT.—Whenever the Commissioner determines that any amount of an allotment to a State for any fiscal year will not be expended by such State for carrying out the provisions of this part, the Commissioner shall make such amount available for carrying out the provisions of this part to one or more of the States that the Commissioner determines will be able to use additional amounts during such year for carrying out such provisions. Any amount made available to a State for any fiscal year pursuant to the preceding sentence shall, for the purposes of this section, be regarded as an increase in the allotment of the State (as determined under the preceding provisions of this section) for such year.

"SEC. 633. AVAILABILITY OF SERVICES.

"Funds provided under this part may be used to provide supported employment services to individuals who are eligible under this part. Funds provided under this part,

or title I, may not be used to provide extended services to individuals who are eligible under this part or title I.

"SEC. 634. ELIGIBILITY.

"An individual shall be eligible under this part to receive supported employment services authorized under this Act if—

"(1) the individual is eligible for vocational rehabilitation services;

"(2) the individual is determined to be an individual with a most significant disability; and

"(3) a comprehensive assessment of rehabilitation needs of the individual described in section 7(2)(B), including an evaluation of rehabilitation, career, and job needs, identifies supported employment as the appropriate employment outcome for the individual.

"SEC. 635. STATE PLAN.

"(a) STATE PLAN SUPPLEMENTS.—To be eligible for an allotment under this part, a State shall submit to the Commissioner, as part of the State plan under section 101, a State plan supplement for providing supported employment services authorized under this Act to individuals who are eligible under this Act to receive the services. Each State shall make such annual revisions in the plan supplement as may be necessary.

"(b) CONTENTS.—Each such plan supplement shall—

"(1) designate each designated State agency as the agency to administer the program assisted under this part;

"(2) summarize the results of the comprehensive, statewide assessment conducted under section 101(a)(15)(A)(i), with respect to the rehabilitation needs of individuals with significant disabilities and the need for supported employment services, including needs related to coordination;

"(3) describe the quality, scope, and extent of supported employment services authorized under this Act to be provided to individuals who are eligible under this Act to receive the services and specify the goals and plans of the State with respect to the distribution of funds received under section 632;

"(4) demonstrate evidence of the efforts of the designated State agency to identify and make arrangements (including entering into cooperative agreements) with other State agencies and other appropriate entities to assist in the provision of supported employment services;

"(5) demonstrate evidence of the efforts of the designated State agency to identify and make arrangements (including entering into cooperative

agreements) with other public or nonprofit agencies or organizations within the State, employers, natural supports, and other entities with respect to the provision of extended services;

"(6) provide assurances that—

"(A) funds made available under this part will only be used to provide supported employment services authorized under this Act to individuals who are eligible under this part to receive the services;

"(B) the comprehensive assessments of individuals with significant disabilities conducted under section 102(b)(1) and funded under title I will include consideration of supported employment as an appropriate employment outcome;

"(C) an individualized rehabilitation employment plan, as required by section 102, will be developed and updated using funds under title I in order to—

"(i) specify the supported employment services to be provided;

"(ii) specify the expected extended services needed; and

"(iii) identify the source of extended services, which may include natural sup-

ports, or to the extent that it is not possible to identify the source of extended services at the time the individualized rehabilitation employment plan is developed, a statement describing the basis for concluding that there is a reasonable expectation that such sources will become available;

"(D) the State will use funds provided under this part only to supplement, and not supplant, the funds provided under title I, in providing supported employment services specified in the individualized rehabilitation employment plan;

"(E) services provided under an individualized rehabilitation employment plan will be coordinated with services provided under other individualized plans established under other Federal or State programs;

"(F) to the extent jobs skills training is provided, the training will be provided onsite; and

"(G) supported employment services will include placement in an integrated setting for the maximum number of hours possible based on the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed

choice of individuals with the most significant disabilities;

"(7) provide assurances that the State agencies designated under paragraph (1) will expend not more than 5 percent of the allotment of the State under this part for administrative costs of carrying out this part; and

"(8) contain such other information and be submitted in such manner as the Commissioner may require.

"SEC. 636. RESTRICTION.

"Each State agency designated under section 635(b)(1) shall collect the information required by section 101(a)(10) separately for eligible individuals receiving supported employment services under this part and for eligible individuals receiving supported employment services under title I.

"SEC. 637. SAVINGS PROVISION.

"(a) SUPPORTED EMPLOYMENT SERVICES.—Nothing in this Act shall be construed to prohibit a State from providing supported employment services in accordance with the State plan submitted under section 101 by using funds made available through a State allotment under section 110.

"(b) POSTEMPLOYMENT SERVICES.—Nothing in this part shall be construed to prohibit a State from providing

discrete postemployment services in accordance with the State plan submitted under section 101 by using funds made available through a State allotment under section 110 to an individual who is eligible under this part.

"SEC. 638. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part such sums as may be necessary for each of fiscal years 1998 through 2004.".

SEC. 610. INDEPENDENT LIVING SERVICES AND CENTERS FOR INDEPENDENT LIVING.

Title VII of the Rehabilitation Act of 1973 (29 U.S.C. 796 et seq.) is amended to read as follows:

"TITLE VII—INDEPENDENT LIVING SERVICES AND CENTERS FOR INDEPENDENT LIVING

"CHAPTER 1—INDIVIDUALS WITH SIGNIFICANT DISABILITIES

"PART A—GENERAL PROVISIONS

"SEC. 701. PURPOSE.

"The purpose of this chapter is to promote a philosophy of independent living, including a philosophy of consumer control, peer support, self-help, self-determination, equal access, and individual and system advocacy, in order to maximize the leadership, empowerment, independence, and productivity of individuals with disabilities, and the

integration and full inclusion of individuals with disabilities into the mainstream of American society, by—

"(1) providing financial assistance to States for providing, expanding, and improving the provision of independent living services;

"(2) providing financial assistance to develop and support statewide networks of centers for independent living; and

"(3) providing financial assistance to States for improving working relationships among State independent living rehabilitation service programs, centers for independent living, Statewide Independent Living Councils established under section 705, State vocational rehabilitation programs receiving assistance under title I, State programs of supported employment services receiving assistance under part C of title VI, client assistance programs receiving assistance under section 112, programs funded under other titles of this Act, programs funded under other Federal law, and programs funded through non-Federal sources.

"SEC. 702. DEFINITIONS.

"As used in this chapter:

"(1) CENTER FOR INDEPENDENT LIVING.—The term 'center for independent living' means a con-

sumer-controlled, community-based, cross-disability, nonresidential private nonprofit agency that—

"(A) is designed and operated within a local community by individuals with disabilities; and

"(B) provides an array of independent living services.

"(2) CONSUMER CONTROL.—The term 'consumer control' means, with respect to a center for independent living, that the center vests power and authority in individuals with disabilities.

"SEC. 703. ELIGIBILITY FOR RECEIPT OF SERVICES.

"Services may be provided under this chapter to any individual with a significant disability, as defined in section 7(21)(B).

"SEC. 704. STATE PLAN.

"(a) IN GENERAL.—

"(1) REQUIREMENT.—To be eligible to receive financial assistance under this chapter, a State shall submit to the Commissioner, and obtain approval of, a State plan containing such provisions as the Commissioner may require, including, at a minimum, the provisions required in this section.

"(2) JOINT DEVELOPMENT.—The plan under paragraph (1) shall be jointly developed and signed by—

"(A) the director of the designated State unit; and

"(B) the chairperson of the Statewide Independent Living Council, acting on behalf of and at the direction of the Council.

"(3) PERIODIC REVIEW AND REVISION.—The plan shall provide for the review and revision of the plan, not less than once every 3 years, to ensure the existence of appropriate planning, financial support and coordination, and other assistance to appropriately address, on a statewide and comprehensive basis, needs in the State for—

"(A) the provision of State independent living services;

"(B) the development and support of a statewide network of centers for independent living; and

"(C) working relationships between—

"(i) programs providing independent living services and independent living centers; and

"(ii) the vocational rehabilitation program established under title I, and other programs providing services for individuals with disabilities.

"(4) DATE OF SUBMISSION.—The State shall submit the plan to the Commissioner 90 days before the completion date of the preceding plan. If a State fails to submit such a plan that complies with the requirements of this section, the Commissioner may withhold financial assistance under this chapter until such time as the State submits such a plan.

"(b) STATEWIDE INDEPENDENT LIVING COUNCIL.—The plan shall provide for the establishment of a Statewide Independent Living Council in accordance with section 705.

"(c) DESIGNATION OF STATE UNIT.—The plan shall designate the designated State unit of such State as the agency that, on behalf of the State, shall—

"(1) receive, account for, and disburse funds received by the State under this chapter based on the plan;

"(2) provide administrative support services for a program under part B, and a program under part C in a case in which the program is administered by the State under section 723;

"(3) keep such records and afford such access to such records as the Commissioner finds to be necessary with respect to the programs; and

"(4) submit such additional information or provide such assurances as the Commissioner may require with respect to the programs.

"(d) OBJECTIVES.—The plan shall—

"(1) specify the objectives to be achieved under the plan and establish timelines for the achievement of the objectives; and

"(2) explain how such objectives are consistent with and further the purpose of this chapter.

"(e) INDEPENDENT LIVING SERVICES.—The plan shall provide that the State will provide independent living services under this chapter to individuals with significant disabilities, and will provide the services to such an individual in accordance with an independent living plan mutually agreed upon by an appropriate staff member of the service provider and the individual, unless the individual signs a waiver stating that such a plan is unnecessary.

"(f) SCOPE AND ARRANGEMENTS.—The plan shall describe the extent and scope of independent living services to be provided under this chapter to meet such objectives. If the State makes arrangements, by grant or contract, for

providing such services, such arrangements shall be described in the plan.

"(g) NETWORK.—The plan shall set forth a design for the establishment of a statewide network of centers for independent living that comply with the standards and assurances set forth in section 725.

"(h) CENTERS.—In States in which State funding for centers for independent living equals or exceeds the amount of funds allotted to the State under part C, as provided in section 723, the plan shall include policies, practices, and procedures governing the awarding of grants to centers for independent living and oversight of such centers consistent with section 723.

"(i) COOPERATION, COORDINATION, AND WORKING RELATIONSHIPS AMONG VARIOUS ENTITIES.—The plan shall set forth the steps that will be taken to maximize the cooperation, coordination, and working relationships among—

"(1) the independent living rehabilitation service program, the Statewide Independent Living Council, and centers for independent living; and

"(2) the designated State unit, other State agencies represented on such Council, other councils that address the needs of specific disability populations

and issues, and other public and private entities determined to be appropriate by the Council.

"(j) COORDINATION OF SERVICES.—The plan shall describe how services funded under this chapter will be coordinated with, and complement, other services, in order to avoid unnecessary duplication with other Federal, State, and local programs.

"(k) COORDINATION BETWEEN FEDERAL AND STATE SOURCES.—The plan shall describe efforts to coordinate Federal and State funding for centers for independent living and independent living services.

"(l) OUTREACH.—With respect to services and centers funded under this chapter, the plan shall set forth steps to be taken regarding outreach to populations that are unserved or underserved by programs under this title, including minority groups and urban and rural populations.

"(m) REQUIREMENTS.—The plan shall provide satisfactory assurances that all recipients of financial assistance under this chapter will—

"(1) notify all individuals seeking or receiving services under this chapter about the availability of the client assistance program under section 112, the purposes of the services provided under such program, and how to contact such program;

"(2) take affirmative action to employ and advance in employment qualified individuals with disabilities on the same terms and conditions required with respect to the employment of such individuals under the provisions of section 503;

"(3) adopt such fiscal control and fund accounting procedures as may be necessary to ensure the proper disbursement of and accounting for funds paid to the State under this chapter;

"(4)(A) maintain records that fully disclose—

"(i) the amount and disposition by such recipient of the proceeds of such financial assistance;

"(ii) the total cost of the project or undertaking in connection with which such financial assistance is given or used; and

"(iii) the amount of that portion of the cost of the project or undertaking supplied by other sources;

"(B) maintain such other records as the Commissioner determines to be appropriate to facilitate an effective audit;

"(C) afford such access to records maintained under subparagraphs (A) and (B) as the Commissioner determines to be appropriate; and

"(D) submit such reports with respect to such records as the Commissioner determines to be appropriate;

"(5) provide access to the Commissioner and the Comptroller General or any of their duly authorized representatives, for the purpose of conducting audits and examinations, of any books, documents, papers, and records of the recipients that are pertinent to the financial assistance received under this chapter; and

"(6) provide for public hearings regarding the contents of the plan during both the formulation and review of the plan.

"(n) EVALUATION.—The plan shall establish a method for the periodic evaluation of the effectiveness of the plan in meeting the objectives established in subsection (d), including evaluation of satisfaction by individuals with disabilities.

"SEC. 705. STATEWIDE INDEPENDENT LIVING COUNCIL.

"(a) ESTABLISHMENT.—To be eligible to receive financial assistance under this chapter, each State shall establish a Statewide Independent Living Council (referred to in this section as the 'Council'). The Council shall not be established as an entity within a State agency.

"(b) COMPOSITION AND APPOINTMENT.—

"(1) APPOINTMENT.—Members of the Council shall be appointed by the Governor. The Governor shall select members after soliciting recommendations from representatives of organizations representing a broad range of individuals with disabilities and organizations interested in individuals with disabilities.

"(2) COMPOSITION.—The Council shall include—

"(A) at least one director of a center for independent living chosen by the directors of centers for independent living within the State;

"(B) as ex officio, nonvoting members—

"(i) a representative from the designated State unit; and

"(ii) representatives from other State agencies that provide services for individuals with disabilities; and

"(C) in a State in which 1 or more projects are carried out under section 121, at least 1 representative of the directors of the projects.

"(3) ADDITIONAL MEMBERS.—The Council may include—

"(A) other representatives from centers for independent living;

"(B) parents and guardians of individuals with disabilities;

"(C) advocates of and for individuals with disabilities;

"(D) representatives from private businesses;

"(E) representatives from organizations that provide services for individuals with disabilities; and

"(F) other appropriate individuals.

"(4) QUALIFICATIONS.—

"(A) IN GENERAL.—The Council shall be composed of members—

"(i) who provide statewide representation;

"(ii) who represent a broad range of individuals with disabilities from diverse backgrounds;

"(iii) who are knowledgeable about centers for independent living and independent living services; and

"(iv) a majority of whom are persons who are—

"(I) individuals with disabilities described in section 7(20)(B); and

"(II) not employed by any State agency or center for independent living.

"(B) VOTING MEMBERS.—A majority of the voting members of the Council shall be—

"(i) individuals with disabilities described in section 7(20)(B); and

"(ii) not employed by any State agency or center for independent living.

"(5) CHAIRPERSON.—The Council shall select a chairperson from among the voting membership of the Council.

"(6) TERMS OF APPOINTMENT.—

"(A) LENGTH OF TERM.—Each member of the Council shall serve for a term of 3 years, except that—

"(i) a member appointed to fill a vacancy occurring prior to the expiration of the term for which a predecessor was appointed, shall be appointed for the remainder of such term; and

"(ii) the terms of service of the members initially appointed shall be (as specified by the Governor) for such fewer number

of years as will provide for the expiration of terms on a staggered basis.

"(B) NUMBER OF TERMS.—No member of the Council may serve more than two consecutive full terms.

"(7) VACANCIES.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), any vacancy occurring in the membership of the Council shall be filled in the same manner as the original appointment. The vacancy shall not affect the power of the remaining members to execute the duties of the Council.

"(B) DELEGATION.—The Governor may delegate the authority to fill such a vacancy to the remaining voting members of the Council after making the original appointment.

"(c) DUTIES.—The Council shall—

"(1) jointly develop and sign (in conjunction with the designated State unit) the State plan required in section 704;

"(2) monitor, review, and evaluate the implementation of the State plan;

"(3) coordinate activities with the State Rehabilitation Council established under section 105, if the State has such a Council, or the commission described

in section 101(a)(21)(A), if the State has such a commission, and councils that address the needs of specific disability populations and issues under other Federal law;

"(4) ensure that all regularly scheduled meetings of the Statewide Independent Living Council are open to the public and sufficient advance notice is provided; and

"(5) submit to the Commissioner such periodic reports as the Commissioner may reasonably request, and keep such records, and afford such access to such records, as the Commissioner finds necessary to verify such reports.

"(d) HEARINGS AND FORUMS.—The Council is authorized to hold such hearings and forums as the Council may determine to be necessary to carry out the duties of the Council.

"(e) PLAN.—

"(1) IN GENERAL.—The Council shall prepare, in conjunction with the designated State unit, a plan for the provision of such resources, including such staff and personnel, as may be necessary and sufficient to carry out the functions of the Council under this section, with funds made available under this chapter, and under section 110 (consistent with sec-

tion 101(a)(18)), and from other public and private sources. The resource plan shall, to the maximum extent possible, rely on the use of resources in existence during the period of implementation of the plan.

"(2) SUPERVISION AND EVALUATION.—Each Council shall, consistent with State law, supervise and evaluate such staff and other personnel as may be necessary to carry out the functions of the Council under this section.

"(3) CONFLICT OF INTEREST.—While assisting the Council in carrying out its duties, staff and other personnel shall not be assigned duties by the designated State agency or any other agency or office of the State, that would create a conflict of interest.

"(f) COMPENSATION AND EXPENSES.—The Council may use such resources to reimburse members of the Council for reasonable and necessary expenses of attending Council meetings and performing Council duties (including child care and personal assistance services), and to pay compensation to a member of the Council, if such member is not employed or must forfeit wages from other employment, for each day the member is engaged in performing Council duties.

"SEC. 706. RESPONSIBILITIES OF THE COMMISSIONER.

"(a) APPROVAL OF STATE PLANS.—

"(1) IN GENERAL.—The Commissioner shall approve any State plan submitted under section 704 that the Commissioner determines meets the requirements of section 704, and shall disapprove any such plan that does not meet such requirements, as soon as practicable after receiving the plan. Prior to such disapproval, the Commissioner shall notify the State of the intention to disapprove the plan, and shall afford such State reasonable notice and opportunity for a hearing.

"(2) PROCEDURES.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the provisions of subsections (c) and (d) of section 107 shall apply to any State plan submitted to the Commissioner under section 704.

"(B) APPLICATION.—For purposes of the application described in subparagraph (A), all references in such provisions—

"(i) to the Secretary shall be deemed to be references to the Commissioner; and

"(ii) to section 101 shall be deemed to be references to section 704.

"(b) INDICATORS.—Not later than October 1, 1993, the Commissioner shall develop and publish in the Federal Reg-

ister indicators of minimum compliance consistent with the standards set forth in section 725.

"(c) ONSITE COMPLIANCE REVIEWS.—

"(1) REVIEWS.—The Commissioner shall annually conduct onsite compliance reviews of at least 15 percent of the centers for independent living that receive funds under section 722 and shall periodically conduct such a review of each such center. The Commissioner shall annually conduct onsite compliance reviews of at least one-third of the designated State units that receive funding under section 723, and, to the extent necessary to determine the compliance of such a State unit with subsections (f) and (g) of section 723, centers that receive funding under section 723 in such State. The Commissioner shall select the centers and State units described in this paragraph for review on a random basis.

"(2) QUALIFICATIONS OF EMPLOYEES CONDUCTING REVIEWS.—The Commissioner shall—

"(A) to the maximum extent practicable, carry out such a review by using employees of the Department who are knowledgeable about the provision of independent living services;

"(B) ensure that the employee of the Department with responsibility for supervising such a review shall have such knowledge; and

"(C) ensure that at least one member of a team conducting such a review shall be an individual who—

"(i) is not a government employee; and

"(ii) has experience in the operation of centers for independent living.

"(d) REPORTS.—The Commissioner shall include, in the annual report required under section 13, information on the extent to which centers for independent living receiving funds under part C have complied with the standards and assurances set forth in section 725. The Commissioner may identify individual centers for independent living in the analysis. The Commissioner shall report the results of onsite compliance reviews, identifying individual centers for independent living and other recipients of assistance under this chapter.

"PART B—INDEPENDENT LIVING SERVICES

"SEC. 711. ALLOTMENTS.

"(a) IN GENERAL.—

"(1) STATES.—

"(A) POPULATION BASIS.—Except as provided in subparagraphs (B) and (C), from sums

appropriated for each fiscal year to carry out this part, the Commissioner shall make an allotment to each State whose State plan has been approved under section 706 of an amount bearing the same ratio to such sums as the population of the State bears to the population of all States.

"(B) MAINTENANCE OF 1992 AMOUNTS.—Subject to the availability of appropriations to carry out this part, the amount of any allotment made under subparagraph (A) to a State for a fiscal year shall not be less than the amount of an allotment made to the State for fiscal year 1992 under part A of this title, as in effect on the day before the date of enactment of the Rehabilitation Act Amendments of 1992.

"(C) MINIMUMS.—Subject to the availability of appropriations to carry out this part, and except as provided in subparagraph (B), the allotment to any State under subparagraph (A) shall be not less than $275,000 or one-third of one percent of the sums made available for the fiscal year for which the allotment is made, whichever is greater, and the allotment of any State under this section for any fiscal year that

is less than $275,000 or one-third of one percent of such sums shall be increased to the greater of the two amounts.

"(2) CERTAIN TERRITORIES.—

"(A) IN GENERAL.—For the purposes of paragraph (1)(C), Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands shall not be considered to be States.

"(B) ALLOTMENT.—Each jurisdiction described in subparagraph (A) shall be allotted under paragraph (1)(A) not less than one-eighth of one percent of the amounts made available for purposes of this part for the fiscal year for which the allotment is made.

"(3) ADJUSTMENT FOR INFLATION.—For any fiscal year, beginning in fiscal year 1999, in which the total amount appropriated to carry out this part exceeds the total amount appropriated to carry out this part for the preceding fiscal year, the Commissioner shall increase the minimum allotment under paragraph (1)(C) by a percentage that shall not exceed the percentage increase in the total amount appropriated to carry out this part between the preceding fiscal year and the fiscal year involved.

"(b) PROPORTIONAL REDUCTION.—To provide allotments to States in accordance with subsection (a)(1)(B), to provide minimum allotments to States (as increased under subsection (a)(3)) under subsection (a)(1)(C), or to provide minimum allotments to States under subsection (a)(2)(B), the Commissioner shall proportionately reduce the allotments of the remaining States under subsection (a)(1)(A), with such adjustments as may be necessary to prevent the allotment of any such remaining State from being reduced to less than the amount required by subsection (a)(1)(B).

"(c) REALLOTMENT.—Whenever the Commissioner determines that any amount of an allotment to a State for any fiscal year will not be expended by such State in carrying out the provisions of this part, the Commissioner shall make such amount available for carrying out the provisions of this part to one or more of the States that the Commissioner determines will be able to use additional amounts during such year for carrying out such provisions. Any amount made available to a State for any fiscal year pursuant to the preceding sentence shall, for the purposes of this section, be regarded as an increase in the allotment of the State (as determined under the preceding provisions of this section) for such year.

"SEC. 712. PAYMENTS TO STATES FROM ALLOTMENTS.

"(a) PAYMENTS.—From the allotment of each State for a fiscal year under section 711, the State shall be paid the Federal share of the expenditures incurred during such year under its State plan approved under section 706. Such payments may be made (after necessary adjustments on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and in such installments and on such conditions as the Commissioner may determine.

"(b) FEDERAL SHARE.—

"(1) IN GENERAL.—The Federal share with respect to any State for any fiscal year shall be 90 percent of the expenditures incurred by the State during such year under its State plan approved under section 706.

"(2) NON-FEDERAL SHARE.—The non-Federal share of the cost of any project that receives assistance through an allotment under this part may be provided in cash or in kind, fairly evaluated, including plant, equipment, or services.

"SEC. 713. AUTHORIZED USES OF FUNDS.

"The State may use funds received under this part to provide the resources described in section 705(e), relating to the Statewide Independent Living Council, and may use funds received under this part—

"(1) to provide independent living services to individuals with significant disabilities;

"(2) to demonstrate ways to expand and improve independent living services;

"(3) to support the operation of centers for independent living that are in compliance with the standards and assurances set forth in subsections (b) and (c) of section 725;

"(4) to support activities to increase the capacities of public or nonprofit agencies and organizations and other entities to develop comprehensive approaches or systems for providing independent living services;

"(5) to conduct studies and analyses, gather information, develop model policies and procedures, and present information, approaches, strategies, findings, conclusions, and recommendations to Federal, State, and local policymakers in order to enhance independent living services for individuals with disabilities;

"(6) to train individuals with disabilities and individuals providing services to individuals with disabilities and other persons regarding the independent living philosophy; and

"(7) to provide outreach to populations that are unserved or underserved by programs under this title,

including minority groups and urban and rural populations.

"SEC. 714. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part such sums as may be necessary for each of the fiscal years 1998 through 2004.

"PART C—CENTERS FOR INDEPENDENT LIVING

"SEC. 721. PROGRAM AUTHORIZATION.

"(a) IN GENERAL.—From the funds appropriated for fiscal year 1998 and for each subsequent fiscal year to carry out this part, the Commissioner shall allot such sums as may be necessary to States and other entities in accordance with subsections (b) through (d).

"(b) TRAINING.—

"(1) GRANTS; CONTRACTS; OTHER ARRANGEMENTS.—For any fiscal year in which the funds appropriated to carry out this part exceed the funds appropriated to carry out this part for fiscal year 1993, the Commissioner shall first reserve from such excess, to provide training and technical assistance to eligible agencies, centers for independent living, and Statewide Independent Living Councils for such fiscal year, not less than 1.8 percent, and not more than 2 percent, of the funds appropriated to carry out this part for the fiscal year involved.

"(2) ALLOCATION.—From the funds reserved under paragraph (1), the Commissioner shall make grants to, and enter into contracts and other arrangements with, entities that have experience in the operation of centers for independent living to provide such training and technical assistance with respect to planning, developing, conducting, administering, and evaluating centers for independent living.

"(3) FUNDING PRIORITIES.—The Commissioner shall conduct a survey of Statewide Independent Living Councils and centers for independent living regarding training and technical assistance needs in order to determine funding priorities for such grants, contracts, and other arrangements.

"(4) REVIEW.—To be eligible to receive a grant or enter into a contract or other arrangement under this subsection, such an entity shall submit an application to the Commissioner at such time, in such manner, and containing a proposal to provide such training and technical assistance, and containing such additional information as the Commissioner may require. The Commissioner shall provide for peer review of grant applications by panels that include persons who are not government employees and who

have experience in the operation of centers for independent living.

"(5) PROHIBITION ON COMBINED FUNDS.—No funds reserved by the Commissioner under this subsection may be combined with funds appropriated under any other Act or part of this Act if the purpose of combining funds is to make a single discretionary grant or a single discretionary payment, unless such funds appropriated under this chapter are separately identified in such grant or payment and are used for the purposes of this chapter.

"(c) IN GENERAL.—

"(1) STATES.—

"(A) POPULATION BASIS.—After the reservation required by subsection (b) has been made, and except as provided in subparagraphs (B) and (C), from the remainder of the amounts appropriated for each such fiscal year to carry out this part, the Commissioner shall make an allotment to each State whose State plan has been approved under section 706 of an amount bearing the same ratio to such remainder as the population of the State bears to the population of all States.

"(B) MAINTENANCE OF 1992 AMOUNTS.—Subject to the availability of appropriations to carry out this part, the amount of any allotment made under subparagraph (A) to a State for a fiscal year shall not be less than the amount of financial assistance received by centers for independent living in the State for fiscal year 1992 under part B of this title, as in effect on the day before the date of enactment of the Rehabilitation Act Amendments of 1992.

"(C) MINIMUMS.—Subject to the availability of appropriations to carry out this part and except as provided in subparagraph (B), for a fiscal year in which the amounts appropriated to carry out this part exceed the amounts appropriated for fiscal year 1992 to carry out part B of this title, as in effect on the day before the date of enactment of the Rehabilitation Act Amendments of 1992—

"(i) if such excess is not less than $8,000,000, the allotment to any State under subparagraph (A) shall be not less than $450,000 or one-third of one percent of the sums made available for the fiscal year for which the allotment is made, whichever

is greater, and the allotment of any State under this section for any fiscal year that is less than $450,000 or one-third of one percent of such sums shall be increased to the greater of the two amounts;

"(ii) if such excess is not less than $4,000,000 and is less than $8,000,000, the allotment to any State under subparagraph (A) shall be not less than $400,000 or one-third of one percent of the sums made available for the fiscal year for which the allotment is made, whichever is greater, and the allotment of any State under this section for any fiscal year that is less than $400,000 or one-third of one percent of such sums shall be increased to the greater of the two amounts; and

"(iii) if such excess is less than $4,000,000, the allotment to any State under subparagraph (A) shall approach, as nearly as possible, the greater of the two amounts described in clause (ii).

"(2) CERTAIN TERRITORIES.—

"(A) IN GENERAL.—For the purposes of paragraph (1)(C), Guam, American Samoa, the

United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands shall not be considered to be States.

"(B) ALLOTMENT.—Each jurisdiction described in subparagraph (A) shall be allotted under paragraph (1)(A) not less than one-eighth of one percent of the remainder for the fiscal year for which the allotment is made.

"(3) ADJUSTMENT FOR INFLATION.—For any fiscal year, beginning in fiscal year 1999, in which the total amount appropriated to carry out this part exceeds the total amount appropriated to carry out this part for the preceding fiscal year, the Commissioner shall increase the minimum allotment under paragraph (1)(C) by a percentage that shall not exceed the percentage increase in the total amount appropriated to carry out this part between the preceding fiscal year and the fiscal year involved.

"(4) PROPORTIONAL REDUCTION.—To provide allotments to States in accordance with paragraph (1)(B), to provide minimum allotments to States (as increased under paragraph (3)) under paragraph (1)(C), or to provide minimum allotments to States under paragraph (2)(B), the Commissioner shall proportionately reduce the allotments of the remaining

States under paragraph (1)(A), with such adjustments as may be necessary to prevent the allotment of any such remaining State from being reduced to less than the amount required by paragraph (1)(B).

"(d) REALLOTMENT.—Whenever the Commissioner determines that any amount of an allotment to a State for any fiscal year will not be expended by such State for carrying out the provisions of this part, the Commissioner shall make such amount available for carrying out the provisions of this part to one or more of the States that the Commissioner determines will be able to use additional amounts during such year for carrying out such provisions. Any amount made available to a State for any fiscal year pursuant to the preceding sentence shall, for the purposes of this section, be regarded as an increase in the allotment of the State (as determined under the preceding provisions of this section) for such year.

"SEC. 722. GRANTS TO CENTERS FOR INDEPENDENT LIVING IN STATES IN WHICH FEDERAL FUNDING EXCEEDS STATE FUNDING.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—Unless the director of a designated State unit awards grants under section 723 to eligible agencies in a State for a fiscal year, the Commissioner shall award grants under this section

to such eligible agencies for such fiscal year from the amount of funds allotted to the State under subsection (c) or (d) of section 721 for such year.

"(2) GRANTS.—The Commissioner shall award such grants, from the amount of funds so allotted, to such eligible agencies for the planning, conduct, administration, and evaluation of centers for independent living that comply with the standards and assurances set forth in section 725.

"(b) ELIGIBLE AGENCIES.—In any State in which the Commissioner has approved the State plan required by section 704, the Commissioner may make a grant under this section to any eligible agency that—

"(1) has the power and authority to carry out the purpose of this part and perform the functions set forth in section 725 within a community and to receive and administer funds under this part, funds and contributions from private or public sources that may be used in support of a center for independent living, and funds from other public and private programs;

"(2) is determined by the Commissioner to be able to plan, conduct, administer, and evaluate a center for independent living consistent with the standards and assurances set forth in section 725; and

"(3) submits an application to the Commissioner at such time, in such manner, and containing such information as the Commissioner may require.

"(c) EXISTING ELIGIBLE AGENCIES.—In the administration of the provisions of this section, the Commissioner shall award grants to any eligible agency that has been awarded a grant under this part by September 30, 1997, unless the Commissioner makes a finding that the agency involved fails to meet program and fiscal standards and assurances set forth in section 725.

"(d) NEW CENTERS FOR INDEPENDENT LIVING.—

"(1) IN GENERAL.—If there is no center for independent living serving a region of the State or a region is underserved, and the increase in the allotment of the State is sufficient to support an additional center for independent living in the State, the Commissioner may award a grant under this section to the most qualified applicant proposing to serve such region, consistent with the provisions in the State plan setting forth the design of the State for establishing a statewide network of centers for independent living.

"(2) SELECTION.—In selecting from among applicants for a grant under this section for a new center for independent living, the Commissioner—

"(A) shall consider comments regarding the application, if any, by the Statewide Independent Living Council in the State in which the applicant is located;

"(B) shall consider the ability of each such applicant to operate a center for independent living based on—

"(i) evidence of the need for such a center;

"(ii) any past performance of such applicant in providing services comparable to independent living services;

"(iii) the plan for satisfying or demonstrated success in satisfying the standards and the assurances set forth in section 725;

"(iv) the quality of key personnel and the involvement of individuals with significant disabilities;

"(v) budgets and cost-effectiveness;

"(vi) an evaluation plan; and

"(vii) the ability of such applicant to carry out the plans; and

"(C) shall give priority to applications from applicants proposing to serve geographic areas within each State that are currently unserved or

underserved by independent living programs, consistent with the provisions of the State plan submitted under section 704 regarding establishment of a statewide network of centers for independent living.

"(3) CURRENT CENTERS.—Notwithstanding paragraphs (1) and (2), a center for independent living that receives assistance under part B for a fiscal year shall be eligible for a grant for the subsequent fiscal year under this subsection.

"(e) ORDER OF PRIORITIES.—The Commissioner shall be guided by the following order of priorities in allocating funds among centers for independent living within a State, to the extent funds are available:

"(1) The Commissioner shall support existing centers for independent living, as described in subsection (c), that comply with the standards and assurances set forth in section 725, at the level of funding for the previous year.

"(2) The Commissioner shall provide for a cost-of-living increase for such existing centers for independent living.

"(3) The Commissioner shall fund new centers for independent living, as described in subsection (d),

that comply with the standards and assurances set forth in section 725.

"(f) NONRESIDENTIAL AGENCIES.—A center that provides or manages residential housing after October 1, 1994, shall not be considered to be an eligible agency under this section.

"(g) REVIEW.—

"(1) IN GENERAL.—The Commissioner shall periodically review each center receiving funds under this section to determine whether such center is in compliance with the standards and assurances set forth in section 725. If the Commissioner determines that any center receiving funds under this section is not in compliance with the standards and assurances set forth in section 725, the Commissioner shall immediately notify such center that it is out of compliance.

"(2) ENFORCEMENT.—The Commissioner shall terminate all funds under this section to such center 90 days after the date of such notification unless the center submits a plan to achieve compliance within 90 days of such notification and such plan is approved by the Commissioner.

"SEC. 723. GRANTS TO CENTERS FOR INDEPENDENT LIVING IN STATES IN WHICH STATE FUNDING EQUALS OR EXCEEDS FEDERAL FUNDING.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—

"(A) INITIAL YEAR.—

"(i) DETERMINATION.—The director of a designated State unit, as provided in paragraph (2), or the Commissioner, as provided in paragraph (3), shall award grants under this section for an initial fiscal year if the Commissioner determines that the amount of State funds that were earmarked by a State for a preceding fiscal year to support the general operation of centers for independent living meeting the requirements of this part equaled or exceeded the amount of funds allotted to the State under subsection (c) or (d) of section 721 for such year.

"(ii) GRANTS.—The director or the Commissioner, as appropriate, shall award such grants, from the amount of funds so allotted for the initial fiscal year, to eligible agencies in the State for the planning, conduct, administration, and evaluation of cen-

ters for independent living that comply with the standards and assurances set forth in section 725.

"(iii) REGULATION.—The Commissioner shall by regulation specify the preceding fiscal year with respect to which the Commissioner will make the determinations described in clause (i) and subparagraph (B), making such adjustments as may be necessary to accommodate State funding cycles such as 2-year funding cycles or State fiscal years that do not coincide with the Federal fiscal year.

"(B) SUBSEQUENT YEARS.—For each year subsequent to the initial fiscal year described in subparagraph (A), the director of the designated State unit shall continue to have the authority to award such grants under this section if the Commissioner determines that the State continues to earmark the amount of State funds described in subparagraph (A)(i). If the State does not continue to earmark such an amount for a fiscal year, the State shall be ineligible to make grants under this section after a final year following such fiscal year, as defined in accordance

with regulations established by the Commissioner, and for each subsequent fiscal year.

"(2) GRANTS BY DESIGNATED STATE UNITS.—In order for the designated State unit to be eligible to award the grants described in paragraph (1) and carry out this section for a fiscal year with respect to a State, the designated State agency shall submit an application to the Commissioner at such time, and in such manner as the Commissioner may require, including information about the amount of State funds described in paragraph (1) for the preceding fiscal year. If the Commissioner makes a determination described in subparagraph (A)(i) or (B), as appropriate, of paragraph (1), the Commissioner shall approve the application and designate the director of the designated State unit to award the grant and carry out this section.

"(3) GRANTS BY COMMISSIONER.—If the designated State agency of a State described in paragraph (1) does not submit and obtain approval of an application under paragraph (2), the Commissioner shall award the grant described in paragraph (1) to eligible agencies in the State in accordance with section 722.

"(b) ELIGIBLE AGENCIES.—In any State in which the Commissioner has approved the State plan required by section 704, the director of the designated State unit may award a grant under this section to any eligible agency that—

"(1) has the power and authority to carry out the purpose of this part and perform the functions set forth in section 725 within a community and to receive and administer funds under this part, funds and contributions from private or public sources that may be used in support of a center for independent living, and funds from other public and private programs;

"(2) is determined by the director to be able to plan, conduct, administer, and evaluate a center for independent living, consistent with the standards and assurances set forth in section 725; and

"(3) submits an application to the director at such time, in such manner, and containing such information as the head of the designated State unit may require.

"(c) EXISTING ELIGIBLE AGENCIES.—In the administration of the provisions of this section, the director of the designated State unit shall award grants under this section to any eligible agency that has been awarded a grant under

this part by September 30, 1997, unless the director makes a finding that the agency involved fails to comply with the standards and assurances set forth in section 725.

"(d) NEW CENTERS FOR INDEPENDENT LIVING.—

"(1) IN GENERAL.—If there is no center for independent living serving a region of the State or the region is unserved or underserved, and the increase in the allotment of the State is sufficient to support an additional center for independent living in the State, the director of the designated State unit may award a grant under this section from among eligible agencies, consistent with the provisions of the State plan under section 704 setting forth the design of the State for establishing a statewide network of centers for independent living.

"(2) SELECTION.—In selecting from among eligible agencies in awarding a grant under this part for a new center for independent living—

"(A) the director of the designated State unit and the chairperson of, or other individual designated by, the Statewide Independent Living Council acting on behalf of and at the direction of the Council, shall jointly appoint a peer review committee that shall rank applications in accordance with the standards and assurances

set forth in section 725 and criteria jointly established by such director and such chairperson or individual;

"(B) the peer review committee shall consider the ability of each such applicant to operate a center for independent living, and shall recommend an applicant to receive a grant under this section, based on—

"(i) evidence of the need for a center for independent living, consistent with the State plan;

"(ii) any past performance of such applicant in providing services comparable to independent living services;

"(iii) the plan for complying with, or demonstrated success in complying with, the standards and the assurances set forth in section 725;

"(iv) the quality of key personnel of the applicant and the involvement of individuals with significant disabilities by the applicant;

"(v) the budgets and cost-effectiveness of the applicant;

"(vi) the evaluation plan of the applicant; and

"(vii) the ability of such applicant to carry out the plans; and

"(C) the director of the designated State unit shall award the grant on the basis of the recommendations of the peer review committee if the actions of the committee are consistent with Federal and State law.

"(3) CURRENT CENTERS.—Notwithstanding paragraphs (1) and (2), a center for independent living that receives assistance under part B for a fiscal year shall be eligible for a grant for the subsequent fiscal year under this subsection.

"(e) ORDER OF PRIORITIES.—Unless the director of the designated State unit and the chairperson of the Council or other individual designated by the Council acting on behalf of and at the direction of the Council jointly agree on another order of priority, the director shall be guided by the following order of priorities in allocating funds among centers for independent living within a State, to the extent funds are available:

"(1) The director of the designated State unit shall support existing centers for independent living, as described in subsection (c), that comply with the

standards and assurances set forth in section 725, at the level of funding for the previous year.

"(2) The director of the designated State unit shall provide for a cost-of-living increase for such existing centers for independent living.

"(3) The director of the designated State unit shall fund new centers for independent living, as described in subsection (d), that comply with the standards and assurances set forth in section 725.

"(f) NONRESIDENTIAL AGENCIES.—A center that provides or manages residential housing after October 1, 1994, shall not be considered to be an eligible agency under this section.

"(g) REVIEW.—

"(1) IN GENERAL.—The director of the designated State unit shall periodically review each center receiving funds under this section to determine whether such center is in compliance with the standards and assurances set forth in section 725. If the director of the designated State unit determines that any center receiving funds under this section is not in compliance with the standards and assurances set forth in section 725, the director of the designated State unit shall immediately notify such center that it is out of compliance.

"(2) ENFORCEMENT.—The director of the designated State unit shall terminate all funds under this section to such center 90 days after—

"(A) the date of such notification; or

"(B) in the case of a center that requests an appeal under subsection (i), the date of any final decision under subsection (i),

unless the center submits a plan to achieve compliance within 90 days and such plan is approved by the director, or if appealed, by the Commissioner.

"(h) ONSITE COMPLIANCE REVIEW.—The director of the designated State unit shall annually conduct onsite compliance reviews of at least 15 percent of the centers for independent living that receive funding under this section in the State. Each team that conducts onsite compliance review of centers for independent living shall include at least one person who is not an employee of the designated State agency, who has experience in the operation of centers for independent living, and who is jointly selected by the director of the designated State unit and the chairperson of or other individual designated by the Council acting on behalf of and at the direction of the Council. A copy of this review shall be provided to the Commissioner.

"(i) ADVERSE ACTIONS.—If the director of the designated State unit proposes to take a significant adverse

action against a center for independent living, the center may seek mediation and conciliation to be provided by an individual or individuals who are free of conflicts of interest identified by the chairperson of or other individual designated by the Council. If the issue is not resolved through the mediation and conciliation, the center may appeal the proposed adverse action to the Commissioner for a final decision.

"SEC. 724. CENTERS OPERATED BY STATE AGENCIES.

"A State that receives assistance for fiscal year 1993 with respect to a center in accordance with subsection (a) of this section (as in effect on the day before the date of enactment of the Rehabilitation Act Amendments of 1998) may continue to receive assistance under this part for fiscal year 1994 or a succeeding fiscal year if, for such fiscal year—

"(1) no nonprofit private agency—

"(A) submits an acceptable application to operate a center for independent living for the fiscal year before a date specified by the Commissioner; and

"(B) obtains approval of the application under section 722 or 723; or

"(2) after funding all applications so submitted and approved, the Commissioner determines that funds remain available to provide such assistance.

"SEC. 725. STANDARDS AND ASSURANCES FOR CENTERS FOR INDEPENDENT LIVING.

"(a) IN GENERAL.—Each center for independent living that receives assistance under this part shall comply with the standards set out in subsection (b) and provide and comply with the assurances set out in subsection (c) in order to ensure that all programs and activities under this part are planned, conducted, administered, and evaluated in a manner consistent with the purposes of this chapter and the objective of providing assistance effectively and efficiently.

"(b) STANDARDS.—

"(1) PHILOSOPHY.—The center shall promote and practice the independent living philosophy of—

"(A) consumer control of the center regarding decisionmaking, service delivery, management, and establishment of the policy and direction of the center;

"(B) self-help and self-advocacy;

"(C) development of peer relationships and peer role models; and

"(D) equal access of individuals with significant disabilities to society and to all services, programs, activities, resources, and facilities, whether public or private and regardless of the funding source.

"(2) PROVISION OF SERVICES.—The center shall provide services to individuals with a range of significant disabilities. The center shall provide services on a cross-disability basis (for individuals with all different types of significant disabilities, including individuals with significant disabilities who are members of populations that are unserved or underserved by programs under this title). Eligibility for services at any center for independent living shall be determined by the center, and shall not be based on the presence of any one or more specific significant disabilities.

"(3) INDEPENDENT LIVING GOALS.—The center shall facilitate the development and achievement of independent living goals selected by individuals with significant disabilities who seek such assistance by the center.

"(4) COMMUNITY OPTIONS.—The center shall work to increase the availability and improve the quality of community options for independent living

in order to facilitate the development and achievement of independent living goals by individuals with significant disabilities.

"(5) INDEPENDENT LIVING CORE SERVICES.—The center shall provide independent living core services and, as appropriate, a combination of any other independent living services.

"(6) ACTIVITIES TO INCREASE COMMUNITY CAPACITY.—The center shall conduct activities to increase the capacity of communities within the service area of the center to meet the needs of individuals with significant disabilities.

"(7) RESOURCE DEVELOPMENT ACTIVITIES.—The center shall conduct resource development activities to obtain funding from sources other than this chapter.

"(c) ASSURANCES.—The eligible agency shall provide at such time and in such manner as the Commissioner may require, such satisfactory assurances as the Commissioner may require, including satisfactory assurances that—

"(1) the applicant is an eligible agency;

"(2) the center will be designed and operated within local communities by individuals with disabilities, including an assurance that the center will have a Board that is the principal governing body of the

center and a majority of which shall be composed of individuals with significant disabilities;

"(3) the applicant will comply with the standards set forth in subsection (b);

"(4) the applicant will establish clear priorities through annual and 3-year program and financial planning objectives for the center, including overall goals or a mission for the center, a work plan for achieving the goals or mission, specific objectives, service priorities, and types of services to be provided, and a description that shall demonstrate how the proposed activities of the applicant are consistent with the most recent 3-year State plan under section 704;

"(5) the applicant will use sound organizational and personnel assignment practices, including taking affirmative action to employ and advance in employment qualified individuals with significant disabilities on the same terms and conditions required with respect to the employment of individuals with disabilities under section 503;

"(6) the applicant will ensure that the majority of the staff, and individuals in decisionmaking positions, of the applicant are individuals with disabilities;

"(7) the applicant will practice sound fiscal management, including making arrangements for an annual independent fiscal audit, notwithstanding section 7502(a)(2)(A) of title 31, United States Code;

"(8) the applicant will conduct annual self-evaluations, prepare an annual report, and maintain records adequate to measure performance with respect to the standards, containing information regarding, at a minimum—

"(A) the extent to which the center is in compliance with the standards;

"(B) the number and types of individuals with significant disabilities receiving services through the center;

"(C) the types of services provided through the center and the number of individuals with significant disabilities receiving each type of service;

"(D) the sources and amounts of funding for the operation of the center;

"(E) the number of individuals with significant disabilities who are employed by, and the number who are in management and decision-making positions in, the center; and

"(F) a comparison, when appropriate, of the activities of the center in prior years with the activities of the center in the most recent year;

"(9) individuals with significant disabilities who are seeking or receiving services at the center will be notified by the center of the existence of, the availability of, and how to contact, the client assistance program;

"(10) aggressive outreach regarding services provided through the center will be conducted in an effort to reach populations of individuals with significant disabilities that are unserved or underserved by programs under this title, especially minority groups and urban and rural populations;

"(11) staff at centers for independent living will receive training on how to serve such unserved and underserved populations, including minority groups and urban and rural populations;

"(12) the center will submit to the Statewide Independent Living Council a copy of its approved grant application and the annual report required under paragraph (8);

"(13) the center will prepare and submit a report to the designated State unit or the Commis-

sioner, as the case may be, at the end of each fiscal year that contains the information described in paragraph (8) and information regarding the extent to which the center is in compliance with the standards set forth in subsection (b); and

"(14) an independent living plan described in section 704(e) will be developed unless the individual who would receive services under the plan signs a waiver stating that such a plan is unnecessary.

"SEC. 726. DEFINITIONS.

"As used in this part, the term 'eligible agency' means a consumer-controlled, community-based, cross-disability, nonresidential private nonprofit agency.

"SEC. 727. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part such sums as may be necessary for each of the fiscal years 1998 through 2004.

"CHAPTER 2—INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND

"SEC. 751. DEFINITION.

"For purposes of this chapter, the term 'older individual who is blind' means an individual age 55 or older whose significant visual impairment makes competitive employ-

ment extremely difficult to attain but for whom independent living goals are feasible.

"SEC. 752. PROGRAM OF GRANTS.

"(a) IN GENERAL.—

"(1) AUTHORITY FOR GRANTS.—Subject to subsections (b) and (c), the Commissioner may make grants to States for the purpose of providing the services described in subsection (d) to older individuals who are blind.

"(2) DESIGNATED STATE AGENCY.—The Commissioner may not make a grant under subsection (a) unless the State involved agrees that the grant will be administered solely by the agency described in section 101(a)(2)(A)(i).

"(b) CONTINGENT COMPETITIVE GRANTS.—Beginning with fiscal year 1993, in the case of any fiscal year for which the amount appropriated under section 753 is less than $13,000,000, grants made under subsection (a) shall be—

"(1) discretionary grants made on a competitive basis to States; or

"(2) grants made on a noncompetitive basis to pay for the continuation costs of activities for which a grant was awarded—

"(A) under this chapter; or

"(B) under part C, as in effect on the day before the date of enactment of the Rehabilitation Act Amendments of 1992.

"(c) CONTINGENT FORMULA GRANTS.—

"(1) IN GENERAL.—In the case of any fiscal year for which the amount appropriated under section 753 is equal to or greater than $13,000,000, grants under subsection (a) shall be made only to States and shall be made only from allotments under paragraph (2).

"(2) ALLOTMENTS.—For grants under subsection (a) for a fiscal year described in paragraph (1), the Commissioner shall make an allotment to each State in an amount determined in accordance with subsection (j), and shall make a grant to the State of the allotment made for the State if the State submits to the Commissioner an application in accordance with subsection (i).

"(d) SERVICES GENERALLY.—The Commissioner may not make a grant under subsection (a) unless the State involved agrees that the grant will be expended only for purposes of—

"(1) providing independent living services to older individuals who are blind;

"(2) conducting activities that will improve or expand services for such individuals; and

"(3) conducting activities to help improve public understanding of the problems of such individuals.

"(e) INDEPENDENT LIVING SERVICES.—Independent living services for purposes of subsection (d)(1) include—

"(1) services to help correct blindness, such as—

"(A) outreach services;

"(B) visual screening;

"(C) surgical or therapeutic treatment to prevent, correct, or modify disabling eye conditions; and

"(D) hospitalization related to such services;

"(2) the provision of eyeglasses and other visual aids;

"(3) the provision of services and equipment to assist an older individual who is blind to become more mobile and more self-sufficient;

"(4) mobility training, braille instruction, and other services and equipment to help an older individual who is blind adjust to blindness;

"(5) guide services, reader services, and transportation;

"(6) any other appropriate service designed to assist an older individual who is blind in coping with daily living activities, including supportive services and rehabilitation teaching services;

"(7) independent living skills training, information and referral services, peer counseling, and individual advocacy training; and

"(8) other independent living services.

"(f) MATCHING FUNDS.—

"(1) IN GENERAL.—The Commissioner may not make a grant under subsection (a) unless the State involved agrees, with respect to the costs of the program to be carried out by the State pursuant to such subsection, to make available (directly or through donations from public or private entities) non-Federal contributions toward such costs in an amount that is not less than $1 for each $9 of Federal funds provided in the grant.

"(2) DETERMINATION OF AMOUNT CONTRIBUTED.—Non-Federal contributions required in paragraph (1) may be in cash or in kind, fairly evaluated, including plant, equipment, or services. Amounts provided by the Federal Government, or services assisted or subsidized to any significant extent by the Federal Government, may not be included in determining the amount of such non-Federal contributions.

"(g) CERTAIN EXPENDITURES OF GRANTS.—A State may expend a grant under subsection (a) to carry out the

purposes specified in subsection (d) through grants to public and nonprofit private agencies or organizations.

"(h) REQUIREMENT REGARDING STATE PLAN.—The Commissioner may not make a grant under subsection (a) unless the State involved agrees that, in carrying out subsection (d)(1), the State will seek to incorporate into the State plan under section 704 any new methods and approaches relating to independent living services for older individuals who are blind.

"(i) APPLICATION FOR GRANT.—

"(1) IN GENERAL.—The Commissioner may not make a grant under subsection (a) unless an application for the grant is submitted to the Commissioner and the application is in such form, is made in such manner, and contains such agreements, assurances, and information as the Commissioner determines to be necessary to carry out this section (including agreements, assurances, and information with respect to any grants under subsection (j)(4)).

"(2) CONTENTS.—An application for a grant under this section shall contain—

"(A) an assurance that the agency described in subsection (a)(2) will prepare and submit to the Commissioner a report, at the end of each fiscal year, with respect to each project or pro-

gram the agency operates or administers under this section, whether directly or through a grant or contract, which report shall contain, at a minimum, information on—

"(i) the number and types of older individuals who are blind and are receiving services;

"(ii) the types of services provided and the number of older individuals who are blind and are receiving each type of service;

"(iii) the sources and amounts of funding for the operation of each project or program;

"(iv) the amounts and percentages of resources committed to each type of service provided;

"(v) data on actions taken to employ, and advance in employment, qualified individuals with significant disabilities, including older individuals who are blind; and

"(vi) a comparison, if appropriate, of prior year activities with the activities of the most recent year;

"(B) an assurance that the agency will—

"(i) provide services that contribute to the maintenance of, or the increased independence of, older individuals who are blind; and

"(ii) engage in—

"(I) capacity-building activities, including collaboration with other agencies and organizations;

"(II) activities to promote community awareness, involvement, and assistance; and

"(III) outreach efforts; and

"(C) an assurance that the application is consistent with the State plan for providing independent living services required by section 704.

"(j) AMOUNT OF FORMULA GRANT.—

"(1) IN GENERAL.—Subject to the availability of appropriations, the amount of an allotment under subsection (a) for a State for a fiscal year shall be the greater of—

"(A) the amount determined under paragraph (2); or

"(B) the amount determined under paragraph (3).

"(2) MINIMUM ALLOTMENT.—

"(A) STATES.—In the case of the several States, the District of Columbia, and the Commonwealth of Puerto Rico, the amount referred to in subparagraph (A) of paragraph (1) for a fiscal year is the greater of—

"(i) $225,000; or

"(ii) an amount equal to one-third of one percent of the amount appropriated under section 753 for the fiscal year and available for allotments under subsection (a).

"(B) CERTAIN TERRITORIES.—In the case of Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, the amount referred to in subparagraph (A) of paragraph (1) for a fiscal year is $40,000.

"(3) FORMULA.—The amount referred to in subparagraph (B) of paragraph (1) for a State for a fiscal year is the product of—

"(A) the amount appropriated under section 753 and available for allotments under subsection (a); and

"(B) a percentage equal to the quotient of—

"(i) an amount equal to the number of individuals residing in the State who are not less than 55 years of age; divided by

"(ii) an amount equal to the number of individuals residing in the United States who are not less than 55 years of age.

"(4) DISPOSITION OF CERTAIN AMOUNTS.—

"(A) GRANTS.—From the amounts specified in subparagraph (B), the Commissioner may make grants to States whose population of older individuals who are blind has a substantial need for the services specified in subsection (d) relative to the populations in other States of older individuals who are blind.

"(B) AMOUNTS.—The amounts referred to in subparagraph (A) are any amounts that are not paid to States under subsection (a) as a result of—

"(i) the failure of any State to submit an application under subsection (i);

"(ii) the failure of any State to prepare within a reasonable period of time such application in compliance with such subsection; or

"(iii) any State informing the Commissioner that the State does not intend to expend the full amount of the allotment made for the State under subsection (a).

"(C) CONDITIONS.—The Commissioner may not make a grant under subparagraph (A) unless the State involved agrees that the grant is subject to the same conditions as grants made under subsection (a).

"SEC. 753. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this chapter such sums as may be necessary for each of the fiscal years 1998 through 2004.".

SEC. 611. HELEN KELLER NATIONAL CENTER ACT.

(a) GENERAL AUTHORIZATION OF APPROPRIATIONS.—The first sentence of section 205(a) of the Helen Keller National Center Act (29 U.S.C. 1904(a)) is amended by striking "1993 through 1997" and inserting "1998 through 2004".

(b) HELEN KELLER NATIONAL CENTER FEDERAL ENDOWMENT FUND.—The first sentence of section 208(h) of such Act (29 U.S.C. 1907(h)) is amended by striking "1993 through 1997" and inserting "1998 through 2004".

(c) REGISTRY.—Such Act (29 U.S.C. 1901 et seq.) is amended by adding at the end the following:

"SEC. 209. NATIONAL REGISTRY AND AUTHORIZATION OF APPROPRIATIONS.

"(a) REGISTRY.—The Center shall establish and maintain a national registry of individuals who are deaf-blind, using funds made available under subsection (b).

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out subsection (a) such sums as may be necessary for each of fiscal years 1998 through 2004.".

SEC. 612. PRESIDENT'S COMMITTEE ON EMPLOYMENT OF PEOPLE WITH DISABILITIES.

Section 2(2) of the joint resolution approved July 11, 1949 (63 Stat. 409, chapter 302; 36 U.S.C. 155b(2)) is amended by inserting "solicit," before "accept,".

SEC. 613. CONFORMING AMENDMENTS.

(a) PREPARATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Secretary of Education shall prepare recommended legislation containing technical and conforming amendments to reflect the changes made by this title.

(b) SUBMISSION TO CONGRESS.—Not later than 6 months after the date of enactment of this Act, the Secretary

1 *of Education shall submit to Congress the recommended leg-*
2 *islation referred to under subsection (a).*

Attest:

Secretary.

105th CONGRESS
2d Session

H. R. 1385

AMENDMENT

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HR 1385 EAS——3

HR 1385 EAS——4

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