

WORKFORCE INVESTMENT ACT OF 1998

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

112 Stat. 936

Public Law 105-220  
105th Congress

An Act

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

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

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

(b) Table of Contents.--The table of contents for this  
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#### TITLE I--WORKFORCE INVESTMENT SYSTEMS

##### Subtitle A--Workforce Investment Definitions

#### SEC. 101. DEFINITIONS.

In this title:

(1) Adult.--Except in sections 127 and 132, the term ``adult''

means an individual who is age 18 or older.

(2) Adult education; adult education and literacy activities.--

The terms ``adult education'' and ``adult education and

literacy

activities'' have the meanings given the terms in section 203.

(3) Area vocational education school.--The term ``area

vocational education school'' has the meaning given the term in

section 521 of the Carl D. Perkins Vocational and Applied

Technology Education Act (20 U.S.C. 2471).

(4) Basic skills deficient.--The term ``basic skills

deficient'' means, with respect to an individual, that the

individual has English reading, writing, or computing skills at or

below the 8th grade level on a generally accepted standardized test

or a comparable score on a criterion-referenced test.

(5) Case management.--The term ``case management'' means the

provision of a client-centered approach in the delivery of

services, designed--

(A) to prepare and coordinate comprehensive employment

plans, such as service strategies, for participants to ensure

access to necessary workforce investment activities and

supportive services, using, where feasible, computer-based

technologies; and

(B) to provide job and career counseling during program

participation and after job placement.

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

official'' means--

(A) the chief elected executive officer of a unit of



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

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

(8) Customized training.--The term ``customized training'' means training--  
(A) that is designed to meet the special requirements of an employer (including a group of employers);  
(B) that is conducted with a commitment by the employer to employ an individual on successful completion of the training;  
and  
(C) for which the employer pays for not less than 50 percent of the cost of the training.

(9) Dislocated worker.--The term ``dislocated worker'' means an individual who--  
(A)(i) has been terminated or laid off, or who has received a notice of termination or layoff, from employment;  
(ii)(I) is eligible for or has exhausted entitlement to unemployment compensation; or  
(II) has been employed for a duration sufficient to

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

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

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

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

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

(C) was self-employed (including employment as a farmer, a rancher, or a fisherman) but is unemployed as a result of

general economic conditions in the community in which the individual resides or because of natural disasters;  
or

(D) is a displaced homemaker.

(10) Displaced homemaker.--The term ``displaced homemaker''

means an individual who has been providing unpaid services to

family members in the home and who--

(A) has been dependent on the income of another family

member but is no longer supported by that income;  
and

(B) is unemployed or underemployed and is experiencing

difficulty in obtaining or upgrading employment.

(11) Economic development agencies.--The term ``economic

development agencies'' includes local planning and zoning

commissions or boards, community development agencies, and other

local agencies and institutions responsible for regulating,

promoting, or assisting in local economic development.

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

with respect to--

(A) training services, means a provider who is identified

in accordance with section 122(e)(3);

(B) intensive services, means a provider who is identified

or awarded a contract as described in section 134(d)(3)(B);

(C) youth activities, means a provider who is awarded a

grant or contract in accordance with section 123;  
or

(D) other workforce investment activities,

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

(13) Eligible youth.--Except as provided in  
subtitles C and D,

the term ``eligible youth'' means an individual who--  
(A) is not less than age 14 and not more than  
age 21;  
(B) is a low-income individual; and  
(C) is an individual who is one or more of the  
following:

(i) Deficient in basic literacy skills.  
(ii) A school dropout.  
(iii) Homeless, a runaway, or a foster  
child.  
(iv) Pregnant or a parent.  
(v) An offender.  
(vi) An individual who requires additional  
assistance  
to complete an educational program, or to  
secure and hold  
employment.

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

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

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

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

(17) Individual with a disability.--

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

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

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

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

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

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

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

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

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

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

means an individual who--

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

(B) received an income, or is a member of a family that received a total family income, for the 6-month period prior to application for the program involved (exclusive of unemployment compensation, child support payments, payments described in subparagraph (A), and old-age and survivors insurance benefits received under section 202 of the Social Security Act (42

U.S.C. 402)) that, in relation to family size, does

not exceed

the higher of--

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

(ii) 70 percent of the lower living standard income

level, for an equivalent period;

(C) is a member of a household that receives (or has been

determined within the 6-month period prior to application for

the program involved to be eligible to receive) food stamps

pursuant to the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

(D) qualifies as a homeless individual, as defined in

subsections (a) and (c) of section 103 of the Stewart B. McKinney

Homeless Assistance Act (42 U.S.C. 11302);

(E) is a foster child on behalf of whom State or local

government payments are made; or

(F) in cases permitted by regulations promulgated by the

Secretary of Labor, is an individual with a disability whose

own income meets the requirements of a program described in

subparagraph (A) or of subparagraph (B), but who is a member of

a family whose income does not meet such requirements.

(26) Nontraditional employment.--The term ``nontraditional

employment'' refers to occupations or fields of work for which

individuals from one gender comprise less than 25 percent of the

individuals employed in each such occupation or field of work.

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

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

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

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

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

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

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

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

(31) On-the-job training.--The term ``on-the-job training''

means training by an employer that is provided to a paid participant while engaged in productive work in a job that--

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

(B) provides reimbursement to the employer of



up to 50

percent of the wage rate of the participant, for the

extraordinary costs of providing the training and additional

supervision related to the training; and

(C) is limited in duration as appropriate to the occupation

for which the participant is being trained, taking into account

the content of the training, the prior work experience of the

participant, and the service strategy of the participant, as

appropriate.

(32) Outlying area.--The term ``outlying area'' means the

United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the

Marshall Islands, the Federated States of Micronesia, and the

Republic of Palau.

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

means--

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

(B) an eligible youth who has received a secondary school

diploma or its equivalent but is basic skills deficient,

unemployed, or underemployed.

(34) Participant.--The term ``participant'' means an individual

who has been determined to be eligible to participate in and who is

receiving services (except followup services authorized under this

title) under a program authorized by this title.

Participation

shall be deemed to commence on the first day, following determination of eligibility, on which the individual began

receiving subsidized employment, training, or other services

provided under this title.

(35) Postsecondary educational institution.--The term

``postsecondary educational institution'' means an institution of

higher education, as defined in section 481 of the Higher Education

Act of 1965 (20 U.S.C. 1088).

(36) Poverty line.--The term ``poverty line'' means the poverty

line (as defined by the Office of Management and Budget, and

revised annually in accordance with section 673(2) of the Community

Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a

family of the size involved.

(37) Public assistance.--The term ``public assistance'' means

Federal, State, or local government cash payments for which

eligibility is determined by a needs or income test.

(38) Rapid response activity.--The term ``rapid response

activity'' means an activity provided by a State, or by an entity

designated by a State, with funds provided by the State under

section 134(a)(1)(A), in the case of a permanent closure or mass

layoff at a plant, facility, or enterprise, or a natural or other

disaster, that results in mass job dislocation, in order to assist

dislocated workers in obtaining reemployment as soon as possible,

with services including--

- (A) the establishment of onsite contact with employers and employee representatives--
  - (i) immediately after the State is notified of a current or projected permanent closure or mass layoff; or
  - (ii) in the case of a disaster, immediately after the State is made aware of mass job dislocation as a result of such disaster;
- (B) the provision of information and access to available employment and training activities;
- (C) assistance in establishing a labor-management committee, voluntarily agreed to by labor and management, with the ability to devise and implement a strategy for assessing the employment and training needs of dislocated workers and obtaining services to meet such needs;
- (D) the provision of emergency assistance adapted to the particular closure, layoff, or disaster; and
- (E) the provision of assistance to the local community in developing a coordinated response and in obtaining access to State economic development assistance.

(39) School dropout.--The term ``school dropout'' means an individual who is no longer attending any school and who has not received a secondary school diploma or its recognized equivalent.

(40) Secondary school.--The term ``secondary school'' has the

meaning given the term in section 14101 of the  
Elementary and

Secondary Education Act of 1965 (20 U.S.C. 8801).

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

Labor, and the term means such Secretary for purposes  
of section

503.

(42) State.--The term ``State'' means each of the  
several

States of the United States, the District of Columbia,  
and the

Commonwealth of Puerto Rico.

(43) State adjusted level of performance.--The term  
``State

adjusted level of performance'' means a level described  
in clause

(iii) or (v) of section 136(b)(3)(A).

(44) State board.--The term ``State board'' means a  
State

workforce investment board established under section  
111.

(45) State performance measure.--The term ``State  
performance

measure'' means a performance measure established under  
section

136(b).

(46) Supportive services.--The term ``supportive  
services''

means services such as transportation, child care,  
dependent care,

housing, and needs-related payments, that are necessary  
to enable

an individual to participate in activities authorized  
under this

title, consistent with the provisions of this title.

(47) Unemployed individual.--The term ``unemployed  
individual''

means an individual who is without a job and who wants  
and is

available for work. The determination of whether an

individual is

without a job shall be made in accordance with the criteria used by

the Bureau of Labor Statistics of the Department of Labor in

defining individuals as unemployed.

(48) Unit of general local government.--The term ``unit of

general local government'' means any general purpose political

subdivision of a State that has the power to levy taxes and spend

funds, as well as general corporate and police powers.

(49) Veteran; related definition.--

(A) Veteran.--The term ``veteran'' means an individual who

served in the active military, naval, or air service, and who

was discharged or released from such service under conditions

other than dishonorable.

(B) Recently separated veteran.--The term ``recently

separated veteran'' means any veteran who applies for

participation under this title within 48 months after the

discharge or release from active military, naval, or air

service.

(50) Vocational education.--The term ``vocational education''

has the meaning given the term in section 521 of the Carl D.

Perkins Vocational and Applied Technology Education Act (20 U.S.C.

2471).

(51) Workforce investment activity.--The term ``workforce

investment activity'' means an employment and training activity,

and a youth activity.

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

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

## Subtitle B--Statewide and Local Workforce Investment Systems

### SEC. 106. PURPOSE.

The purpose of this subtitle is to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants, and increase occupational skill attainment by participants, and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the Nation.

## CHAPTER 1--STATE PROVISIONS

### SEC. 111. STATE WORKFORCE INVESTMENT BOARDS.

(a) In General.--The Governor of a State shall establish a State workforce investment board to assist in the development of the State plan described in section 112 and to carry out the other functions described in subsection (d).

(b) Membership.--

(1) In general.--The State Board shall include--  
    (A) the Governor;  
    (B) 2 members of each chamber of the State legislature,  
        appointed by the appropriate presiding officers of each such chamber; and  
    (C) representatives appointed by the Governor, who are--  
        (i) representatives of business in the State, who--  
            (I) are owners of businesses, chief executives or operating officers of businesses, and other business executives or employers with optimum policymaking or hiring authority, including members of local boards described in section 117(b)(2)(A)(i);  
            (II) represent businesses with employment opportunities that reflect the employment opportunities of the State; and  
            (III) are appointed from among individuals nominated by State business organizations and business trade associations;  
        (ii) chief elected officials (representing both cities and counties, where appropriate);  
        (iii) representatives of labor organizations, who have been nominated by State labor federations;  
        (iv) representatives of individuals and organizations that have experience with respect to youth activities;  
        (v) representatives of individuals and

organizations that have experience and expertise in the delivery of workforce investment activities, including chief executive officers of community colleges and community-based organizations within the State;

(vi)(I) the lead State agency officials with responsibility for the programs and activities that are described in section 121(b) and carried out by one-stop partners; and

(II) in any case in which no lead State agency official has responsibility for such a program, service, or activity, a representative in the State with expertise relating to such program, service, or activity;

and

(vii) such other representatives and State agency officials as the Governor may designate, such as the State agency officials responsible for economic development and juvenile justice programs in the State.

(2) Authority and regional representation of board members.--

Members of the board that represent organizations, agencies, or other entities shall be individuals with optimum policymaking authority within the organizations, agencies, or entities. The members of the board shall represent diverse regions of the State, including urban, rural, and suburban areas.



(3) Majority.--A majority of the members of the State Board shall be representatives described in paragraph (1)(C)(i).

(c) Chairman.--The Governor shall select a chairperson for the State Board from among the representatives described in subsection (b)(1)(C)(i).

(d) Functions.--The State Board shall assist the Governor in--

(1) development of the State plan;

(2) development and continuous improvement of a statewide

system of activities that are funded under this subtitle or carried

out through a one-stop delivery system described in section 134(c)

that receives funds under this subtitle (referred to in this title

as a ``statewide workforce investment system''), including--

(A) development of linkages in order to assure coordination

and nonduplication among the programs and activities described

in section 121(b); and

(B) review of local plans;

(3) commenting at least once annually on the measures taken

pursuant to section 113(b)(14) of the Carl D. Perkins Vocational

and Applied Technology Education Act (20 U.S.C 2323(b)(14));

(4) designation of local areas as required in section 116;

(5) development of allocation formulas for the distribution of

funds for adult employment and training activities and youth

activities to local areas as permitted under sections

128(b)(3)(B)

and 133(b)(3)(B);

(6) development and continuous improvement of comprehensive

State performance measures, including State adjusted levels of

performance, to assess the effectiveness of the workforce

investment activities in the State as required under section

136(b);

(7) preparation of the annual report to the Secretary described

in section 136(d);

(8) development of the statewide employment statistics system

described in section 15(e) of the Wagner-Peyser Act; and

(9) development of an application for an incentive grant under

section 503.

(e) 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) was in existence on December 31, 1997;

(B)(i) was established pursuant to section 122 or title VII

of the Job Training Partnership Act, as in effect on December

31, 1997; or

(ii) is substantially similar to the State board 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 State board shall

be considered to include such an entity.

(f) Conflict of Interest.--A member of a State board may not--

(1) vote on a matter under consideration by the State board--

(A) regarding the provision of services by such member (or

by an entity that such member represents); or

(B) that would provide direct financial benefit to such

member or the immediate family of such member; or

(2) engage in any other activity determined by the Governor to

constitute a conflict of interest as specified in the State plan.

(g) Sunshine Provision.--The State board shall make available to the public, on a regular basis through open meetings, information regarding the activities of the State board, including information regarding the State plan prior to submission of the plan, information regarding membership, and, on request, minutes of formal meetings of the State board.

#### SEC. 112. STATE PLAN.

(a) In General.--For a State to be eligible to receive an allotment

under section 127 or 132, or to receive financial assistance under the

Wagner-Peyser Act (29 U.S.C. 49 et seq.), the Governor of the State

shall submit to the Secretary for consideration by the Secretary, a

single State plan (referred to in this title as the ``State plan'') that outlines a 5-year strategy for the statewide workforce investment system of the State and that meets the requirements of section 111 and this section.

(b) Contents.--The State plan shall include--

(1) a description of the State board, including a description

of the manner in which such board collaborated in the development

of the State plan and a description of how the board will continue

to collaborate in carrying out the functions described in section

111(d);

(2) a description of State-imposed requirements for the

statewide workforce investment system;

(3) a description of the State performance accountability

system developed for the workforce investment activities to be

carried out through the statewide workforce investment system, that

includes information identifying State performance measures as

described in section 136(b)(3)(A)(ii);

(4) information describing--

(A) the needs of the State with regard to current and

projected employment opportunities, by occupation;

(B) the job skills necessary to obtain such employment

opportunities;

(C) the skills and 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;

(6) an identification of criteria to be used by chief elected

officials for the appointment of members of local boards based on

the requirements of section 117;

(7) the detailed plans required under section 8 of the Wagner-Peyser

Act (29 U.S.C. 49g);

(8)(A) a description of the procedures that will be taken by

the State to assure coordination of and avoid duplication among--

(i) workforce investment activities authorized under this

title;

(ii) other activities authorized under this title;

(iii) programs authorized under the Wagner-Peyser Act

(29 U.S.C. 49 et seq.), title II of this Act, 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)(4) of the Food Stamp Act of 1977 (7 U.S.C.

2015(d)(4)), activities authorized under title V of the

Older Americans Act of 1965 (42 U.S.C. 3056 et seq.), and

postsecondary vocational education activities authorized under

the Carl D. Perkins Vocational and Applied Technology Education

Act (20 U.S.C. 2301 et seq.);  
    (iv) work programs authorized under section  
6(o) of the  
    Food Stamp Act of 1977 (7 U.S.C. 2015(o));  
    (v) activities authorized under chapter 2 of  
title II of  
    the Trade Act of 1974 (19 U.S.C. 2271 et seq.);  
    (vi) activities authorized under chapter 41 of  
title 38,  
    United States Code;  
    (vii) employment and training activities  
carried out under  
    the Community Services Block Grant Act (42 U.S.C.  
9901 et  
    seq.);  
    (viii) activities authorized under the National  
and  
    Community Service Act of 1990 (42 U.S.C. 12501 et  
seq.);  
    (ix) employment and training activities carried  
out by the  
    Department of Housing and Urban Development; and  
    (x) programs authorized under State  
unemployment  
    compensation laws (in accordance with applicable  
Federal law);  
    and  
    (B) a description of the common data collection and  
reporting  
    processes used for the programs and activities  
described in  
    subparagraph (A);  
    (9) a description of the process used by the State,  
consistent  
    with section 111(g), to provide an opportunity for  
public comment,  
    including comment by representatives of businesses and  
    representatives of labor organizations, and input into  
development  
    of the plan, prior to submission of the plan;  
    (10) information identifying how the State will use

funds the

State receives under this subtitle to leverage other Federal,

State, local, and private resources, in order to maximize the

effectiveness of such resources, and to expand the participation of

business, employees, and individuals in the statewide workforce

investment system;

(11) assurances that the State will provide, in accordance with

section 184 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 allotments made

under sections 127 and 132;

(12)(A) a description of the methods and factors the State will

use in distributing funds to local areas for youth activities and

adult employment and training activities under sections 128(b)(3)(B) and 133(b)(3)(B), including--

(i) a description of how the individuals and entities

represented on the State board were involved in determining

such methods and factors of distribution; and

(ii) a description of how the State consulted with chief

elected officials in local areas throughout the State in

determining such distribution;

(B) assurances that the funds will be distributed equitably

throughout the State, and that no local areas will suffer

significant shifts in funding from year to year; and

(C) a description of the formula prescribed by the

Governor

pursuant to section 133(b)(2)(B) for the allocation of funds to

local areas for dislocated worker employment and training

activities;

(13) information specifying the actions that constitute a

conflict of interest prohibited in the State for purposes of

sections 111(f) and 117(g);

(14) with respect to the one-stop delivery systems described in

section 134(c) (referred to individually in this title as a ``one-

stop delivery system''), a description of the strategy of the State

for assisting local areas in development and implementation of

fully operational one-stop delivery systems in the State;

(15) a description of the appeals process referred to in

section 116(a)(5);

(16) a description of the competitive process to be used by the

State to award grants and contracts in the State for activities

carried out under this title;

(17) with respect to the employment and training activities

authorized in section 134--

(A) a description of--

(i) the employment and training activities that will be

carried out with the funds received by the State through

the allotment made under section 132;

(ii) how the State will provide rapid response

activities to dislocated workers from funds



reserved under  
the response rapid  
the State will  
services  
the-job  
under section  
employment and  
displaced  
recipients  
individuals with  
older  
and  
the  
the extent  
section 129,  
information--  
particularly those

section 133(a)(2) for such purposes, including  
designation of an identifiable State rapid  
dislocated worker unit to carry out statewide  
response activities;  
(iii) the procedures the local boards in  
use to identify eligible providers of training  
described in section 134(d)(4) (other than on-  
training or customized training), as required  
122; and  
(iv) how the State will serve the  
training needs of dislocated workers (including  
homemakers), low-income individuals (including  
of public assistance), individuals training for  
nontraditional employment, and other  
multiple barriers to employment (including  
individuals and individuals with disabilities);  
(B) an assurance that veterans will be afforded  
employment and training activities by the State, to  
practicable; and  
(18) with respect to youth activities authorized in

eligible youth who are recognized as having significant

barriers to employment;

(B) identifying the criteria to be used by local boards in

awarding grants for youth activities, including criteria that

the Governor and local boards will use to identify effective

and ineffective youth activities and providers of such activities;

(C) describing how the State will coordinate the youth

activities carried out in the State under section 129 with the

services provided by Job Corps centers in the State (where such

centers exist); and

(D) describing how the State will coordinate youth activities

described in subparagraph (C) with activities carried out

through the youth opportunity grants under section 169.

(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 90-day period beginning on

the day the Secretary receives the plan, unless the Secretary makes a

written determination, during the 90-day period, that--

(1) the plan is inconsistent with the provisions of this title; and

(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.

(d) Modifications to Plan.--A State may submit modifications to a State plan in accordance with the requirements of this section and section 111 as necessary during the 5-year period covered by the plan.

## CHAPTER 2--LOCAL PROVISIONS

### SEC. 116. LOCAL WORKFORCE INVESTMENT AREAS.

(a) Designation of Areas.--

(1) In general.--

(A) Process.--Except as provided in subsection (b), and consistent with paragraphs (2), (3), and (4), in order for a State to receive an allotment under section 127 or 132, the

Governor of the State shall designate local workforce

investment areas within the State--

(i) through consultation with the State board; and

(ii) after consultation with chief elected officials and after consideration of comments received through the public comment process as described in section 112(b)(9).

(B) Considerations.--In making the designation of local

areas, the Governor shall take into consideration the

following:

(i) Geographic areas served by local educational

agencies and intermediate educational agencies.

(ii) Geographic areas served by postsecondary

educational institutions and area vocational

education

schools.

(iii) The extent to which such local areas are

consistent with labor market areas.

(iv) The distance that individuals will need to travel to receive services provided in such local areas.

(v) The resources of such local areas that are

available to effectively administer the activities carried out under this subtitle.

(2) Automatic designation.--The Governor shall approve any

request for designation as a local area--

(A) from any unit of general local government with a

population of 500,000 or more;

(B) of the area served by a rural concentrated employment

program grant recipient of demonstrated effectiveness that

served as a service delivery area or substate area under the

Job Training Partnership Act, if the grant recipient has

submitted the request; and

(C) 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 not more than 1,100,000

and a population density greater than 900 persons per

square mile.

(3) Temporary and subsequent designation.--

(A) Criteria.--Notwithstanding paragraph (2) (A), the Governor shall approve any request, made not later than the date of submission of the initial State plan under this subtitle, for temporary designation as a local area from any unit of general local government (including a combination of such units) with a population of 200,000 or more that was a service delivery area under the Job Training Partnership Act on the day before the date of enactment of this Act if the Governor determines that the area--

- (i) performed successfully, in each of the last 2 years prior to the request for which data are available, in the delivery of services to participants under part A of title II and title III of the Job Training Partnership Act (as in effect on such day); and
- (ii) has sustained the fiscal integrity of the funds used by the area to carry out activities under such part and title.

(B) Duration and subsequent designation.--A temporary designation under this paragraph shall be for a period of not more than 2 years, after which the designation shall be extended until the end of the period covered by the State plan if the Governor determines that, during the temporary

designation period, the area substantially met (as defined by the State board) the local performance measures for the local area and sustained the fiscal integrity of the funds used by the area to carry out activities under this subtitle.

(C) Technical assistance.--The Secretary shall provide the States with technical assistance in making the determinations required by this paragraph. The Secretary shall not issue regulations governing determinations to be made under this paragraph.

(D) Performed successfully.--In this paragraph, the term

``performed successfully'' means that the area involved met or exceeded the performance standards for activities administered in the area that--

(i) are established by the Secretary for each year and modified by the adjustment methodology of the State (used to account for differences in economic conditions, participant characteristics, and combination of services provided from the combination assumed for purposes of the established standards of the Secretary); and

(ii)(I) if the area was designated as both a service delivery area and a substate area under the Job Training Partnership Act (as in effect on the day before the date of

enactment of this Act)--

(aa) relate to job retention and earnings, with respect to activities carried out under part A of title II of such Act (as in effect on such day); or

(bb) relate to entry into employment, with respect to activities carried out under title III of such Act (as in effect on such day);

(II) if the area was designated only as a service delivery area under such Act (as in effect on such day), relate to the standards described in subclause (I)(aa); or

(III) if the area was only designated as a substate area under such Act (as in effect on such day), relate to the standards described in subclause (I)(bb).

(E) Sustained the fiscal integrity.--In this paragraph, the term ``sustained the fiscal integrity'', used with respect to funds used by a service delivery area or local area, means that the Secretary has not made a final determination during any of the last 3 years for which data are available, prior to the date of the designation request involved, that either the grant recipient or the administrative entity of the area misexpended the funds due to willful disregard of the requirements of the Act involved, gross negligence, or failure to observe accepted standards of administration.

(4) Designation on recommendation of state board.--  
The Governor  
may approve a request from any unit of general local  
government  
(including a combination of such units) for designation  
(including  
temporary designation) as a local area if the State  
board  
determines, taking into account the factors described  
in clauses  
(i) through (v) of paragraph (1)(B), and recommends to  
the  
Governor, that such area should be so designated.

(5) Appeals.--A unit of general local government  
(including a  
combination of such units) or grant recipient that  
requests but is  
not granted designation of an area as a local area  
under paragraph  
(2) or (3) may submit an appeal to the State board  
under an appeal  
process established in the State plan. If the appeal  
does not  
result in such a designation, the Secretary, after  
receiving a  
request for review from the unit or grant recipient and  
on  
determining that the unit or grant recipient was not  
accorded  
procedural rights under the appeal process established  
in the State  
plan or that the area meets the requirements of  
paragraph (2) or  
(3), as appropriate, may require that the area be  
designated as a  
local area under such paragraph.

(b) Small States.--The Governor of any State that was a  
single  
State service delivery area under the Job Training  
Partnership Act as  
of July 1, 1998, may designate the State as a single State



local area

for the purposes of this title. In the case of such a designation, the Governor shall identify the State as a local area under section 112(b)(5).

(c) Regional Planning and Cooperation.--

(1) Planning.--As part of the process for developing the State

plan, a State may require regional planning by local boards for a

designated region in the State. The State may require the local

boards for a designated region to participate in a regional planning

process that results in the establishment of regional performance

measures for workforce investment activities authorized under

this subtitle. The State may award regional incentive grants to the

designated regions that meet or exceed the regional performance measures.

(2) Information sharing.--The State may require the local

boards for a designated region to share, in feasible cases,

employment statistics, information about employment opportunities

and trends, and other types of information that would assist in

improving the performance of all local areas in the designated

region on local performance measures.

(3) Coordination of services.--The State may require the local

boards for a designated region to coordinate the provision of

workforce investment activities authorized under this subtitle,

including the provision of transportation and other supportive services,

so that services provided through the activities may be provided

across the boundaries of local areas within the designated region.

(4) Interstate regions.--Two or more States that contain an interstate region that is a labor market area, economic development region, or other appropriate contiguous subarea of the States may designate the area as a designated region for purposes of this subsection, and jointly exercise the State functions described in paragraphs (1) through (3).

(5) Definitions.--In this subsection:

(A) Designated region.--The term ``designated region''

means a combination of local areas that are partly or

completely in a single labor market area, economic development

region, or other appropriate contiguous subarea of a State, that is

designated by the State, except as provided in paragraph (4).

(B) Local board for a designated region.--The term ``local

board for a designated region'' means a local board for a local

area in a designated region.

#### SEC. 117. LOCAL WORKFORCE INVESTMENT BOARDS.

(a) Establishment.--There shall be established in each local area of a State, and certified by the Governor of the State, a local workforce investment board, to set policy for the portion of the statewide workforce investment system within the local area

(referred to in this title as a ``local workforce investment system'').

(b) Membership.--

(1) State criteria.--The Governor of the State, in partnership

with the State board, shall establish criteria for use by chief

elected officials in the local areas for appointment of members of

the local boards in such local areas in accordance with the

requirements of paragraph (2).

(2) Composition.--Such criteria shall require, at a minimum,

that the membership of each local board--

(A) shall include--

(i) representatives of business in the local area,

who--

(I) are owners of businesses, chief executives or

operating officers of businesses, and other business

executives or employers with optimum policymaking or

hiring authority;

(II) represent businesses with employment

opportunities that reflect the employment opportunities

of the local area; and

(III) are appointed from among individuals

nominated by local business organizations and business

trade associations;

(ii) representatives of local educational entities,

including representatives of local educational agencies,

local school boards, entities providing adult education and literacy activities, and postsecondary educational institutions (including representatives of community colleges, where such entities exist), selected from among individuals nominated by regional or local educational agencies, institutions, or organizations representing such local educational entities;

(iii) representatives of labor organizations (for a local area in which employees are represented by labor organizations), nominated by local labor federations, or (for a local area in which no employees are represented by such organizations), other representatives of employees;

(iv) representatives of community-based organizations (including organizations representing individuals with disabilities and veterans, for a local area in which such organizations are present);

(v) representatives of economic development agencies, including private sector economic development entities; and

(vi) representatives of each of the one-stop partners;

and

(B) may include such other individuals or representatives of entities as the chief elected official in the local area may

determine to be appropriate.

(3) Authority of board members.--Members of the board that represent organizations, agencies, or other entities shall be individuals with optimum policymaking authority within the organizations, agencies, or entities.

(4) Majority.--A majority of the members of the local board shall be representatives described in paragraph (2)(A)(i).

(5) Chairperson.--The local board shall elect a chairperson for the local board from among the representatives described in paragraph (2)(A)(i).

(c) Appointment and Certification of Board.--

(1) Appointment of board members and assignment of responsibilities.--

(A) In general.--The chief elected official in a local area is authorized to appoint the members of the local board for such area, in accordance with the State criteria established under subsection (b).

(B) Multiple units of local government in area.--

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

(I) in the appointment of the members of the local board from the individuals nominated or

recommended to

criteria

responsibilities

subtitle.

(ii) Lack of agreement.--If, after a reasonable effort,

agreement

appoint the

nominated or

be such members in accordance with the criteria established under subsection (b); and (II) in carrying out any other

assigned to such officials under this

subparagraph (ii).

the chief elected officials are unable to reach

as provided under clause (i), the Governor may

members of the local board from individuals so

recommended.

(C) Concentrated employment programs.--In the case of a

local area designated in accordance with section 116(a)(2)(B),

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

board, in accordance with the State criteria established under

subsection (b), 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, once every 2 years,

certify 1 local board for each local area in the State.

(B) Criteria.--Such certification shall be based on

criteria established under subsection (b) and, for a second or subsequent certification, the extent to which the local board has ensured that workforce investment activities carried out in the local area have enabled the local area to meet the local performance measures.

(C) Failure to achieve certification.--Failure of a local board to achieve certification shall result in reappointment and certification of another local board for the local area pursuant to the process described in paragraph (1) and this paragraph.

(3) Decertification.--

(A) Fraud, abuse, failure to carry out functions.--

Notwithstanding paragraph (2), the Governor may decertify a local board, 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 board in any of paragraphs (1) through (7) of subsection (d).

(B) Nonperformance.--Notwithstanding paragraph (2), the Governor may decertify a local board if a local area fails to meet the local performance measures for such local area for 2 consecutive program years (in accordance with section 136(h)).

(C) Plan.--If the Governor decertifies a local

board for a

local area under subparagraph (A) or (B), the Governor may

require that a new local board be appointed and certified for

the local area pursuant to a reorganization plan developed by

the Governor, in consultation with the chief elected official

in the local area, and in accordance with the criteria

established under subsection (b).

(4) Single state area.--Notwithstanding subsection (b) and

paragraphs (1) and (2), if a State described in section 116(b)

indicates in the State plan that the State will be treated as a

local area for purposes of the application of this title, the

Governor may designate the State board to carry out any of the

functions described in subsection (d).

(d) Functions of Local Board.--The functions of the local board shall include the following:

(1) Local plan.--Consistent with section 118, each local board,

in partnership with the chief elected official for the local area

involved, shall develop and submit a local plan to the Governor.

(2) Selection of operators and providers.--

(A) Selection of one-stop operators.-- Consistent with

section 121(d), the local board, with the agreement of the

chief elected official--

(i) shall designate or certify one-stop operators as

described in section 121(d)(2)(A); and



(ii) may terminate for cause the eligibility of such operators.

(B) Selection of youth providers.--Consistent with section 123, the local board shall identify eligible providers of youth activities in the local area by awarding grants or contracts on a competitive basis, based on the recommendations of the youth council.

(C) Identification of eligible providers of training services.--Consistent with section 122, the local board shall identify eligible providers of training services described in section 134(d)(4) in the local area.

(D) Identification of eligible providers of intensive services.--If the one-stop operator does not provide intensive services in a local area, the local board shall identify eligible providers of intensive services described in section 134(d)(3) in the local area by awarding contracts.

(3) Budget and administration.--  
(A) Budget.--The local board shall develop a budget for the purpose of carrying out the duties of the local board under this section, subject to the approval of the chief elected official.

(B) Administration.--  
(i) Grant recipient.--  
(I) In general.--The chief elected official in a local area shall serve as the local grant

recipient  
the grant  
sections 128  
reaches an  
Governor to act as  
liability.

for, and shall be liable for any misuse of,  
funds allocated to the local area under  
and 133, unless the chief elected official  
agreement with the Governor for the  
the local grant recipient and bear such

in the  
chief elected  
Governor serves as  
may  
grant  
fiscal agent.  
chief elected  
for any  
subclause (I).

(II) Designation.--In order to assist  
administration of the grant funds, the  
official or the Governor, where the  
the local grant recipient for a local area,  
designate an entity to serve as a local  
subrecipient for such funds or as a local  
Such designation shall not relieve the  
official or the Governor of the liability  
misuse of grant funds as described in

recipient or an  
shall disburse  
activities at the  
the  
direction does not  
grant

(III) Disbursal.--The local grant  
entity designated under subclause (II)  
such funds for workforce investment  
direction of the local board, pursuant to  
requirements of this title, if the  
violate a provision of this Act. The local

recipient or entity designated under  
subclause (II)  
shall disburse the funds immediately on  
receiving such  
direction from the local board.

(ii) Staff.--The local board may employ  
staff.

(iii) Grants and donations.--The local  
board may  
solicit and accept grants and donations from  
sources other  
than Federal funds made available under this  
Act.

(4) Program oversight.--The local board, in  
partnership with  
the chief elected official, shall conduct oversight  
with respect to

local programs of youth activities authorized under  
section 129,

local employment and training activities authorized  
under section

134, and the one-stop delivery system in the local  
area.

(5) Negotiation of local performance measures.--The  
local

board, the chief elected official, and the Governor  
shall negotiate

and reach agreement on local performance measures as  
described in

section 136(c).

(6) Employment statistics system.--The local board  
shall assist

the Governor in developing the statewide employment  
statistics

system described in section 15(e) of the Wagner-Peyser  
Act.

(7) Employer linkages.--The local board shall  
coordinate the

workforce investment activities authorized under this  
subtitle and

carried out in the local area with economic development

strategies

and develop other employer linkages with such activities.

(8) Connecting, brokering, and coaching.--The local board shall

promote the participation of private sector employers in the

statewide workforce investment system and ensure the effective

provision, through the system, of connecting, brokering, and

coaching activities, through intermediaries such as the one-stop

operator in the local area or through other organizations, to

assist such employers in meeting hiring needs.

(e) Sunshine Provision.--The local board shall make available to

the public, on a regular basis through open meetings, information

regarding the activities of the local board, including information

regarding the local plan prior to submission of the plan, and regarding

membership, the designation and certification of one-stop operators,

and the award of grants or contracts to eligible providers of youth

activities, and on request, minutes of formal meetings of the local

board.

(f) Limitations.--

(1) Training services.--

(A) In general.--Except as provided in subparagraph (B), no

local board may provide training services described in section

134(d)(4).

(B) Waivers of training prohibition.--The Governor of the

State in which a local board is located may,

pursuant to a  
request from the local board, grant a written  
waiver of the  
prohibition set forth in subparagraph (A) (relating  
to the  
provision of training services) for a program of  
training  
services, if the local board--  
(i) submits to the Governor a proposed  
request for the  
waiver that includes--  
(I) satisfactory evidence that there is  
an  
insufficient number of eligible providers  
of such a  
program of training services to meet local  
demand in  
the local area;  
(II) information demonstrating that the  
board meets  
the requirements for an eligible provider  
of training  
services under section 122; and  
(III) information demonstrating that  
the program of  
training services prepares participants for  
an  
occupation that is in demand in the local  
area;  
(ii) makes the proposed request available  
to eligible  
providers of training services and other  
interested members  
of the public for a public comment period of  
not less than  
30 days; and  
(iii) includes, in the final request for  
the waiver,  
the evidence and information described in  
clause (i) and  
the comments received pursuant to clause (ii).

(C) Duration.--A waiver granted to a local board under subparagraph (B) shall apply for a period of not to exceed 1 year. The waiver may be renewed for additional periods of not to exceed 1 year, pursuant to requests from the local board, if the board meets the requirements of subparagraph (B) in making the requests.

(D) Revocation.--The Governor may revoke a waiver granted under this paragraph during the appropriate period described in subparagraph (C) if the State determines that the local board involved has engaged in a pattern of inappropriate referrals to training services operated by the local board.

(2) Core services; intensive services; designation or certification as one-stop operators.--A local board may provide core services described in section 134(d)(2) or intensive services described in section 134(d)(3) through a one-stop delivery system described in section 134(c) or be designated or certified as a one-stop operator only with the agreement of the chief elected official and the Governor.

(3) Limitation on authority.--Nothing in this Act shall be construed to provide a local board with the authority to mandate curricula for schools.

(g) Conflict of Interest.--A member of a local board may not--

(1) vote on a matter under consideration by the

local board--

(A) regarding the provision of services by such member (or

by an entity that such member represents); or

(B) that would provide direct financial benefit to such

member or the immediate family of such member; or

(2) engage in any other activity determined by the Governor to

constitute a conflict of interest as specified in the State plan.

(h) Youth Council.--

(1) Establishment.--There shall be established, as a subgroup

within each local board, a youth council appointed by the local

board, in cooperation with the chief elected official for the local

area.

(2) Membership.--The membership of each youth council--

(A) shall include--

(i) members of the local board described in subparagraph (A) or (B) of subsection (b)(2)

with special

interest or expertise in youth policy;

(ii) representatives of youth service agencies,

including juvenile justice and local law enforcement

agencies;

(iii) representatives of local public housing

authorities;

(iv) parents of eligible youth seeking assistance under

this subtitle;

(v) individuals, including former participants, and

representatives of organizations, that have experience

relating to youth activities; and  
(vi) representatives of the Job Corps, as  
appropriate;

and

(B) may include such other individuals as the  
chairperson

of the local board, in cooperation with the chief  
elected

official, determines to be appropriate.

(3) Relationship to local board.--Members of the  
youth council

who are not members of the local board described in  
subparagraphs

(A) and (B) of subsection (b)(2) shall be voting  
members of the

youth council and nonvoting members of the board.

(4) Duties.--The duties of the youth council  
include--

(A) developing the portions of the local plan  
relating to

eligible youth, as determined by the chairperson of  
the local

board;

(B) subject to the approval of the local board  
and

consistent with section 123--

(i) recommending eligible providers of  
youth

activities, to be awarded grants or contracts  
on a

competitive basis by the local board to carry  
out the youth

activities; and

(ii) conducting oversight with respect to  
the eligible

providers of youth activities, in the local  
area;

(C) coordinating youth activities authorized  
under section

129 in the local area; and

(D) other duties determined to be appropriate



by the

chairperson of the local board.

(i) Alternative Entity.--

(1) In general.--For purposes of complying with subsections

(a), (b), and (c), and paragraphs (1) and (2) of subsection (h), 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, as in effect on December 31, 1997;

or

(ii) is substantially similar to the local board described

in subsections (a), (b), and (c), and paragraphs (1) and (2) of

subsection (h); and

(D) includes--

(i) representatives of business in the local area; and

(ii)(I) representatives of labor organizations (for a

local area in which employees are represented by labor

organizations), nominated by local labor federations; or

(II) (for a local area in which no employees are

represented by such organizations), other representatives

of employees in the local area.

(2) References.--References in this Act to a local board or a

youth council shall be considered to include such an

entity or a  
subgroup of such an entity, respectively.

SEC. 118. LOCAL PLAN.

(a) In General.--Each local board shall develop and submit to the Governor a comprehensive 5-year local plan (referred to in this title as the ``local plan''), in partnership with the appropriate chief elected official. The plan shall be consistent with the State plan.

(b) Contents.--The local plan shall include--

(1) an identification of--

(A) the workforce investment needs of businesses,

jobseekers, and workers in the local area;

(B) the current and projected employment opportunities in

the local area; and

(C) the job skills necessary to obtain such employment

opportunities;

(2) a description of the one-stop delivery system to be

established or designated in the local area, including--

(A) a description of how the local board will ensure the

continuous improvement of eligible providers of services

through the system and ensure that such providers meet the

employment needs of local employers and participants; and

(B) a copy of each memorandum of understanding described in

section 121(c) (between the local board and each of the one-

stop partners) concerning the operation of the one-

stop

delivery system in the local area;

(3) a description of the local levels of performance negotiated

with the Governor and chief elected official pursuant to section

136(c), to be used to measure the performance of the local area and

to be used by the local board for measuring the performance of the

local fiscal agent (where appropriate), eligible providers, and the

one-stop delivery system, in the local area;

(4) a description and assessment of the type and availability

of adult and dislocated worker employment and training activities

in the local area;

(5) a description of how the local board will coordinate

workforce investment activities carried out in the local area with

statewide rapid response activities, as appropriate;

(6) a description and assessment of the type and availability

of youth activities in the local area, including an identification

of successful providers of such activities;

(7) a description of the process used by the local board,

consistent with subsection (c), to provide an opportunity for

public comment, including comment by representatives of businesses

and comment by representatives of labor organizations, and input

into the development of the local plan, prior to submission of the

plan;

(8) an identification of the entity responsible for the

disbursal of grant funds described in section 117(d)(3)(B)(i)(III),

as determined by the chief elected official or the Governor under

section 117(d)(3)(B)(i);

(9) a description of the competitive process to be used to

award the grants and contracts in the local area for activities

carried out under this subtitle; and

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

(c) Process.--Prior to the date on which the local board submits a

local plan under this section, the local board shall--

(1) make available copies of a proposed local plan to the

public through such means as public hearings and local news media;

(2) allow members of the local board and members of the public,

including representatives of business and representatives of labor

organizations, to submit comments on the proposed local plan to the

local board, not later than the end of the 30-day period beginning

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 90-day period beginning on the day the

Governor receives the plan, unless the Governor makes a

written

determination during the 90-day period that--

(1) deficiencies in activities carried out under this subtitle

have been identified, through audits conducted under section 184 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.

### CHAPTER 3--WORKFORCE INVESTMENT ACTIVITIES PROVIDERS

#### SEC. 121. ESTABLISHMENT OF ONE-STOP DELIVERY SYSTEMS.

(a) In General.--Consistent with the State plan, the local board for a local area, with the agreement of the chief elected official for the local area, shall--

(1) develop and enter into the memorandum of understanding

described in subsection (c) with one-stop partners;

(2) designate or certify one-stop operators under subsection

(d); and

(3) conduct oversight with respect to the one-stop delivery

system in the local area.

(b) One-Stop Partners.--

(1) Required partners.--

(A) In general.--Each entity that carries out a program or

activities described in subparagraph (B) shall--

(i) make available to participants, through a one-stop

delivery system, the services described in section

134(d)(2) that are applicable to such program

or

activities; and

(ii) participate in the operation of such system

consistent with the terms of the memorandum described in

subsection (c), and with the requirements of the Federal

law in which the program or activities are authorized.

(B) Programs and activities.--The programs and activities

referred to in subparagraph (A) consist of--

(i) programs authorized under this title;  
(ii) programs authorized under the Wagner-Peyser Act

(29 U.S.C. 49 et seq.);

(iii) adult education and literacy activities

authorized under title II;

(iv) programs authorized under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.);

(v) 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);

(vi) activities authorized under title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.);

(vii) postsecondary vocational education activities

authorized under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 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) employment and training activities carried out under the Community Services Block Grant Act (42 U.S.C. 9901 et seq.);

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

(xii) 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 a human resource program described in subparagraph (B) may--

(i) make available to participants, through the one-stop delivery system, the services described in section 134(d)(2) that are applicable to such program; and

(ii) participate in the operation of such system consistent with the terms of the memorandum described in subsection (c), and with the requirements of the Federal law in which the program is authorized; if the local board and chief elected official involved approve such participation.

(B) Programs.--The programs referred to in subparagraph (A)

may include--

(i) programs authorized under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

(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));

(iv) programs authorized under the National and Community Service Act of 1990 (42 U.S.C. 12501 et seq.);

and

(v) other appropriate Federal, State, or local programs, including programs in the private sector.

(c) Memorandum of Understanding.--

(1) Development.--The local board, with the agreement of the chief elected official, shall develop and enter into a memorandum of understanding (between the local board and the one-stop partners), consistent with paragraph (2), concerning the operation of the one-stop delivery system in the local area.

(2) Contents.--Each memorandum of understanding shall contain--

(A) provisions describing--

(i) the services to be provided through the one-stop delivery system;

(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 operator and the one-stop partners,  
for the appropriate services and activities; and  
procedures (iv) the duration of the memorandum and the  
the for amending the memorandum during the term of  
the memorandum; and  
requirements (B) such other provisions, consistent with the  
of this title, as the parties to the agreement  
determine to be  
appropriate.

(d) One-Stop Operators.--

(1) Designation and certification.--Consistent with  
paragraphs

(2) and (3), the local board, with the agreement of the  
chief

elected official, is authorized to designate or certify  
one-stop

operators and to terminate for cause the eligibility of  
such  
operators.

(2) Eligibility.--To be eligible to receive funds  
made  
available under this subtitle to operate a one-stop  
center referred  
to in section 134(c), an entity (which may be a  
consortium of  
entities)--

(A) shall be designated or certified as a one-  
stop  
operator--

(i) through a competitive process; or  
(ii) in accordance with an agreement  
reached between

the local board and a consortium of entities  
that, at a

minimum, includes 3 or more of the one-stop  
partners

described in subsection (b)(1); and

(B) may be a public or private entity, or consortium of entities, of demonstrated effectiveness, located in the local area, which may include--

- (i) a postsecondary educational institution;
- (ii) an employment service agency established under the Wagner-Peyser Act (29 U.S.C. 49 et seq.), on behalf of the local office of the agency;
- (iii) a private, nonprofit organization (including a community-based organization);
- (iv) a private for-profit entity;
- (v) a government agency; and
- (vi) another interested organization or entity, which may include a local chamber of commerce or other business organization.

(3) Exception.--Elementary schools and secondary schools shall not be eligible for designation or certification as one-stop operators, except that nontraditional public secondary schools and area vocational education schools shall be eligible for such designation or certification.

(e) Established One-Stop Delivery System.--If a one-stop delivery system has been established in a local area prior to the date of enactment of this Act, the local board, the chief elected official, and the Governor involved may agree to certify an entity carrying out activities through the system as a one-stop operator for purposes of

subsection (d), consistent with the requirements of  
subsection (b), of  
the memorandum of understanding, and of section 134(c).

SEC. 122. IDENTIFICATION OF ELIGIBLE PROVIDERS OF TRAINING  
SERVICES.

(a) Eligibility Requirements.--

(1) In general.--Except as provided in subsection  
(h), to be  
identified as an eligible provider of training services  
described  
in section 134(d)(4) (referred to in this section as  
``training  
services'') in a local area and to be eligible to  
receive funds  
made available under section 133(b) for the provision  
of training  
services, a provider of such services shall meet the  
requirements  
of this section.

(2) Providers.--Subject to the provisions of this  
section, 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;

(B) an entity that carries out programs under  
the Act of

August 16, 1937 (commonly known as the ``National  
Apprenticeship Act''; 50 Stat. 664, chapter 663; 29  
U.S.C. 50  
et seq.); or

(C) another public or private provider of a program of training services.

(b) Initial Eligibility Determination.--

(1) Postsecondary educational institutions and entities carrying out apprenticeship programs.--To be initially eligible to

receive funds as described in subsection (a) to carry out a program described in subparagraph (A) or (B) of subsection (a) (2), a

provider described in subparagraph (A) or (B), respectively, of

subsection (a)(2) shall submit an application, to the local board

for the local area in which the provider desires to provide

training services, at such time, in such manner, and containing

such information as the local board may require.

(2) Other eligible providers.--

(A) Procedure.--Each Governor of a State shall establish a

procedure for use by local boards in the State in determining

the initial eligibility of a provider described in subsection

(a)(2)(C) to receive funds as described in subsection (a) for a

program of training services, including the initial eligibility of--

(i) a postsecondary educational institution to receive

such funds for a program not described in subsection

(a)(2)(A); and

(ii) a provider described in subsection (a) (2)(B) to

receive such funds for a program not described

in

subsection (a)(2)(B).

(B) Recommendations.--In developing such procedure, the Governor shall solicit and take into consideration the recommendations of local boards and providers of training services within the State.

(C) Opportunity to submit comments.--The Governor shall provide an opportunity, during the development of the procedure, for interested members of the public, including representatives of business and labor organizations, to submit comments on such procedure.

(D) Requirements.--In establishing the procedure, the Governor shall require that, to be initially eligible to receive funds as described in subsection (a) for a program, a provider described in subsection (a)(2)(C)--

(i) shall submit an application, to the local board for the local area in which the provider desires to provide training services, at such time and in such manner as may be required, and containing a description of the program;

(ii) if the provider provides training services through a program on the date of application, shall include in the application an appropriate portion of the performance information and program cost information described in

subsection (d) for the program, as specified in the procedure, and shall meet appropriate levels of performance for the program, as specified in the procedure; and

(iii) if the provider does not provide training services on such date, shall meet appropriate requirements, as specified in the procedure.

(c) Subsequent Eligibility Determination.--

(1) Procedure.--Each Governor of a State shall establish a procedure for use by local boards in the State in determining the eligibility of a provider described in subsection (a)

(2) to continue to receive funds as described in subsection (a) for a program after an initial period of eligibility under subsection (b) (referred to in this section as ``subsequent eligibility'').

(2) Recommendations.--In developing such procedure, the Governor shall solicit and take into consideration the recommendations of local boards and providers of training services within the State.

(3) Opportunity to submit comments.--The Governor shall provide an opportunity, during the development of the procedure, for interested members of the public, including representatives of business and labor organizations, to submit comments on such procedure.

(4) Considerations.--In developing such procedure, the Governor

shall ensure that the procedure requires the local boards to take

into consideration, in making the determinations of subsequent

eligibility--

(A) the specific economic, geographic, and demographic

factors in the local areas in which providers seeking

eligibility are located; and

(B) the characteristics of the populations served by

providers seeking eligibility, including the demonstrated

difficulties in serving such populations, where applicable.

(5) Requirements.--In establishing the procedure, the Governor

shall require that, to be eligible to continue to receive funds as

described in subsection (a) for a program after the initial period

of eligibility, a provider described in subsection (a) (2) shall--

(A) submit the performance information and program cost

information described in subsection (d)(1) for the program and

any additional information required to be submitted in

accordance with subsection (d)(2) for the program annually to

the appropriate local board at such time and in such manner as

may be required; and

(B) annually meet the performance levels described in

paragraph (6) for the program, as demonstrated utilizing

quarterly records described in section 136, in a manner

consistent with section 136.

(6) Levels of performance.--

(A) In general.--At a minimum, the procedure described in

paragraph (1) shall require the provider to meet minimum

acceptable levels of performance based on the performance

information referred to in paragraph (5)(A).

(B) Higher levels of performance eligibility.--  
The local

board may require higher levels of performance than the levels

referred to in subparagraph (A) for subsequent eligibility to

receive funds as described in subsection (a).

(d) Performance and Cost Information.--

(1) Required information.--For a provider of training services

to be determined to be subsequently eligible under subsection (c)

to receive funds as described in subsection (a), such provider

shall, under subsection (c), submit--

(A) verifiable program-specific performance information

consisting of--

(i) program information, including--

(I) the program completion rates for all

individuals participating in the applicable program

conducted by the provider;

(II) the percentage of all individuals participating in the applicable program who

obtain

unsubsidized employment, which may also

include

information specifying the percentage of

the

individuals who obtain unsubsidized



employment in an occupation related to the program conducted; and (III) the wages at placement in employment of all individuals participating in the applicable program; and (ii) training services information for all participants who received assistance under section 134 to participate in the applicable program, including-- (I) the percentage of participants who have completed the applicable program and who are placed in unsubsidized employment; (II) the retention rates in unsubsidized employment of participants who have completed the applicable program, 6 months after the first day of the employment; (III) the wages received by participants who have completed the applicable program, 6 months after the first day of the employment involved; and (IV) where appropriate, the rates of licensure or certification, attainment of academic degrees or equivalents, or attainment of other measures of skills, of the graduates of the applicable program; and (B) information on program costs (such as tuition and fees) for participants in the applicable program.

(2) Additional information.--Subject to paragraph (3), in addition to the performance information described in paragraph

(1)--

(A) the Governor may require that a provider submit, under subsection (c), such other verifiable program-specific performance information as the Governor determines to be

appropriate to obtain such subsequent eligibility, which may

include information relating to--

(i) retention rates in employment and the subsequent

wages of all individuals who complete the applicable

program;

(ii) where appropriate, the rates of licensure or

certification of all individuals who complete the program;

and

(iii) the percentage of individuals who complete the

program who attain industry-recognized occupational skills

in the subject, occupation, or industry for which training

is provided through the program, where applicable; and

(B) the Governor, or the local board, may require a

provider to submit, under subsection (c), other verifiable

program-specific performance information to obtain such

subsequent eligibility.

(3) Conditions.--

(A) In general.--If the Governor or a local

board requests

additional information under paragraph (2) that imposes

extraordinary costs on providers, or if providers experience

extraordinary costs in the collection of information required

under paragraph (1)(A)(ii), the Governor or the local board

shall provide access to cost-effective methods for the

collection of the information involved, or the Governor shall

provide additional resources to assist providers in the

collection of such information from funds made available as

described in sections 128(a) and 133(a)(1), as appropriate.

(B) Higher education eligibility requirements.--The local

board and the designated State agency described in subsection

(i) may accept program-specific performance information

consistent with the requirements for eligibility under title IV

of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.)

from a provider for purposes of enabling the provider to

fulfill the applicable requirements of this subsection, if such

information is substantially similar to the information

otherwise required under this subsection.

(e) Local Identification.--

(1) In general.--The local board shall place on a list

providers submitting an application under subsection (b)(1) and

providers determined to be initially eligible under subsection

(b)(2), and retain on the list providers determined to be

subsequently eligible under subsection (c), to receive funds as

described in subsection (a) for the provision of training services

in the local area served by the local board. The list of providers

shall be accompanied by any performance information and program

cost information submitted under subsection (b) or (c) by the

provider.

(2) Submission to state agency.--On placing or retaining a

provider on the list, the local board shall submit, to the

designated State agency described in subsection (i), the list and

the performance information and program cost information referred

to in paragraph (1). If the agency determines, within 30 days after

the date of the submission, that the provider does not meet the

performance levels described in subsection (c)(6) for the program

(where applicable), the agency may remove the provider from the

list for the program. The agency may not remove from the list an

agency submitting an application under subsection (b) (1).

(3) Identification of eligible providers.--A provider who is

placed or retained on the list under paragraph (1), and is not

removed by the designated State agency under paragraph (2), for a

program, shall be considered to be identified as an eligible

provider of training services for the program.

(4) Availability.--

(A) State list.--The designated State agency shall compile

a single list of the providers identified under paragraph (3)

from all local areas in the State and disseminate such list,

and the performance information and program cost information

described in paragraph (1), to the one-stop delivery systems

within the State. Such list and information shall be made

widely available to participants in employment and training

activities authorized under section 134 and others through the

one-stop delivery system.

(B) Selection from state list.--Individuals eligible to

receive training services under section 134(d)(4) shall have

the opportunity to select any of the eligible providers, from

any of the local areas in the State, that are included on the

list described in subparagraph (A) to provide the services,

consistent with the requirements of section 134.

(5) Acceptance of individual training accounts by other

states.--States may enter into agreements, on a reciprocal basis,

to permit eligible providers of training services in a State to

accept individual training accounts provided in another State.

(f) Enforcement.--

(1) Accuracy of information.--If the designated State agency, after consultation with the local board involved, determines that an eligible provider or individual supplying information on behalf of the 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 any program for a period of time, but not less than 2 years.

(2) Noncompliance.--If the designated State agency, or the local board working with the State agency, determines that an eligible provider described in subsection (a) substantially violates any requirement under this Act, the agency, or the local board working with the State agency, may terminate the eligibility of such provider to receive funds described in subsection (a) for the program involved or take such other action as the agency or local board determines to be appropriate.

(3) Repayment.--A provider whose eligibility is terminated under paragraph (1) or (2) for a program shall be liable for repayment of all funds described in subsection (a) received for the program during any period of noncompliance described in such paragraph.

(4) Construction.--This subsection and subsection (g) shall be construed to provide remedies and penalties that

supplement, but do

not supplant, other civil and criminal remedies and penalties.

(g) Appeal.--The Governor shall establish procedures for providers of training services to appeal a denial of eligibility by the local board or the designated State agency under subsection (b), (c), or (e), a termination of eligibility or other action by the board or agency under subsection (f), or a denial of eligibility by a one-stop operator under subsection (h). Such procedures shall provide an opportunity for a hearing and prescribe appropriate time limits to ensure prompt resolution of the appeal.

(h) On-the-Job Training or Customized Training Exception.--

(1) In general.--Providers of on-the-job training or customized training shall not be subject to the requirements of subsections

(a) through (e).

(2) Collection and dissemination of information.--A one-stop

operator in a local area shall collect such performance information

from on-the-job training and customized training providers as the

Governor may require, determine whether the providers meet such

performance criteria as the Governor may require, and disseminate

information identifying providers that meet the criteria as

eligible providers, and the performance information, through the

one-stop delivery system. Providers determined to meet the criteria

shall be considered to be identified as eligible providers of training services.

(i) Administration.--The Governor shall designate a State agency to make the determinations described in subsection (e)(2), take the enforcement actions described in subsection (f), and carry out other duties described in this section.

#### SEC. 123. IDENTIFICATION OF ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.

From funds allocated under paragraph (2)(A) or (3) of section 128(b) to a local area, the local board for such area shall identify eligible providers of youth activities by awarding grants or contracts on a competitive basis, based on the recommendations of the youth council and on the criteria contained in the State plan, to the providers to carry out the activities, and shall conduct oversight with respect to the providers, in the local area.

#### CHAPTER 4--YOUTH ACTIVITIES

#### SEC. 126. GENERAL AUTHORIZATION.

The Secretary shall make an allotment under section 127(b)(1)(C) to each State that meets the requirements of section 112 and a grant to each outlying area that complies with the requirements of this title, to assist the State or outlying area, and to enable the State or outlying area to assist local areas, for the purpose of



providing  
workforce investment activities for eligible youth in the  
State or  
outlying area and in the local areas.

SEC. 127. STATE ALLOTMENTS.

(a) In General.--The Secretary shall--

(1) for each fiscal year in which the amount  
appropriated under  
section 137(a) exceeds \$1,000,000,000, reserve a  
portion determined  
under subsection (b)(1)(A) of the amount appropriated  
under section  
137(a) for use under sections 167 (relating to migrant  
and seasonal  
farmworker programs) and 169 (relating to youth  
opportunity  
grants); and

(2) use the remainder of the amount appropriated  
under section  
137(a) for a fiscal year to make allotments and grants  
in  
accordance with subparagraphs (B) and (C) of subsection  
(b)(1) and  
make funds available for use under section 166  
(relating to Native  
American programs).

(b) Allotment Among States.--

(1) Youth activities.--

(A) Youth opportunity grants.--

(i) In general.--For each fiscal year in  
which the  
amount appropriated under section 137(a)  
exceeds  
\$1,000,000,000, the Secretary shall reserve a  
portion of  
the amount to provide youth opportunity grants  
and other  
activities under section 169 (relating to youth  
opportunity

grants) and provide youth activities under section 167 (relating to migrant and seasonal farmworker programs).

(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 appropriated under section 137(a) for the fiscal year; or

(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 4 percent of such portion to provide youth activities under section 167.

(iv) Role model academy project.--From the portion described in clause (i) for fiscal year 1999, the Secretary shall make available such sums as the Secretary determines to be appropriate to carry out section 169(g).

(B) Outlying areas.--

(i) In general.--From the amount made available under subsection (a)(2) for a fiscal year, the Secretary shall reserve not more than 1/4 of 1 percent of the amount appropriated under section 137(a) for the fiscal year--

(I) to provide assistance to the

outlying areas to

workforce

2000, and 2001,

clause (ii),

such clause

the amount

for fiscal

sections 252(a)

Partnership Act

enactment of

states.--

shall use

grants to

the Northern

States to

workforce

award grants

basis and

in the field

carry out youth activities and statewide

investment activities; and

(II) for each of fiscal years 1999,

to carry out the competition described in

except that the funds reserved to carry out

for any such fiscal year shall not exceed

reserved for the Freely Associated States

year 1997, from amounts reserved under

and 262(a)(1) of the Job Training

(as

in effect on the day before the date of

this Act).

(ii) Limitation for freely associated

(I) Competitive grants.--The Secretary

funds described in clause (i)(II) to award

Guam, American Samoa, the Commonwealth of

Mariana Islands, and the Freely Associated

carry out youth activities and statewide

investment activities.

(II) Award basis.--The Secretary shall

pursuant to subclause (I) on a competitive

pursuant to the recommendations of experts

of employment and training, working through

the Pacific  
Hawaii.

Region Educational Laboratory in Honolulu,

Freely

(III) Assistance requirements.--Any

assistance

Associated State that desires to receive

application to

under this subparagraph shall submit an

application for

the Secretary and shall include in the

assistance--

the Freely

(aa) information demonstrating that

conditions that

Associated State will meet all

apply to States under this title;

notwithstanding any

(bb) an assurance that,

Freely

other provision of this title, the

assistance only for

Associated State will use such

the direct provision of services; and

assurances as

(cc) such other information and

the Secretary may require.

Notwithstanding

(IV) Termination of eligibility.--

Associated

any other provision of law, the Freely

under this

States shall not receive any assistance

begins after

subparagraph for any program year that

September 30, 2001.

Secretary may

(V) Administrative costs.--The

funds made

provide not more than 5 percent of the

available for grants under subclause (I) to

pay the administrative costs of the Pacific Region Educational Laboratory in Honolulu, Hawaii, regarding activities assisted under this clause.

(iii) Additional requirement.--The provisions of Public Law 95-134, permitting the consolidation of grants by the outlying areas, shall not apply to assistance provided to those areas, including the Freely Associated States, 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)(2) for a fiscal year, make available not more than 1.5 percent to provide youth activities under section 166 (relating to Native Americans); and

(II) allot the remainder of the amount referred to in subsection (a)(2) for a fiscal year to the States pursuant to clause (ii) for youth activities and statewide workforce investment activities.

(iv), of (ii) Formula.--Subject to clauses (iii) and the remainder--

(I) 33 1/3 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;

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

(II) 33 1/3 percent shall be allotted on the basis of the relative number of disadvantaged youth in each State, compared to the total number of disadvantaged 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 116(a)(2)(B) (relating to the area served by a rural concentrated employment program grant recipient), the allotment shall be based

on the higher of-- (I) the number of individuals who are age 16 through 21 in families with an income below the low-income level in such area; or

in such area. (II) the number of disadvantaged youth 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 and allotment.-- Subject to subclause (IV), the Secretary shall ensure that no State shall receive an allotment for a fiscal year that is less than the greater of--

(aa) an amount based on 90 percent of the allotment percentage of the State for the preceding fiscal year; or

(bb) 100 percent of the total of the allotments of the State under sections 252 and 262 of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act) for fiscal year 1998.

(II) Small state minimum allotment.-- Subject to subclauses (I), (III), and (IV), the Secretary shall ensure that no State shall receive an allotment under this subparagraph that is less than the total of--

(aa)  $\frac{3}{10}$  of 1 percent of \$1,000,000,000 of the remainder described in clause (i) (II) for the fiscal year; and

(bb) if the remainder described in clause

(i)(II) for the fiscal year exceeds  
\$1,000,000,000,  
2/5 of 1 percent of the excess.  
(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.  
(IV) Minimum funding.--In any fiscal  
year in which  
the remainder described in clause (i)(II)  
does not  
exceed \$1,000,000,000, the minimum  
allotments under  
subclauses (I) and (II) shall be calculated  
by the  
methodology for calculating the  
corresponding  
allotments under parts B and C of title II  
of the Job  
Training Partnership Act, as in effect on  
July 1, 1998.

(2) Definitions.--For the purpose of the formula  
specified in  
paragraph (1)(C):  
(A) Allotment percentage.--The term ``allotment  
percentage'', used with respect to fiscal year 2000  
or a  
subsequent fiscal year, means a percentage of the  
remainder  
described in paragraph (1)(C)(i)(II) that is  
received through  
an allotment made under paragraph (1)(C) for the  
fiscal year.  
The term, used with respect to fiscal year 1998 or  
1999, means



the percentage of the amounts allotted to States under sections 252(b) and 262(a) of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act) that is received under such sections by the State involved for fiscal year 1998 or 1999.

(B) 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 subparagraph, determinations of areas of substantial unemployment shall be made once each fiscal year.

(C) Disadvantaged youth.--Subject to paragraph (3), the term ``disadvantaged youth'' means an individual who is age 16 through 21 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--

- (i) the poverty line; or
- (ii) 70 percent of the lower living standard income level.

(D) Excess number.--The term ``excess number'' means, used with respect to the excess number of unemployed

individuals

within a State, the higher of--

(i) the number that represents the number  
of unemployed

individuals in excess of 4.5 percent of the  
civilian labor

force in the State; or

(ii) 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.

(E) Low-income level.--The term ``low-income  
level'' means

\$7,000 with respect to income in 1969, and for any  
later 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.

(3) Special rule.--For the purpose of the formula  
specified in

paragraph (1)(C), the Secretary shall, as appropriate  
and to the

extent practicable, exclude college students and  
members of the

Armed Forces from the determination of the number of  
disadvantaged  
youth.

(4) Definition.--In this subsection, the term  
``Freely

Associated State'' means the Republic of the Marshall  
Islands, the

Federated States of Micronesia, and the Republic of  
Palau.

(c) Reallotment.--

(1) In general.--The Secretary shall, in accordance

with this

subsection, reallocate to eligible States amounts that are allotted

under this section for youth activities and statewide workforce

investment activities and that are available for reallocation.

(2) Amount.--The amount available for reallocation for a program

year is equal to the amount by which the unobligated balance of the

State allotment under this section for such activities, at the end

of the program year prior to the program year for which the

determination under this paragraph is made, exceeds 20 percent of

such allotment for the prior program year.

(3) Reallocation.--In making reallocations to eligible States of

amounts available pursuant to paragraph (2) for a program year, the

Secretary shall allocate to each eligible State an amount based on the

relative amount allotted to such State under this section for such

activities for the prior program year, as compared to the total

amount allotted to all eligible States under this section for such

activities for such prior program year.

(4) Eligibility.--For purposes of this subsection, an eligible

State means a State that has obligated at least 80 percent of the

State allotment under this section for such activities for the

program year prior to the program year for which the determination

under paragraph (2) is made.

(5) Procedures.--The Governor of each State shall

prescribe

uniform procedures for the obligation of funds by local areas

within the State in order to avoid the requirement that funds be

made available for reallocation under this subsection.

The Governor

shall further prescribe equitable procedures for making funds

available from the State and local areas in the event that a State

is required to make funds available for reallocation under this

subsection.

#### SEC. 128. WITHIN STATE ALLOCATIONS.

(a) Reservations for State Activities.--

(1) In general.--The Governor of a State shall reserve not more

than 15 percent of each of the amounts allotted to the State under

section 127(b)(1)(C) and paragraphs (1)(B) and (2)(B) of section

132(b) for a fiscal year for statewide workforce investment

activities.

(2) Use of funds.--Regardless of whether the reserved amounts

were allotted under section 127(b)(1)(C), or under paragraph (1)(B)

or (2)(B) of section 132(b), the Governor may use the reserved

amounts to carry out statewide youth activities described in

section 129(b) or statewide employment and training activities, for

adults or for dislocated workers, described in paragraph (2)(B) or

(3) of section 134(a).

(b) Within State Allocation.--

(1) Methods.--The Governor, acting in accordance with the State plan, and after consulting with chief elected officials in the local areas, shall allocate the funds that are allotted to the State for youth activities and statewide workforce investment activities under section 127(b)(1)(C) and are not reserved under subsection (a), in accordance with paragraph (2) or (3).

(2) Formula allocation.--

(A) Youth activities.--

(i) Allocation.--In allocating the funds described in paragraph (1) to local areas, a State may allocate--

(I) 33 1/3 percent of the funds on the basis described in section 127(b)(1)(C)(ii)(I);

(II) 33 1/3 percent of the funds on the basis described in section 127(b)(1)(C)(ii)(II);

and

(III) 33 1/3 percent of the funds on the basis described in clauses (ii)(III) and (iii) of section 127(b)(1)(C).

(ii) Minimum percentage.--Effective at the end of the second full fiscal year after the date on which a local area is designated under section 116, the local area shall not receive an allocation percentage for a fiscal year that is less than 90 percent of the average allocation percentage of 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 2000 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.

(B) Application.--For purposes of carrying out  
subparagraph

(A)--  
(i) references in section 127(b) to a State  
shall be  
deemed to be references to a local area;  
(ii) references in section 127(b) to all  
States shall  
be deemed to be references to all local areas  
in the State  
involved; and  
(iii) except as described in clause (i),  
references in  
section 127(b)(1) to the term ``excess number''  
shall be  
considered to be references to the term as  
defined in  
section 127(b)(2).

(3) Youth discretionary allocation.--In lieu of  
making the  
allocation described in paragraph (2)(A), in allocating  
the funds  
described in paragraph (1) to local areas, a State may  
distribute--

of the (A) a portion equal to not less than 70 percent

funds in accordance with paragraph (2)(A); and

basis of a (B) the remaining portion of the funds on the

formula that--

than the (i) incorporates additional factors (other

to-- factors described in paragraph (2)(A)) relating

rural, and (I) excess youth poverty in urban,

suburban local areas; and

State average in (II) excess unemployment above the

urban, rural, and suburban local areas; and

approved by (ii) was developed by the State board and

the Secretary as part of the State plan.

(4) Limitation.--

local area (A) In general.--Of the amount allocated to a

fiscal year, not under this subsection and section 133(b) for a

the local more than 10 percent of the amount may be used by

local board for the administrative cost of carrying out

subsection (d) or workforce investment activities described in

(e) of section 134 or in section 129(c).

administrative (B) Use of funds.--Funds made available for

administrative costs under subparagraph (A) may be used for the

activities cost of any of the local workforce investment

or in section described in subsection (d) or (e) of section 134

129(c), regardless of whether the funds were allocated under

this subsection or section 133(b).

(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. Such definition shall be consistent with generally accepted accounting principles.

(c) Reallocation Among Local Areas.--

(1) In general.--The Governor may, in accordance with this subsection, reallocate to eligible local areas within the State amounts that are allocated under paragraph (2)(A) or (3) of subsection (b) for youth activities and that are available for reallocation.

(2) Amount.--The amount available for reallocation for a program year is equal to the amount by which the unobligated balance of the local area allocation under paragraph (2)(A) or (3) of subsection (b) for such activities, at the end of the program year prior to the program year for which the determination under this paragraph is made exceeds 20 percent of such allocation for the prior program year.

(3) Reallocation.--In making reallocations to eligible local areas of amounts available pursuant to paragraph (2) for a program year, the Governor shall allocate to each eligible local area within the State an amount based on the relative amount allocated



to such local area under subsection (b)(3) for such activities for the prior program year, as compared to the total amount allocated to all eligible local areas in the State under subsection (b)(3) for such activities for such prior program year. For purposes of this paragraph, local areas that received allocations under subsection (b)(2)(A) for the prior program year shall be treated as if the local areas received allocations under subsection (b)(3) for such year.

(4) Eligibility.--For purposes of this subsection, an eligible local area means a local area that has obligated at least 80 percent of the local area allocation under paragraph (2)(A) or (3) of subsection (b) for such activities, for the program year prior to the program year for which the determination under paragraph (2) is made.

#### SEC. 129. USE OF FUNDS FOR YOUTH ACTIVITIES.

(a) Purposes.--The purposes of this section are--

- (1) to provide, to eligible 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 on-going mentoring opportunities for eligible

youth with adults committed to providing such opportunities;

(3) to provide opportunities for training to eligible youth;

(4) to provide continued supportive services for eligible youth;

(5) to provide incentives for recognition and achievement to

eligible youth; and

(6) to provide opportunities for eligible youth in activities

related to leadership, development, decisionmaking, citizenship,

and community service.

(b) Statewide Youth Activities.--

(1) In general.--Funds reserved by a Governor for a State as

described in sections 128(a) and 133(a)(1)--

(A) shall be used to carry out the statewide youth

activities described in paragraph (2); and

(B) may be used to carry out any of the statewide youth

activities described in paragraph (3),

regardless of whether the funds were allotted to the State under

section 127(b)(1) or under paragraph (1) or (2) of section 132(b).

(2) Required statewide youth activities.--A State shall use

funds reserved as described in sections 128(a) and 133(a)(1)

(regardless of whether the funds were allotted to the State under

section 127(b)(1) or paragraph (1) or (2) of section 132(b)) to

carry out statewide youth activities, which shall include--

(A) disseminating a list of eligible providers of youth

activities described in section 123;  
    (B) carrying out activities described in clauses (ii) through (vi) of section 134(a)(2)(B), except that references in such clauses to activities authorized under section 134 shall be considered to be references to activities authorized under this section; and  
    (C) providing additional assistance to local areas that have high concentrations of eligible youth to carry out the activities described in subsection (c).

(3) Allowable statewide youth activities.--A State may use

funds reserved as described in sections 128(a) and 133(a)(1)

(regardless of whether the funds were allotted to the State under

section 127(b)(1) or paragraph (1) or (2) of section 132(b)) to

carry out additional statewide youth activities, which may

include--

(A) carrying out activities described in clauses (i), (ii), (iii), (iv)(II), and (vi)(II) of section 134(a)(3) (A), except

that references in such clauses to activities authorized under

section 134 shall be considered to be references to activities

authorized under this section; and

(B) carrying out, on a statewide basis, activities described in subsection (c).

(4) Prohibition.--No funds described in this subsection or

section 134(a) shall be used to develop or implement

education

curricula for school systems in the State.

(c) Local Elements and Requirements.--

(1) Program design.--Funds allocated to a local area for

eligible youth under paragraph (2)(A) or (3), as appropriate, of

section 128(b) shall be used to carry out, for eligible youth,

programs that--

(A) provide an objective assessment of the academic levels,

skill levels, and service needs of each participant, which

assessment shall include a review of basic skills, occupational

skills, prior work experience, employability, interests,

aptitudes (including interests and aptitudes for nontraditional

jobs), supportive service needs, and developmental needs of

such participant, except that a new assessment of a participant

is not required if the provider carrying out such a program

determines it is appropriate to use a recent assessment of the

participant conducted pursuant to another education or training

program;

(B) develop service strategies for each participant that

shall identify an employment goal (including, in appropriate

circumstances, nontraditional employment), appropriate

achievement objectives, and appropriate services for the

participant taking into account the assessment conducted

pursuant to subparagraph (A), except that a new service strategy for a participant is not required if the provider carrying out such a program determines it is appropriate to use a recent service strategy developed for the participant under another education or training program; and

(C) provide--

(i) preparation for postsecondary educational opportunities, in appropriate cases;

(ii) strong linkages between academic and occupational learning;

(iii) preparation for unsubsidized employment opportunities, in appropriate cases; and

(iv) effective connections to intermediaries with strong links to--

(I) the job market; and

(II) local and regional employers.

(2) Program elements.--The programs described in paragraph (1) shall provide elements consisting of--

(A) tutoring, study skills training, and instruction, leading to completion of secondary school, including dropout prevention strategies;

(B) alternative secondary school services, as appropriate;

(C) summer employment opportunities that are directly linked to academic and occupational learning;

(D) as appropriate, paid and unpaid work experiences, including internships and job shadowing;

(E) occupational skill training, as

appropriate;

(F) leadership development opportunities, which may include

community service and peer-centered activities encouraging

responsibility and other positive social behaviors during non-

school hours, as appropriate;

(G) supportive services;

(H) adult mentoring for the period of participation and a

subsequent period, for a total of not less than 12 months;

(I) followup services for not less than 12 months after the

completion of participation, as appropriate; and

(J) comprehensive guidance and counseling, which may

include drug and alcohol abuse counseling and referral, as

appropriate.

(3) Additional requirements.--

(A) Information and referrals.--Each local board shall

ensure that each participant or applicant who meets the minimum

income criteria to be considered an eligible youth shall be

provided--

(i) information on the full array of applicable or

appropriate services that are available through the local

board or other eligible providers or one-stop partners,

including those receiving funds under this subtitle; and

(ii) referral to appropriate training and educational

programs that have the capacity to serve the participant or

applicant either on a sequential or concurrent basis.

(B) Applicants not meeting enrollment requirements.--Each

eligible provider of a program of youth activities shall ensure

that an eligible applicant who does not meet the enrollment

requirements of the particular program or who cannot be served

shall be referred for further assessment, as necessary, and

referred to appropriate programs in accordance with subparagraph (A) to meet the basic skills and training needs of

the applicant.

(C) Involvement in design and implementation.--The local

board shall ensure that parents, participants, and other

members of the community with experience relating to programs

for youth are involved in the design and implementation of the

programs described in paragraph (1).

(4) Priority.--

(A) In general.--At a minimum, 30 percent of the funds

described in paragraph (1) shall be used to provide youth

activities to out-of-school youth.

(B) Exception.--A State that receives a minimum allotment

under section 127(b)(1) in accordance with section 127(b)(1)(C)(iv)(II) or under section 132(b)(1) in accordance

with section 132(b)(1)(B)(iv)(II) may reduce the percentage

described in subparagraph (A) for a local area in the State,

if--

(i) after an analysis of the eligible youth population in the local area, the State determines that the local area will be unable to meet the percentage described in subparagraph (A) due to a low number of out-of-school youth; and  
(ii)(I) the State submits to the Secretary, for the local area, a request including a proposed reduced percentage for purposes of subparagraph (A), and the summary of the eligible youth population analysis; and  
(II) the request is approved by the Secretary.

(5) Exceptions.--Not more than 5 percent of participants assisted under this section in each local area may be individuals who do not meet the minimum income criteria to be considered eligible youth, if such individuals are within one or more of the following categories:  
(A) Individuals who are school dropouts.  
(B) Individuals who are basic skills deficient.  
(C) Individuals with educational attainment that is one or more grade levels below the grade level appropriate to the age of the individuals.  
(D) Individuals who are pregnant or parenting.  
(E) Individuals with disabilities, including learning disabilities.  
(F) Individuals who are homeless or runaway youth.



(G) Individuals who are offenders.

(H) Other eligible youth who face serious barriers to employment as identified by the local board.

(6) Prohibitions.--

(A) Prohibition against federal control of education.--No

provision of this Act shall be construed to authorize any

department, agency, officer, or employee of the United States

to exercise any direction, supervision, or control over the

curriculum, program of instruction, administration, or

personnel of any educational institution, school, or school

system, or over the selection of library resources, textbooks,

or other printed or published instructional materials by any

educational institution, school, or school system.

(B) Nonduplication.--All of the funds made available under

this Act shall be used in accordance with the requirements of

this Act. None of the funds made available under this Act may

be used to provide funding under the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6101 et seq.)

or to carry

out, through programs funded under this Act, activities that

were funded under the School-to-Work Opportunities Act of 1994,

unless the programs funded under this Act serve only those

participants eligible to participate in the programs under this

Act.

(C) Noninterference and nonreplacement of

regular academic requirements.--No funds described in paragraph (1) shall be used to provide an activity for eligible youth who are not school dropouts if participation in the activity would interfere with or replace the regular academic requirements of the youth.

(7) Linkages.--In coordinating the programs authorized under this section, youth councils shall establish linkages with educational agencies responsible for services to participants as appropriate.

(8) Volunteers.--The local board shall make opportunities available for individuals who have successfully participated in programs carried out under this section to volunteer assistance to participants in the form of mentoring, tutoring, and other activities.

## CHAPTER 5--ADULT AND DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

### SEC. 131. GENERAL AUTHORIZATION.

The Secretary shall make allotments under paragraphs (1)(B) and (2)(B) of section 132(b) to each State that meets the requirements of section 112 and a grant to each outlying area that complies with the requirements of this title, to assist the State or outlying area, and to enable the State or outlying area to assist local areas,

for the purpose of providing workforce investment activities for adults, and dislocated workers, in the State or outlying area and in the local areas.

SEC. 132. STATE ALLOTMENTS.

(a) In General.--The Secretary shall--

(1) make allotments and grants from the total amount appropriated under section 137(b) for a fiscal year in accordance

with subsection (b)(1); and

(2)(A) reserve 20 percent of the amount appropriated under

section 137(c) for a fiscal year for use under subsection

(b)(2)(A), and under sections 170(b) (relating to dislocated worker

technical assistance), 171(d) (relating to dislocated worker

projects), and 173 (relating to national emergency grants); and

(B) make allotments from 80 percent of the amount appropriated

under section 137(c) for a fiscal year in accordance with

subsection (b)(2)(B).

(b) Allotment Among States.--

(1) Adult employment and training activities.--

(A) Reservation for 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 1/4 of 1 percent to provide

assistance to the outlying areas.

(ii) Applicability of additional

requirements.--From  
the amount reserved under clause (i), the  
Secretary shall  
provide assistance to the outlying areas for  
adult  
employment and training activities and  
statewide workforce  
investment activities in accordance with the  
requirements  
of section 127(b)(1)(B), except that the  
reference in  
section 127(b)(1)(B)(i)(II) to sections 252(d)  
and  
262(a)(1) of the Job Training Partnership Act  
shall be  
deemed to be a reference to section 202(a)(1)  
of the Job  
Training Partnership Act (as in effect on the  
day before  
the date of enactment of this Act).  
(B) States.--  
(i) In general.--After determining the  
amount to be  
reserved under subparagraph (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 and  
statewide workforce investment activities.  
(ii) Formula.--Subject to clauses (iii) and  
(iv), of  
the remainder--  
(I) 33 1/3 percent shall be allotted on  
the basis  
of the relative number of unemployed  
individuals in  
areas of substantial unemployment in each  
State,

individuals compared to the total number of unemployed  
States; in areas of substantial unemployment in all

on the basis (II) 33 1/3 percent shall be allotted  
individuals of the relative excess number of unemployed  
number of in each State, compared to the total excess  
unemployed individuals in all States; and

on the (III) 33 1/3 percent shall be allotted  
basis of the relative number of  
disadvantaged adults in each State, compared to the total number of  
as described disadvantaged adults in all States, except

in clause (iii).  
allotment under (iii) Calculation.--In determining an  
is a local clause (ii)(III) for any State in which there  
allotment area designated under section 116(a)(2)(B), the  
shall be based on the higher of--

with an income (I) the number of adults in families  
below the low-income level in such area; or  
in such (II) the number of disadvantaged adults  
area.

minimum (iv) Minimum and maximum percentages and  
subparagraph, allotments.--In making allotments under this  
the Secretary shall ensure the following:

Subject to (I) Minimum percentage and allotment.--

that no subclause (IV), the Secretary shall ensure

State shall receive an allotment for a fiscal year that is less than the greater of--

- (aa) an amount based on 90 percent of the allotment percentage of the State for the preceding fiscal year; or
- (bb) 100 percent of the allotment of the State under section 202 of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act) for fiscal year 1998.

(II) Small state minimum allotment.--

Subject to subclauses (I), (III), and (IV), the Secretary shall ensure that no State shall receive an allotment under this subparagraph that is less than the total of--

- (aa)  $\frac{3}{10}$  of 1 percent of \$960,000,000 of the remainder described in clause (i) for the fiscal year; and
- (bb) if the remainder described in clause (i) for the fiscal year exceeds \$960,000,000,  $\frac{2}{5}$  of 1 percent of the excess.

(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.  
(IV) Minimum funding.--In any fiscal year in which the remainder described in clause (i) does not exceed \$960,000,000, the minimum allotments under subclauses (I) and (II) shall be calculated by the methodology for calculating the corresponding allotments under part A of title II of the Job Training Partnership Act, as in effect on July 1, 1998.  
(v) Definitions.--For the purpose of the formula specified 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 2000 or a subsequent fiscal year, means a percentage of the remainder described in clause (i) that is received through an allotment made under this subparagraph for the fiscal year. The term, used with respect to fiscal year 1998 or 1999, means the percentage of the amounts allotted to States under section 202(a) of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act) that is

involved for received under such section by the State  
fiscal year 1998 or 1999.

(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 college students and



members of  
the number

the Armed Forces from the determination of  
of disadvantaged adults.

number''

(VI) Excess number.--The term ``excess

number of

means, used with respect to the excess

higher of--

unemployed individuals within a State, the

number of

(aa) the number that represents the

percent of

unemployed individuals in excess of 4.5

or

the civilian labor force in the State;

number of

(bb) the number that represents the

percent of

unemployed individuals in excess of 4.5

substantial

the civilian labor force in areas of

unemployment in such State.

(2) Dislocated worker employment and training.--

(A) Reservation for outlying areas.--

available under

(i) In general.--From the amount made

Secretary shall

subsection (a)(2)(A) for a fiscal year, the

amount

reserve not more than 1/4 of 1 percent of the

fiscal year to

appropriated under section 137(c) for the

provide assistance to the outlying areas.

requirements.--From

(ii) Applicability of additional

Secretary shall

the amount reserved under clause (i), the

dislocated

provide assistance to the outlying areas for

worker employment and training activities and

statewide workforce investment activities in accordance with the requirements of section 127(b)(1)(B), except that the reference in section 127(b)(1)(B)(i)(II) to sections 252(a) and 262(a)(1) of the Job Training Partnership Act shall be deemed to be a reference to section 302(e) of the Job Training Partnership Act (as in effect on the day before the date of enactment of this Act).

(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 and statewide workforce investment activities.

(ii) Formula.--Of the amount--

(I) 33 1/3 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) 33 1/3 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) 33 1/3 percent shall be allotted on the

in each basis of the relative number of individuals  
or more, State who have been unemployed for 15 weeks  
in all compared to the total number of individuals  
weeks or more. States who have been unemployed for 15

(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) Definitions.--For the purpose of the formulas  
specified in this subsection:

(A) Freely associated states.--The term  
``Freely Associated States'' means the Republic of the Marshall  
Islands, the Federated States of Micronesia, and the Republic of  
Palau.

(B) Low-income level.--The term ``low-income  
level'' means \$7,000 with respect to income in 1969, and for any  
later 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.

(c) Reallotment.--

(1) In general.--The Secretary shall, in accordance  
with this

subsection, reallocate to eligible States amounts that are allotted under this section for employment and training activities and statewide workforce investment activities and that are available for reallocation.

(2) Amount.--The amount available for reallocation for a program year is equal to the amount by which the unobligated balance of the State allotments under this section for such activities, at the end of the program year prior to the program year for which the determination under this paragraph is made, exceeds 20 percent of such allotments for the prior program year.

(3) Reallocation.--In making reallocations to eligible States of amounts available pursuant to paragraph (2) for a program year, the Secretary shall allot to each eligible State an amount based on the relative amount allotted to such State under this section for such activities for the prior program year, as compared to the total amount allotted to all eligible States under this section for such activities for such prior program year.

(4) Eligibility.--For purposes of this subsection, an eligible State means a State that has obligated at least 80 percent of the State allotment under this section for such activities for the program year prior to the program year for which the determination under paragraph (2) is made.

(5) Procedures.--The Governor of each State shall

prescribe

uniform procedures for the obligation of funds by local areas

within the State in order to avoid the requirement that funds be

made available for reallocation under this subsection.

The Governor

shall further prescribe equitable procedures for making funds

available from the State and local areas in the event that a State

is required to make funds available for reallocation under this

subsection.

#### SEC. 133. WITHIN STATE ALLOCATIONS.

(a) Reservations for State Activities.--

(1) Statewide workforce investment activities.--The Governor of

a State shall make the reservation required under section 128(a).

(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 132(b)(2)(B) for a fiscal year

for statewide rapid response activities described in section

134(a)(2)(A).

(b) Within State Allocation.--

(1) Methods.--The Governor, 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 and statewide workforce

investment activities under section 132(b)(1)(B) and are not

reserved under subsection (a)(1), in accordance with paragraph

(2) or (3); and

(B) the funds that are allotted to the State for dislocated

worker employment and training activities under section

132(b)(2)(B) and are not reserved under paragraph (1) or (2) of

subsection (a), in accordance with paragraph (2).

(2) Formula allocations.--

(A) Adult employment and training activities.--

(i) Allocation.--In allocating the funds described in

paragraph (1)(A) to local areas, a State may allocate--

(I) 33 1/3 percent of the funds on the basis

described in section 132(b)(1)(B)(ii)(I);

(II) 33 1/3 percent of the funds on the basis

described in section 132(b)(1)(B)(ii)(II);

and

(III) 33 1/3 percent of the funds on the basis

described in clauses (ii)(III) and (iii) of

section

132(b)(1)(B).

(ii) Minimum percentage.--Effective at the end of the

second full fiscal year after the date on which a local

area is designated under section 116, the local area shall

not receive an allocation percentage for a fiscal year that

is less than 90 percent of the average allocation

percentage of 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 2000 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.

(B) Dislocated worker employment and training  
activities.--

(i) Formula.--In allocating the funds  
described in  
paragraph (1)(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 insured unemployment data,  
unemployment  
concentrations, plant closing and mass layoff  
data,

declining industries data, farmer-rancher economic hardship

data, and long-term unemployment data.

(C) Application.--For purposes of carrying out subparagraph

(A)--

(i) references in section 132(b) to a State shall be

deemed to be references to a local area;

(ii) references in section 132(b) to all States shall

be deemed to be references to all local areas in the State

involved; and

(iii) except as described in clause (i), references in

section 132(b)(1) to the term ``excess number'' shall be

considered to be references to the term as defined in

section 132(b)(1).

(3) Adult employment and training discretionary allocations.--

In lieu of making the allocation described in paragraph (2)(A), in

allocating the funds described in paragraph (1)(A) to local areas,

a State may distribute--

(A) a portion equal to not less than 70 percent of the

funds in accordance with paragraph (2)(A); and

(B) the remaining portion of the funds on the basis of a

formula that--

(i) incorporates additional factors (other than the

factors described in paragraph (2)(A)) relating to--

(I) excess poverty in urban, rural, and suburban

local areas; and



(II) excess unemployment above the State average in urban, rural, and suburban local areas; and (ii) was developed by the State board and approved by the Secretary as part of the State plan.

(4) Transfer authority.--A local board 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 (2)(A) or (3), and 20 percent of the funds allocated to the local area under paragraph (2)(B), for a fiscal year between--  
(A) adult employment and training activities; and  
(B) dislocated worker employment and training activities.

(5) Allocation.--  
(A) In general.--The Governor of the State shall allocate the funds described in paragraph (1) to local areas under paragraphs (2) and (3) for the purpose of providing a single system of employment and training activities for adults and dislocated workers in accordance with subsections (d) and (e) of section 134.

(B) Additional requirements.--  
(i) Adults.--Funds allocated under paragraph (2)(A) or (3) shall be used by a local area to contribute proportionately to the costs of the one-stop delivery system described in section 134(c) in the local area, and to pay for employment and training activities provided to

adults in the local area, consistent with section 134.

(ii) Dislocated workers.--Funds allocated under paragraph (2)(B) shall be used by a local area to contribute proportionately to the costs of the one-stop delivery system described in section 134(c) in the local area, and to pay for employment and training activities provided to dislocated workers in the local area, consistent with section 134.

(c) Reallocation Among Local Areas.--

(1) In general.--The Governor may, in accordance with this subsection, reallocate to eligible local areas within the State amounts that are allocated under paragraph (2)(A) or (3) of subsection (b) for adult employment and training activities and that are available for reallocation.

(2) Amount.--The amount available for reallocation for a program year is equal to the amount by which the unobligated balance of the local area allocation under paragraph (2)(A) or (3) of subsection (b) for such activities, at the end of the program year prior to the program year for which the determination under this paragraph is made exceeds 20 percent of such allocation for the prior program year.

(3) Reallocation.--In making reallocations to eligible local areas of amounts available pursuant to paragraph (2)

for a program

year, the Governor shall allocate to each eligible local area

within the State an amount based on the relative amount allocated

to such local area under subsection (b)(3) for such activities for

the prior program year, as compared to the total amount allocated

to all eligible local areas in the State under subsection (b)(3)

for such activities for such prior program year. For purposes of

this paragraph, local areas that received allocations under

subsection (b)(2)(A) for the prior program year shall be treated as

if the local areas received allocations under subsection (b)(3) for

such year.

(4) Eligibility.--For purposes of this subsection, an eligible

local area means a local area that has obligated at least 80

percent of the local area allocation under paragraph (2)(A) or (3)

of subsection (b) for such activities, for the program year prior

to the program year for which the determination under paragraph (2)

is made.

#### SEC. 134. USE OF FUNDS FOR EMPLOYMENT AND TRAINING ACTIVITIES.

(a) Statewide Employment and Training Activities.--

(1) In general.--Funds reserved by a Governor for a State--

(A) as described in section 133(a)(2) shall be used to

carry out the statewide rapid response activities

described in

paragraph (2)(A); and

(B) as described in sections 128(a) and 133(a)

(1)--

(i) shall be used to carry out the  
statewide employment

and training activities described in paragraph  
(2)(B); and

(ii) may be used to carry out any of the  
statewide

employment and training activities described in  
paragraph

(3),

regardless of whether the funds were allotted to  
the State

under section 127(b)(1) or under paragraph (1) or  
(2) of

section 132(b).

(2) Required statewide employment and training  
activities.--

(A) Statewide rapid response activities.--A  
State shall use

funds reserved as described in section 133(a)(2) to  
carry out

statewide rapid response activities, which shall  
include--

(i) provision of rapid response activities,  
carried out

in local areas by the State or by an entity  
designated by

the State, working in conjunction with the  
local boards and

the chief elected officials in the local areas;  
and

(ii) 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 local areas by the State or by an entity designated by the State, working in conjunction with the local boards and the chief elected officials in the local areas.

(B) Other required statewide employment and training activities.--A State shall use funds reserved as described in sections 128(a) and 133(a)(1) (regardless of whether the funds were allotted to the State under section 127(b)(1) or paragraph (1) or (2) of section 132(b)) to carry out other statewide employment and training activities, which shall include--

- (i) disseminating the State list of eligible providers of training services, including eligible providers of nontraditional training services, information identifying eligible providers of on-the-job training and customized training, and performance information and program cost information, as described in subsections (e) and (h) of section 122;
- (ii) conducting evaluations, under section 136(e), of activities authorized in this section, in coordination with the activities carried out under section 172;
- (iii) providing incentive grants to local areas for regional cooperation among local boards (including local boards for a designated region as described in

section  
carried out  
by local  
local areas that  
operation of  
subsection (c); and  
accountability  
activities.--  
as  
section  
132(b)) to carry  
activities,  
administration by the  
section;  
technical  
one-stop  
development  
exemplary

116(c)), for local coordination of activities  
under this Act, and for exemplary performance  
areas on the local performance measures;  
(iv) providing technical assistance to  
fail to meet local performance measures;  
(v) assisting in the establishment and  
one-stop delivery systems described in  
(vi) operating a fiscal and management  
information system under section 136(f).  
(3) Allowable statewide employment and training  
(A) In general.--A State may use funds reserved  
described in sections 128(a) and 133(a)(1)  
(regardless of  
whether the funds were allotted to the State under  
127(b)(1) or paragraph (1) or (2) of section  
out additional statewide employment and training  
which may include--  
(i) subject to subparagraph (B),  
State of the activities authorized under this  
(ii) provision of capacity building and  
assistance to local areas, one-stop operators,  
partners, and eligible providers, including the  
and training of staff and the development of

program activities;  
(iii) conduct of research and demonstrations;  
(iv)(I) implementation of innovative incumbent worker training programs, which may include the establishment and implementation of an employer loan program to assist in skills upgrading; and  
(II) the establishment and implementation of programs targeted to empowerment zones and enterprise communities;  
(v) support for the identification of eligible providers of training services as required under section 122;  
(vi)(I) implementation of innovative programs for displaced homemakers, which for purposes of this subclause may include an individual who is receiving public assistance and is within 2 years of exhausting lifetime eligibility under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); and  
(II) implementation of programs to increase the number of individuals training for and placed in nontraditional employment; and  
(vii) carrying out other activities authorized in this section that the State determines to be necessary to assist local areas in carrying out activities described in

subsection (d) or (e) through the statewide  
workforce investment system.

(B) Limitation.--

(i) In general.--Of the funds allotted to a  
State under sections 127(b) and 132(b) and reserved as  
described in sections 128(a) and 133(a)(1) for a fiscal  
year--

(I) not more than 5 percent of the  
amount allotted under section 127(b)(1);

(II) not more than 5 percent of the  
amount allotted under section 132(b)(1); and

(III) not more than 5 percent of the  
amount

allotted under section 132(b)(2),  
may be used by the State for the administration  
of youth activities carried out under section 129 and  
employment and training activities carried out under this  
section.

(ii) Use of funds.--Funds made available  
for

administrative costs under clause (i) may be  
used for the

administrative cost of any of the statewide  
youth

activities or statewide employment and training  
activities,

regardless of whether the funds were allotted  
to the State

under section 127(b)(1) or paragraph (1) or (2)  
of section

132(b).

(b) Local Employment and Training Activities.--Funds  
allocated to a

local area for adults under paragraph (2)(A) or (3), as



appropriate, of  
section 133(b), and funds allocated to a local area for  
dislocated

workers under section 133(b)(2)(B)--

(1) shall be used to carry out employment and  
training

activities described in subsection (d) for adults or  
dislocated

workers, respectively; and

(2) may be used to carry out employment and  
training activities

described in subsection (e) for adults or dislocated  
workers,

respectively.

(c) Establishment of One-Stop Delivery System.--

(1) In general.--There shall be established in a  
State that

receives an allotment under section 132(b) a one-stop  
delivery

system, which--

(A) shall provide the core services described  
in subsection

(d)(2);

(B) shall provide access to intensive services  
and training

services as described in paragraphs (3) and (4) of  
subsection

(d), including serving as the point of access to  
individual

training accounts for training services to  
participants in

accordance with subsection (d)(4)(G);

(C) shall provide access to the activities  
carried out

under subsection (e), if any;

(D) shall provide access to programs and  
activities carried

out by one-stop partners and described in section  
121(b); and

(E) 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 system--

(A) shall make each of the programs, services, and activities described in paragraph (1) accessible at not less

than one physical center in each local area of the State; and

(B) may also make programs, services, and activities

described in paragraph (1) available--

(i) through a network of affiliated sites that can provide one or more of the programs, services,

and activities to individuals; and

(ii) through a network of eligible one-stop partners--

(I) in which each partner provides one or more of the programs, services, and activities to such

individuals and is accessible at an affiliated site

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 the 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).

(3) Specialized centers.--The centers and sites  
described in  
paragraph (2) may have a specialization in addressing  
special  
needs, such as the needs of dislocated workers.

(d) Required Local Employment and Training  
Activities.--

(1) In general.--

(A) Allocated funds.--Funds allocated to a  
local area for  
adults under paragraph (2)(A) or (3), as  
appropriate, of  
section 133(b), and funds allocated to the local  
area for

dislocated workers under section 133(b)(2)(B),  
shall be used--

(i) to establish a one-stop delivery system  
described

in subsection (c);

(ii) to provide the core services described  
in

paragraph (2) to adults and dislocated workers,  
respectively, through the one-stop delivery  
system in

accordance with such paragraph;

(iii) to provide the intensive services  
described in

paragraph (3) to adults and dislocated workers,  
respectively, described in such paragraph; and

(iv) to provide training services described  
in

paragraph (4) to adults and dislocated workers,  
respectively, described in such paragraph.

(B) Other funds.--A portion of the funds made  
available

under Federal law authorizing the programs and

activities

described in section 121(b)(1)(B), including the Wagner-Peyser

Act (29 U.S.C. 49 et seq.), shall be used as described in

clauses (i) and (ii) of subparagraph (A), to the extent not

inconsistent with the Federal law involved.

(2) Core services.--Funds described in paragraph (1)(A) shall

be used to provide core services, which shall be available to

individuals who are adults or dislocated workers through the one-

stop delivery system and shall, at a minimum, include--

(A) determinations of whether the individuals are eligible

to receive assistance under this subtitle;

(B) outreach, intake (which may include worker profiling),

and orientation to the information and other services available

through the one-stop delivery system;

(C) initial assessment of skill levels, aptitudes,

abilities, and supportive service needs;

(D) job search and placement assistance, and where

appropriate, career counseling;

(E) provision of employment statistics information,

including the provision of accurate information relating to

local, regional, and national labor market areas, including--

(i) job vacancy listings in such labor market areas;

(ii) information on job skills necessary to obtain the

jobs described in clause (i); and

(iii) information relating to local

occupations in demand and the earnings and skill requirements for such occupations; and

(F) provision of performance information and program cost information on eligible providers of training services as described in section 122, provided by program, and eligible providers of youth activities described in section 123, providers of adult education described in title II, providers of postsecondary vocational education activities and vocational education activities available to school dropouts under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.), and providers of vocational rehabilitation program activities described in title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.);

(G) provision of information regarding how the local area is performing on the local performance measures and any additional performance information with respect to the one-stop delivery system in the local area;

(H) 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;

(I) provision of information regarding filing claims for

unemployment compensation;  
    (J) 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  
    (K) followup services, including counseling  
regarding the  
    workplace, for participants in workforce investment  
activities  
    authorized under this subtitle who are placed in  
unsubsidized  
    employment, for not less than 12 months after the  
first day of  
    the employment, as appropriate.  
    (3) Intensive services.--  
    (A) In general.--Funds allocated to a local  
area for adults  
    under paragraph (2)(A) or (3), as appropriate, of  
section  
    133(b), and funds allocated to the local area for  
dislocated  
    workers under section 133(b)(2)(B), shall be used  
to provide  
    intensive services to adults and dislocated  
workers,  
    respectively--  
    (i)(I) who are unemployed and are unable to  
obtain  
    employment through core services provided under  
paragraph  
    (2); and

(II) who have been determined by a one-stop operator to be in need of more intensive services in order to obtain employment; or (ii) who are employed, but who are determined by a one-stop operator to be in need of such intensive services in order to obtain or retain employment that allows for self-sufficiency.

(B) Delivery of services.--Such intensive services shall be provided through the one-stop delivery system-- (i) directly through one-stop operators identified pursuant to section 121(d); or (ii) through contracts with service providers, which may include contracts with public, private for-profit, and private nonprofit service providers, approved by the local board.

(C) Types of services.--Such intensive services may include the following: (i) Comprehensive and specialized assessments of the skill levels and service needs of adults and dislocated workers, which may include-- (I) diagnostic testing and use of other assessment tools; and (II) in-depth interviewing and evaluation to identify employment barriers and appropriate employment goals.

(ii) Development of an individual employment plan, to identify the employment goals, appropriate achievement objectives, and appropriate combination of services for the participant to achieve the employment goals.

(iii) Group counseling.

(iv) Individual counseling and career planning.

(v) Case management for participants seeking training services under paragraph (4).

(vi) Short-term prevocational services, including development of learning skills, communication skills, interviewing skills, punctuality, personal maintenance skills, and professional conduct, to prepare individuals for unsubsidized employment or training.

(4) Training services.--

(A) In general.--Funds allocated to a local area for adults under paragraph (2)(A) or (3), as appropriate, of section

133(b), and funds allocated to a local area for dislocated workers under section 133(b)(2)(B) shall be used to provide training services to adults and dislocated workers, respectively--

(i) who have met the eligibility requirements for intensive services under paragraph (3)(A) and who are unable to obtain or retain employment through such services;

(ii) who after an interview, evaluation, or



assessment,  
and case management, have been determined by a  
one-stop  
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;  
(iii) 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  
or dislocated workers receiving such services  
are willing  
to relocate;  
(iv) who meet the requirements of  
subparagraph (B); and  
(v) who are determined to be eligible in  
accordance  
with the priority system, if any, in effect  
under  
subparagraph (E).  
(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) Provider qualification.--Training services shall be

provided through providers identified in accordance with

section 122.

(D) Training services.--Training services may include--

(i) occupational skills training, including training

for nontraditional employment;

(ii) on-the-job training;

(iii) programs that combine workplace training with

related instruction, which may include cooperative

education programs;

(iv) training programs operated by the private sector;

(v) skill upgrading and retraining;

(vi) entrepreneurial training;

(vii) job readiness training;

(viii) adult education and literacy activities provided

in combination with services described in any of clauses

(i) through (vii); and

(ix) customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of the training.

(E) Priority.--In the event that funds allocated to a local area for adult employment and training activities under

paragraph (2)(A) or (3) of section 133(b) are limited, priority shall be given to recipients of public assistance and other

low-income individuals for intensive services and training services. The appropriate local board and the Governor shall

direct the one-stop operators in the local area with regard to making determinations related to such priority.

(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 board, through one-stop centers referred to in subsection (c), shall make available--

(I) the State list of eligible providers of training services required under section 122(e), with a description of the programs through which the providers may offer the training services, and the information

identifying eligible providers of on-the-job training and customized training required under section 122(h); and (II) the performance information and performance cost information relating to eligible providers of training services described in subsections (e) and (h) of section 122.

(G) Use of individual training accounts.--

(i) In general.--Except as provided in clause (ii), training services provided under this paragraph shall be provided through the use of individual training accounts in accordance with this paragraph, and shall be provided to eligible individuals through the one-stop delivery system.

(ii) Exceptions.--Training services authorized under this paragraph may be provided pursuant to a contract for services in lieu of an individual training account if the requirements of subparagraph (F) are met and if--

(I) such services are on-the-job training provided by an employer or customized training; (II) the local board determines there are an insufficient number of eligible providers of training services in the local area involved (such as in a rural area) to accomplish the purposes of a

system of individual training accounts; or  
there is a (III) the local board determines that  
effectiveness training services program of demonstrated  
based offered in the local area by a community-  
organization or another private  
organization to serve  
multiple special participant populations that face  
barriers to employment.

(iii) Linkage to occupations in demand.--  
Training services provided under this paragraph shall be  
directly linked to occupations that are in demand in the  
local area,  
dislocated worker or in another area to which an adult or  
except that receiving such services is willing to relocate,  
occupations a local board may approve training services for  
of the determined by the local board to be in sectors  
sustained demand or economy that have a high potential for  
growth in the local area.

(iv) Definition.--In this subparagraph, the  
term ``special participant population that faces  
multiple barriers to employment'' means a population of  
low-income individuals that is included in one or more of  
the following categories:

(I) Individuals with substantial  
language or

cultural barriers.

(II) Offenders.

(III) Homeless individuals.

(IV) Other hard-to-serve populations as

defined by

the Governor involved.

(e) Permissible Local Employment and Training Activities.--

(1) Discretionary one-stop delivery activities.--

Funds

allocated to a local area for adults under paragraph (2)(A) or (3),

as appropriate, of section 133(b), and funds allocated to the local

area for dislocated workers under section 133(b)(2)(B), may be used

to provide, through one-stop delivery described in subsection

(c)(2)--

(A) customized screening and referral of qualified

participants in training services described in subsection

(d)(4) to employment; and

(B) customized employment-related services to employers on

a fee-for-service basis.

(2) Supportive services.--Funds allocated to a local area for

adults under paragraph (2)(A) or (3), as appropriate, of section

133(b), and funds allocated to the local area for dislocated

workers under section 133(b)(2)(B), may be used to provide

supportive services to adults and dislocated workers, respectively--

(A) who are participating in programs with activities

authorized in any of paragraphs (2), (3), or (4) of subsection

(d); and

(B) who are unable to obtain such supportive services

through other programs providing such services.

(3) Needs-related payments.--

(A) In general.--Funds allocated to a local area for adults

under paragraph (2)(A) or (3), as appropriate, of section

133(b), and funds allocated to the local area for dislocated

workers under section 133(b)(2)(B), may be used to provide

needs-related payments to adults and dislocated workers,

respectively, who are unemployed and do not qualify for (or

have ceased to qualify for) unemployment compensation for the

purpose of enabling such individuals to participate in programs

of training services under subsection (d)(4).

(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.

#### CHAPTER 6--GENERAL PROVISIONS

##### SEC. 136. PERFORMANCE ACCOUNTABILITY SYSTEM.

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

(b) State Performance Measures.--

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



(A)(i) the core indicators of performance described in paragraph (2)(A) and the customer satisfaction indicator of performance described in paragraph (2)(B); and (ii) additional indicators of performance (if any) identified by the State under paragraph (2)(C); and (B) a State adjusted level of performance for each indicator described in subparagraph (A).

(2) Indicators of performance.--

(A) Core indicators of performance.--

(i) In general.--The core indicators of performance for employment and training activities authorized under section 134 (except for self-service and informational activities) and (for participants who are eligible youth age 19 through 21) for youth activities authorized under section 129 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;
- (IV) attainment of a recognized credential relating to achievement of educational skills, which may include attainment of a secondary school diploma or its recognized equivalent, or occupational skills, by participants who enter unsubsidized

employment, or by  
participants who are eligible youth age 19  
through 21  
who enter postsecondary education, advanced  
training,  
or unsubsidized employment.

(ii) Core indicators for eligible youth.--  
The core  
indicators of performance (for participants who  
are  
eligible youth age 14 through 18) for youth  
activities  
authorized under section 129, shall include--  
(I) attainment of basic skills and, as  
appropriate,  
work readiness or occupational skills;  
diplomas and  
(II) attainment of secondary school  
their recognized equivalents; and  
postsecondary  
(III) placement and retention in  
education or advanced training, or  
placement and  
retention in military service, employment,  
or qualified  
apprenticeships.

(B) Customer satisfaction indicators.--The  
customer  
satisfaction indicator of performance shall consist  
of customer  
satisfaction of employers and participants with  
services  
received from the workforce investment activities  
authorized  
under this subtitle. Customer satisfaction may be  
measured  
through surveys conducted after the conclusion of  
participation  
in the workforce investment activities.

(C) Additional indicators.--A State may  
identify in the

State plan additional indicators for workforce investment

activities authorized under this subtitle.

(3) Levels of performance.--

(A) State adjusted levels of performance for core

indicators and customer satisfaction indicator.--

(i) In general.--For each State submitting a State

plan, there shall be established, in accordance with this

subparagraph, levels of performance for each of the core

indicators of performance described in paragraph (2)(A) and

the customer satisfaction indicator described in paragraph

(2)(B) for workforce investment activities authorized under

this subtitle. The levels of performance established under

this subparagraph shall, at a minimum--

(I) be expressed in an objective, quantifiable, and

measurable form; and

(II) show the progress of the State toward

continuously improving in performance.

(ii) Identification in state plan.--Each State shall

identify, in the State plan submitted under section 112,

expected levels of performance for each of the core

satisfaction indicators of performance and the customer

indicator of performance, for the first 3 program years

covered by the State plan.

(iii) Agreement on state adjusted levels of performance

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

(iv) Factors.--The agreement described in clause (iii) or (v) shall take into account--  
(I) the extent to which the levels involved will assist the State in attaining a high level of customer satisfaction;  
(II) how the levels involved compare with the State adjusted levels of performance established for 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; and

(III) the extent to which such levels involved promote continuous improvement in performance on the performance measures by such State and ensure optimal

return on the investment of Federal funds. (v) Agreement on state adjusted levels of performance

for 4th and 5th years.--Prior to the 4th program year covered by the State plan, the Secretary and each Governor shall reach agreement on levels of performance for each of the core indicators of performance and the customer satisfaction indicator of performance, for the 4th and 5th program years covered by the State plan, taking into

account the factors described in clause (iv). The levels agreed to under this clause shall be considered to be the State adjusted levels of performance for the State for such years and shall be incorporated into the State plan.

(vi) Revisions.--If unanticipated circumstances arise in a State resulting in a significant change in the factors described in clause (iv)(II), the Governor may request that the State adjusted levels of performance agreed to under

clause (iii) or (v) be revised. The Secretary, after collaboration with the representatives described in subsection (i), shall issue objective criteria and methods for making such revisions.

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

(c) Local Performance Measures.--

(1) In general.--For each local area in a State, the local performance measures shall consist of--

(A)(i) the core indicators of performance described in subsection (b)(2)(A), and the customer satisfaction indicator of performance described in subsection (b)(2)(B), for activities described in such subsections, other than statewide workforce investment activities; and

(ii) additional indicators of performance (if any) identified by the State under subsection (b)(2)(C) for activities described in such subsection, other than statewide workforce investment activities; and

(B) a local level of performance for each indicator described in subparagraph (A).

(2) Local level of performance.--The local board,

the chief

elected official, and the Governor shall negotiate and reach

agreement on the local levels of performance based on the State

adjusted levels of performance established under subsection (b).

(3) Determinations.--In determining such local levels of

performance, the local board, the chief elected official, and the

Governor shall take into account the specific economic, demographic, and other characteristics of the populations to be

served in the local area.

(d) Report.--

(1) In general.--Each State that receives an allotment under

section 127 or 132 shall annually prepare and submit to the

Secretary a report on the progress of the State in achieving State

performance measures, including information on the levels of

performance achieved by the State with respect to the core

indicators of performance and the customer satisfaction indicator.

The annual report also shall include information regarding the

progress of local areas in the State in achieving local performance

measures, including information on the levels of performance

achieved by the areas with respect to the core indicators of

performance and the customer satisfaction indicator.

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 authorized under this subtitle

relating to--

(A) entry by participants who have completed training

services provided under section 134(d)(4) 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)(A) 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)(A) of recipients of

public assistance, out-of-school youth, veterans, individuals

with disabilities, displaced homemakers, and older individuals.

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

(A) shall make the information contained in such reports

available to the general public through publication and other

appropriate methods;

(B) shall disseminate State-by-State comparisons of the

information; and

(C) shall provide the appropriate congressional committees

with copies of such reports.

(e) Evaluation of State Programs.--

(1) In general.--Using funds made available under this

subtitle, the State, in coordination with local boards 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

172.

(2) Design.--The evaluation studies conducted under this

subsection shall be designed in conjunction with the State board

and local boards and shall include analysis of customer feedback

and outcome and process measures in the statewide workforce

investment system. The studies may include use of control groups.

(3) Results.--The State shall periodically prepare and submit

to the State board, and local boards 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 boards 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 consultation with the

Governors, local elected officials, and one-stop partners. 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, consistent with State law. The Secretary

shall make arrangements, consistent with State law, 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 for State Failure To Meet State Performance Measures.--

(1) States.--

(A) Technical assistance.--If a State fails to meet State

adjusted levels of performance relating to indicators described

in subparagraph (A) or (B) of subsection (b)(2) for a program

for any program year, the Secretary shall, upon request,

provide technical assistance in accordance with section 170,

including assistance in the development of a performance

improvement plan.

(B) Reduction in amount of grant.--If such failure continues for a second consecutive year, or if a State fails to submit a report under subsection (d) for any program year, the Secretary may reduce by not more than 5 percent, the amount of the grant that would (in the absence of this paragraph) be payable to the State under such program for the immediately succeeding program year. Such penalty shall be based on the degree of failure to meet State adjusted levels of performance.

(2) 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 incentive grants under section 503.

(h) Sanctions for Local Area Failure To Meet Local Performance Measures.--

(1) Technical assistance.--If a local area fails to meet levels of performance relating to indicators described in subparagraph (A) or (B) of subsection (b)(2) for a program for any program year, the Governor, or upon request by the Governor, the Secretary, shall provide technical assistance, which may include assistance in the development of a performance improvement plan, or the development of a modified local plan.

(2) Corrective actions.--

(A) In general.--If such failure continues for

a second

consecutive year, the Governor shall take corrective actions, which may include development of a reorganization plan through

which the Governor may--

(i) require the appointment and certification of a new

local board (consistent with the criteria established under

section 117(b));

(ii) prohibit the use of eligible providers

and one-

stop partners identified as achieving a poor

level of

performance; or

(iii) take such other actions as the

Governor

determines are appropriate.

(B) Appeal by local area.--

(i) Appeal to governor.--A local area that is subject

to a reorganization plan under subparagraph (A)

may, not

later than 30 days after receiving notice of

the

reorganization plan, appeal to the Governor to

rescind or

revise such plan. In such case, the Governor

shall make a

final decision not later than 30 days after the

receipt of

the appeal.

(ii) Subsequent action.--The local area may, not later

than 30 days after receiving a decision from

the Governor

pursuant to clause (i), appeal such decision to

the

Secretary. In such case, the Secretary shall

make a final

decision not later than 30 days after the receipt of the appeal.

(C) Effective date.--The decision made by the Governor under clause (i) of subparagraph (B) shall become effective at the time the Governor issues the decision pursuant to such clause. Such decision shall remain effective unless the Secretary rescinds or revises such plan pursuant to clause (ii) of subparagraph (B).

(i) Other Measures and Terminology.--

(1) Responsibilities.--In order to ensure nationwide comparability of performance data, 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 regarding 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)(2)(C) to assist States

in assessing their progress toward State workforce investment goals; and

(C) objective criteria and methods described in subsection

(b)(3)(A)(vi) for making revisions to levels of performance.

(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)(A).

(3) Assistance.--The Secretary shall make the services of 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. 137. AUTHORIZATION OF APPROPRIATIONS.

(a) Youth Activities.--There are authorized to be appropriated to carry out the activities described in section 127(a), such sums as may be necessary for each of fiscal years 1999 through 2003.

(b) Adult Employment and Training Activities.--There are authorized to be appropriated to carry out the activities described in section 132(a)(1), such sums as may be necessary for each of fiscal years 1999 through 2003.

(c) Dislocated Worker Employment and Training Activities.--There are authorized to be appropriated to carry out the activities described in section 132(a)(2), such sums as may be necessary for each of fiscal years 1999 through 2003.

Subtitle C--Job Corps

SEC. 141. 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. 142. DEFINITIONS.

In this subtitle:

- (1) Applicable local board.--The term ``applicable local board'' means a local board--
  - (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 center.--The term ``applicable one-stop 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 143.

(7) Job corps center.--The term ``Job Corps center'' means a

center described in section 147.

(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. 143. ESTABLISHMENT.

There shall be within the Department of Labor a ``Job Corps''.

#### SEC. 144. 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 one 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. 145. 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 boards, 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 individuals 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 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 described in subsection (a) 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 literacy program, that is not available at such center;

(B) the enrollee would be unduly delayed in participating in the Job Corps program because the closest center is

operating at full capacity; or

(C) 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. 146. 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 148(c) would require an individual

to participate in the Job Corps for not more than one additional

year; or

(2) as the Secretary may authorize in a special case.

#### SEC. 147. 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, an area vocational education school or residential vocational school, or 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 board

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 activities 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. 148. 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, physical rehabilitation and development, and counseling. Each Job Corps center shall provide enrollees assigned to the center with access to core services described in section 134(d)(2) and the intensive services described in section 134(d)(3).

(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) Education and Vocational Training.--The Secretary may arrange for education and vocational training of enrollees through local public or private educational agencies, vocational educational institutions, or technical institutes, whenever such entities provide education and training substantially equivalent in cost and quality to that which the Secretary could provide through other means.

(c) 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 under section 122.

(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 subparagraph (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

satisfactory rate of completion and placement in  
training-related

jobs before the operator may carry out such additional  
enrollment.

(d) 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.

(e) Child Care.--The Secretary shall, to the extent  
practicable,  
provide child care at or near Job Corps centers, for  
individuals who  
require child care for their children in order to  
participate in the  
Job Corps.

#### SEC. 149. 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 delivery 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.

(d) Services to Former Enrollees.--The Secretary may provide such services as the Secretary determines to be appropriate under this subtitle to former enrollees.

#### SEC. 150. SUPPORT.

(a) Personal Allowances.--The Secretary may 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.--

(1) Graduates.--The Secretary shall arrange for a readjustment

allowance to be paid to graduates. The Secretary shall arrange for the allowance to be paid at the one-stop center nearest to the home of the graduate who is returning home, or at the one-stop center nearest to the location where the graduate has indicated an intent to seek employment. If the Secretary uses any organization, in lieu of a one-stop center, to provide placement services under this Act, the Secretary shall arrange for that organization to pay the readjustment allowance.

(2) Former enrollees.--The Secretary may provide for a readjustment allowance to be paid to former enrollees. The provision of the readjustment allowance shall be subject to the same requirements as are applicable to the provision of the readjustment allowance paid to graduates under paragraph (1).

#### SEC. 151. 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. 152. 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 145(a).

(C) Definitions.--In this paragraph:

(i) Controlled substance.--The term ``controlled substance'' has the meaning given the term in section 102 of the Controlled Substances Act (21 U.S.C. 802).

(ii) Zero tolerance policy.--The term ``zero tolerance policy'' means a policy under which an enrollee shall be automatically dismissed from the Job Corps after a determination by the director that the enrollee has carried out an action described in subparagraph (A).

(c) Appeal.--A disciplinary measure taken by a director under this section shall be subject to expeditious appeal in accordance with procedures established by the Secretary.

#### SEC. 153. 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 centers and applicable

local

boards,

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. 154. 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 nongovernmental 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;

(B) representatives of labor organizations (where present)

and representatives of employees; and

(C) enrollees and graduates of the Job Corps.

(2) Local board.--The industry council may include members of

the applicable local boards 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 boards 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 reevaluate 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. 155. 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. 156. 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. 157. APPLICATION OF PROVISIONS OF FEDERAL LAW.

(a) Enrollees Not Considered To Be Federal Employees.--

(1) In general.--Except as otherwise provided in this

subsection and in section 8143(a) of title 5, United States Code,

enrollees shall not be considered to be Federal employees and shall

not be subject to the provisions of law relating to Federal

employment, including such provisions regarding hours of work,

rates of compensation, leave, unemployment compensation, and

Federal employee benefits.

(2) Provisions relating to taxes and social security

benefits.--For purposes of the Internal Revenue Code of 1986 and

title II of the Social Security Act (42 U.S.C. 401 et seq.),

enrollees shall be deemed to be employees of the United States and

any service performed by an individual as an enrollee shall be

deemed to be performed in the employ of the United States.

(3) Provisions relating to compensation to federal employees

for work injuries.--For purposes of subchapter I of chapter 81 of

title 5, United States Code (relating to compensation

to Federal

employees for work injuries), enrollees shall be deemed to be civil

employees of the Government of the United States within the meaning

of the term ``employee'' as defined in section 8101 of title 5,

United States Code, and the provisions of such subchapter shall

apply as specified in section 8143(a) of title 5, United States

Code.

(4) Federal tort claims provisions.--For purposes of the

Federal tort claims provisions in title 28, United States Code,

enrollees shall be considered to be employees of the Government.

(b) Adjustments and Settlements.--Whenever the Secretary finds a claim for damages to a person or property resulting from the operation of the Job Corps to be a proper charge against the United States, and the claim is not cognizable under section 2672 of title 28, United States Code, the Secretary may adjust and settle the claim in an amount not exceeding \$1,500.

(c) Personnel of the Uniformed Services.--Personnel of the uniformed services who are detailed or assigned to duty in the performance of agreements made by the Secretary for the support of the Job Corps shall not be counted in computing strength under any law limiting the strength of such services or in computing the percentage authorized by law for any grade in such services.

SEC. 158. 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 145.

(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 147.

(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. 159. 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 Indicators of Performance.--

(1) Establishment.--The Secretary shall, with  
continuity and

consistency from year to year, establish indicators of  
performance,

and expected levels of performance 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 post-secondary

education or advanced training programs, including 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 post- secondary

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 152(b); and

(8) any additional information required by the Secretary.

(e) Methods.--The Secretary may collect the information described

in subsections (c) and (d) using methods described in section 136(f)(2)

consistent with State law.

(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 expected levels of performance described in paragraph (2).

(g) Closure of Job Corps Center.--Prior to the closure of any Job Corps center, the Secretary shall ensure--

- (1) that the proposed decision to close the center is announced in advance to the general public through publication in the Federal Register or other appropriate means;
- (2) the establishment of a reasonable comment period, not to exceed 30 days, for interested individuals to submit written comments to the Secretary; and
- (3) that the Member of Congress who represents the district in which such center is located is notified within a reasonable period of time in advance of any final decision to close the center.

#### SEC. 160. 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 157(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. 161. 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  
2003.

#### Subtitle D--National Programs

#### SEC. 166. NATIVE AMERICAN PROGRAMS.

##### (a) Purpose.--

(1) In general.--The purpose of this section is to  
support

employment and training activities for Indian, Alaska  
Native, 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, Alaska Native, and Native Hawaiian  
communities in

accordance with the goals and values of such  
communities.

(2) Indian policy.--All programs assisted under this section shall be administered in a manner consistent with the principles of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) and the government-to-government relationship between the Federal Government and Indian tribal governments.

(b) Definitions.--As used in this section:

(1) Alaska native.--The term ``Alaska Native'' means a Native as such term is defined in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b)).

(2) Indian, indian tribe, and tribal organization.--The terms ``Indian'', ``Indian tribe'', and ``tribal organization'' have the meanings given such terms in subsections (d), (e), and (1), respectively, of section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(3) 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) Program 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, Alaska Native entities,

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) comprehensive workforce investment activities for

Indians or Native Hawaiians; or

(ii) supplemental services for Indian or Native Hawaiian youth on or near Indian reservations and in Oklahoma, Alaska, or Hawaii.

(B) Special rule.--Notwithstanding any other provision of this section, individuals who were eligible to participate in programs under section 401 of the Job Training Partnership Act (29 U.S.C. 1671) (as such section was in effect on the day before the date of enactment of this Act) shall be eligible to participate in an activity assisted under this section.

(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, Alaska Native, 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 primary 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, participation and protection of

workers and 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 189(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.

(6) Agreement for certain federally recognized indian tribes to transfer funds to the program.--A federally recognized Indian tribe that administers funds provided under this section and funds provided by more than one State under other sections of this title may enter into an agreement with the Secretary and the

Governors of

the affected States to transfer the funds provided by the States to

the program administered by the tribe under this section.

(i) Compliance With Single Audit Requirements; Related Requirement.--Grants, contracts, and cooperative agreements entered

into under this section shall be subject to the requirements of chapter

75 of subtitle V of title 31, United States Code (enacted by the Single

Audit Act of 1984) and charging of costs under this section shall be

subject to appropriate circulars issued by the Office of Management and Budget.

(j) Assistance to American Samoans in Hawaii.--

(1) In general.--Notwithstanding any other provision of law,

the Secretary is authorized to provide assistance to American

Samoans who reside in Hawaii for the co-location of federally

funded and State-funded workforce investment activities.

(2) Authorization of appropriations.--There are authorized to

be appropriated for fiscal year 1999 such sums as may be necessary

to carry out this subsection.

#### SEC. 167. 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) Contents.--Such plan shall--

(A) identify the education and employment needs of the population to be served and the manner in which the services to be provided will strengthen the ability of the eligible migrant and seasonal farmworkers and dependents to obtain or retain unsubsidized employment or stabilize their unsubsidized employment;

(B) describe the related assistance and 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 the indicators of performance to be used to

assess the performance of such entity in carrying out the

activities assisted under this section.

(3) 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.

(4) 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 described in paragraph (1) for

the succeeding 2-year grant or contract period. The Secretary

may exercise the waiver authority of the preceding sentence not

more than once during any 4-year period with respect to any

single recipient.

(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 farmworkers, which may include employment, training, educational assistance, literacy assistance, an English language program, worker safety training, housing, supportive services, dropout prevention activities, followup 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 Boards.--In making grants and entering into contracts under this section, the Secretary shall consult with the Governors and local boards of the States in which the eligible entities will carry out the activities described in subsection (d).

(f) Regulations.--The 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) Compliance With Single Audit Requirements; Related Requirement.--Grants and contracts entered into under this section shall be subject to the requirements of chapter 75 of subtitle V of title 31, United States Code (enacted by the Single Audit Act of 1984) and charging of costs under this section shall be subject to appropriate circulars issued by the Office of Management and Budget.

(h) 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. 168. 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 centers described

in section 134(c).

(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. 169. YOUTH OPPORTUNITY GRANTS.

(a) Grants.--

(1) In general.--Using funds made available under section

127(b)(1)(A), the Secretary shall make grants to eligible local

boards and eligible entities described in subsection (d) to provide

activities described in subsection (b) for youth to increase the long-term employment of youth who live in empowerment zones, enterprise communities, and high poverty areas and who seek assistance.

(2) Definition.--In this section, the term ``youth'' means an individual who is not less than age 14 and not more than age 21.

(3) 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.

(4) Grant awards.--In making grants under this section, the Secretary shall ensure that grants are distributed equitably among local boards and entities serving urban areas and local boards 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 board 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 129, 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 board 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 Boards.--To be eligible to receive a grant under

this section, a local board 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 board 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 board) shall--

(1) be a recipient of financial assistance under section 166;

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 or serves Oklahoma Indians or Alaska Native villages or Native groups (as such terms are defined in section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602)).

(e) Application.--To be eligible to receive a grant under this section, a local board 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 board 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 boards 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 129; 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 board or entity on performance measures

for the indicators of performance referred to in subparagraphs (A)

and (B) of section 136(b)(2) that will be used to evaluate the

performance of the local board 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 board or entity regarding the levels

of performance expected to be achieved by the local board or entity

on the indicators of performance.

(g) Role Model Academy Project.--

(1) In general.--Using the funds made available pursuant to

section 127(b)(1)(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. 170. TECHNICAL ASSISTANCE.

(a) General Technical Assistance.--

(1) In general.--The Secretary shall provide, coordinate, and support the development of, appropriate training, technical assistance, staff development, and other activities, including assistance in replicating programs of demonstrated effectiveness, to States and localities, and, in particular, to assist States in making transitions from carrying out activities under the provisions of law repealed under section 199 to carry out activities under this title.

(2) Form of assistance.--In carrying out paragraph (1) on behalf of a State, or recipient of financial assistance under any of sections 166 through 169, the Secretary, after consultation with the State or grant recipient, may award grants and enter into

contracts and cooperative agreements.

(3) Limitation.--Grants or contracts awarded under paragraph

(1) to entities other than States or local units of government that

are for amounts in excess of \$100,000 shall only be awarded on a

competitive basis.

(b) Dislocated Worker Technical Assistance.--

(1) Authority.--Of the amounts available pursuant to section

132(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 136 with

respect to employment and training activities for dislocated

workers. Using such reserved funds, the Secretary may provide such

assistance to other States, local areas, and other entities

involved in providing assistance to dislocated workers, to promote

the continuous improvement of assistance provided to dislocated

workers, under this title.

(2) Training.--Amounts reserved under this subsection 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 174(b).

SEC. 171. 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) 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 and may include--

(A) the establishment of advanced manufacturing technology

skill centers developed through local partnerships of industry,

labor, education, community-based organizations, and economic

development organizations to meet unmet, high-tech skill needs

of local communities;

(B) projects that provide training to upgrade the skills of

employed workers who reside and are employed in enterprise

communities or empowerment zones;

(C) programs conducted jointly with the Department of

Defense to develop training programs utilizing computer-based

and other innovative learning technologies;

(D) projects that promote the use of distance learning,

enabling students to take courses through the use of media

technology such as videos, teleconferencing computers, and the

Internet;

(E) projects that assist in providing comprehensive services to increase the employment rates of out-of-school youth residing in targeted high poverty areas within empowerment zones and enterprise communities;

(F) the establishment of partnerships with national organizations with special expertise in developing, organizing, and administering employment and training services, for individuals with disabilities, at the national, State, and local levels;

(G) projects to assist public housing authorities that provide, to public housing residents, job training programs that demonstrate success in upgrading the job skills and promoting employment of the residents; and

(H) projects that assist local areas to develop and implement local self-sufficiency standards to evaluate the degree to which participants in programs under this title are achieving self-sufficiency.

(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 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; or

(III) conducting evaluations of  
workforce

investment projects; or

(ii) State and local entities with  
expertise in

operating or overseeing workforce investment  
programs.

(C) Time limits.--The Secretary shall establish  
appropriate

time limits for carrying out demonstration and  
pilot projects

under this subsection.

(c) Multiservice Projects, Research Projects, and  
Multistate  
Projects.--

(1) Multiservice projects.--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) Research projects.--

(A) In general.--Under a plan published under subsection

(a), the Secretary shall, through grants or contracts, carry

out research projects that will contribute to the solution of

employment and training problems in the United States.

(B) Formula improvement study and report.--

(i) Study.--The Secretary shall conduct a 2-year study

concerning improvements in the formulas described in

section 132(b)(1)(B) and paragraphs (2)(A) and (3) of

section 133(b) (regarding distributing funds under subtitle

B 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 State boards and

local

boards.

(ii) Report.--The Secretary shall prepare  
and submit to

Congress a report containing the results of the

study,

including recommendations for improved

formulas.

(3) Multistate projects.--

(A) In general.--

(i) 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 industry-wide skill  
shortages.

(ii) 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.

(4) Limitations.--

(A) Competitive awards.--Grants or contracts  
awarded for

carrying out projects under this subsection in  
amounts that

exceed \$100,000 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

assistance under the grant or contract for the  
project.

(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.

(C) Peer review.--

(i) In general.--The Secretary shall  
utilize a peer

review process--

(I) to review and evaluate all  
applications for

grants in amounts that exceed \$500,000 that  
are

submitted under this section; and

(II) to review and designate exemplary  
and

promising programs under this section.

(ii) Availability of funds.--The Secretary  
is

authorized to use funds provided under this  
section to

carry out peer review activities under this

subparagraph.

(D) Priority.--In awarding grants or contracts under this

subsection, priority shall be provided to entities with

nationally recognized expertise in the methods, techniques, and

knowledge of workforce investment activities and shall include

appropriate time limits, established by the Secretary, for the

duration of such projects.

(d) Dislocated Worker Projects.--Of the amount made available

pursuant to section 132(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 (c)(4)(C). 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 173(b).

## SEC. 172. EVALUATIONS.

(a) Programs and Activities Carried Out Under This

Title.--For the purpose of improving the management and effectiveness of programs and activities carried out under this title, the Secretary shall provide for the continuing evaluation of the programs and activities, including those programs and activities carried out under section 171. Such evaluations shall address--

(1) the general effectiveness of such programs and activities

in relation to their cost, including the extent to which the

programs and activities--

(A) improve the employment competencies of participants in

comparison to comparably-situated individuals who did not

participate in such programs and activities; and

(B) to the extent feasible, increase the level of total

employment over the level that would have existed in the

absence of such programs and activities;

(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 under other provisions of 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 2005.

(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 Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate. Not later than 60 days after the completion of such a final report, the Secretary shall transmit the final report to such committees of the Congress.

(f) Coordination.--The Secretary shall ensure the coordination of evaluations carried out by States pursuant to section 136(e) with the evaluations carried out under this section.

SEC. 173. 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 board

for eligible dislocated workers in a case in which the State or

local board 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 board, an entity  
described in

section 166(c), entities determined to be eligible  
by the

Governor of the State involved, and other entities  
that

demonstrate to the Secretary the capability to  
effectively

respond to the circumstances relating to particular  
dislocations.

(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

or the Department of Energy 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 requirements 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 employment and training activities.

(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. 174. AUTHORIZATION OF APPROPRIATIONS.

(a) Native American Programs; Migrant and Seasonal Farmworker Programs; Veterans' Workforce Investment Programs.--

(1) In general.--Subject to paragraph (2), there are authorized to be appropriated to carry out sections 166 through 168 such sums as may be necessary for each of the fiscal years 1999 through 2003.

(2) Reservations.--Of the amount appropriated

pursuant to the

authorization of appropriations under paragraph (1) for a fiscal

year, the Secretary shall--

(A) reserve not less than \$55,000,000 for carrying out

section 166;

(B) reserve not less than \$70,000,000 for carrying out

section 167; and

(C) reserve not less than \$7,300,000 for carrying out

section 168.

(b) Technical Assistance; Demonstration and Pilot Projects;

Evaluations; Incentive Grants.--

(1) In general.--Subject to paragraph (2), there are authorized

to be appropriated to carry out sections 170 through 172 and

section 503 such sums as may be necessary for each of the fiscal

years 1999 through 2003.

(2) Reservations.--Of the amount appropriated pursuant to the

authorization of appropriations under paragraph (1) for a fiscal

year, the Secretary shall--

(A)(i) for fiscal year 1999, reserve up to 40 percent for

carrying out section 170 (other than subsection (b) of such

section);

(ii) for fiscal year 2000, reserve up to 25 percent for

carrying out section 170 (other than subsection (b) of such

section); and

(iii) for each of the fiscal years 2001 through 2003,

reserve up to 20 percent for carrying out section

170 (other  
than subsection (b) of such section);  
(B)(i) for fiscal year 1999, reserve not less  
than 50  
percent for carrying out section 171; and  
(ii) for each of the fiscal years 2000 through  
2003,  
reserve not less than 45 percent for carrying out  
section 171;  
(C)(i) for fiscal year 1999, reserve not less  
than 10  
percent for carrying out section 172; and  
(ii) for each of the fiscal years 2000 through  
2003,  
reserve not less than 10 percent for carrying out  
section 172;  
and  
(D)(i) for fiscal year 1999, reserve no funds  
for carrying  
out section 503;  
(ii) for fiscal year 2000, reserve up to 20  
percent for  
carrying out section 503; and  
(iii) for each of the fiscal years 2001 through  
2003,  
reserve up to 25 percent for carrying out section  
503.

#### Subtitle E--Administration

#### SEC. 181. REQUIREMENTS AND RESTRICTIONS.

(a) Benefits.--  
(1) Wages.--  
(A) In general.--Individuals in on-the-job  
training or  
individuals employed in activities 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 training, experience, and skills, and 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) Rule of construction.--The reference in subparagraph

(A) to section 6(a)(1) of the Fair Labor Standards Act of 1938

(29 U.S.C. 206(a)(1))--

(i) shall be deemed to be a reference to section

6(a)(3) of that Act for individuals in American Samoa; and

(ii) shall not be applicable for individuals in other

territorial jurisdictions in which section 6 of the Fair

Labor Standards Act of 1938 does not apply.

(2) Treatment of allowances, earnings, and payments.--

Allowances, earnings, and payments to individuals participating in

programs under this title shall not be considered as 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) Limitations on activities that impact wages of

employees.--

No funds provided under this title shall be used to pay the wages of incumbent employees during their participation in economic development activities provided through a statewide workforce investment system.

(2) Displacement.--

(A) Prohibition.--A participant in a program or activity

authorized under this title (referred to in this section as a

'specified activity') shall not displace (including a partial

displacement, such as a reduction in the hours of nonovertime

work, wages, or employment benefits) any currently employed

employee (as of the date of the participation).

(B) Prohibition on impairment of contracts.--A specified

activity shall not impair an existing contract for services or

collective bargaining agreement, and no such activity that

would be inconsistent with the terms of a collective bargaining

agreement shall be undertaken without the written concurrence

of the labor organization and employer concerned.

(3) Other prohibitions.--A participant in a specified activity

shall not be employed in a job if--

(A) any other individual is on layoff from the same or any

substantially equivalent job;

(B) 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) the job is created in a promotional line that will

infringe in any way upon the promotional opportunities of

currently employed individuals (as of the date of the

participation).

(4) 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.

(5) Employment conditions.--Individuals in on-the-job training

or individuals employed in programs and activities 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.

(6) Opportunity to submit comments.--Interested members of the

public, including representatives of businesses and of labor

organizations, shall be provided an opportunity to submit comments

to the Secretary with respect to programs and activities proposed

to be funded under subtitle B.

(7) 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 and local area receiving an

allotment under this title 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 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 to the

Secretary; or

(ii) a decision relating to such violation has been

reached within such 60 days and the party to which such

decision is adverse appeals such 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 receiving such appeal.

(3) Remedies.--Remedies that may be imposed under this section for a violation of any requirement of this title shall be limited--

(A) to suspension or termination of payments under this title;

(B) to prohibition of placement of a participant with an employer that has violated any requirement under 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) Rule of 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 activities 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, investment in revolving loan funds, capitalization of businesses, investment in contract bidding resource centers, and similar activities that are not directly related to training for eligible individuals under this title. No funds available under subtitle B shall be used for foreign travel.

(f) Testing and Sanctioning for Use of Controlled Substances.--

(1) In general.--Notwithstanding any other provision of law, a

State shall not be prohibited by the Federal Government from--

(A) testing participants in programs under subtitle B for

the use of controlled substances; and

(B) sanctioning such participants who test positive for the use of such controlled substances.

(2) Additional requirements.--

(A) Period of sanction.--In sanctioning participants in programs under subtitle B who test positive for the use of controlled substances--

(i) with respect to the first occurrence for which a participant tests positive, a State may exclude the participant from the program for a period not to exceed 6 months; and

(ii) with respect to the second occurrence and each subsequent occurrence for which a participant tests positive, a State may exclude the participant from the program for a period not to exceed 2 years.

(B) Appeal.--The testing of participants and the imposition of sanctions under this subsection shall be subject to expeditious appeal in accordance with due process procedures established by the State.

(C) Privacy.--A State shall establish procedures for testing participants for the use of controlled substances that ensure a maximum degree of privacy for the participants.

(4) Funding requirement.--In testing and sanctioning of participants for the use of controlled substances in accordance with this subsection, the only Federal funds that a State may use are the amounts made available for the administration of statewide workforce investment activities under section 134(a)(3) (B).

#### SEC. 182. PROMPT ALLOCATION OF FUNDS.

(a) Allotments Based on Latest Available Data.--All allotments to States and grants to outlying areas under this title shall be based on the latest available data and estimates satisfactory to the Secretary. All data relating to disadvantaged adults and disadvantaged youth 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 this



title, 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 under section 127 or 132 shall be allotted 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 189(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) Publication in Federal Register Relating to Discretionary Funds.--Whenever the Secretary utilizes a formula to allot or allocate funds made available for distribution at the Secretary's discretion under this title, the Secretary shall, not later than 30 days prior to such allotment or allocation, publish such formula in the Federal Register for comments along with the rationale for the formula and the proposed amounts to be distributed to each State and local area. After consideration of any comments received, the Secretary shall publish final allotments and allocations in the Federal Register.

(e) Availability of Funds.--Funds shall be made available under sections 128 and 133 for a local area not later than 30 days after the date the funds are made available to the Governor involved, under

section 127 or 132 (as the case may be), or 7 days after the date the local plan for the area is approved, whichever is later.

SEC. 183. 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. 184. 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 disbursement of, and accounting for, Federal funds allocated to

local areas under subtitle B. Such procedures shall ensure that all

financial transactions carried out under subtitle B 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

comply 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 134(a)(3)(B) 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 applicable 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 boards 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 on an

annual basis 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 2 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 (e) 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 financial and

compliance audits or otherwise, the Governor determines that there

is a substantial violation of a specific provision of this title,

and corrective action has not been taken, the Governor shall--

(A) issue a notice of intent to revoke approval of all or part of the local plan affected; or  
(B) impose a reorganization plan, which may include--  
(i) decertifying the local board involved;  
(ii) prohibiting the use of eligible providers;  
(iii) selecting an alternative entity to administer the program for the local area involved;  
(iv) merging the local area into one or more other local areas; or  
(v) making other such changes as the Secretary or Governor determines necessary to secure compliance.

(2) Appeal.--

(A) In general.--The actions taken by the Governor pursuant to subparagraphs (A) and (B) of paragraph (1) may be appealed to the Secretary and shall not become effective until--

- (i) the time for appeal has expired; or
- (ii) the Secretary has issued a decision.

(B) Additional requirement.--The Secretary shall make a final decision under subparagraph (A) not later than 45 days after the receipt of the appeal.

(3) Action by the secretary.--If the Governor fails to promptly take the actions required under paragraph (1), the Secretary shall take such actions.

(c) 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 (d)(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.

(d) Repayment of Amounts.--

(1) In general.--Each recipient of funds under this  
title shall

be liable to repay the amounts described in subsection  
(c)(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 (c). No such  
determination

shall be made under this subsection or subsection (c)  
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 appropriate 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.

(e) 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.

(f) Discrimination Against Participants.--If the Secretary determines that any recipient under this title has discharged or in any other manner discriminated against a participant or against any individual in connection with the administration of the program involved, or against 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 or the Secretary's regulations, the Secretary shall, within 30 days, take such action or order such corrective measures, as necessary, with respect to the recipient or the aggrieved individual, or both.

(g) Remedies.--The remedies described in this section shall not be construed to be the exclusive remedies available for

violations  
described in this section.

SEC. 185. 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, in which case an estimate may be provided.

(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 board, and each recipient (other than a subrecipient, subgrantee, or contractor of

a recipient) receiving funds under this title--

(1) shall make readily accessible such reports concerning its

operations and expenditures as shall be prescribed by the

Secretary;

(2) shall prescribe and maintain comparable management

information systems, in accordance with guidelines that shall be

prescribed by the Secretary, designed 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 188; and

(3) shall 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 188.

(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) Quarterly Financial Reports.--

(1) In general.--Each local board 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).

(f) Maintenance of Additional Records.--Each State and local board

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.

(g) 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. 186. 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 184.

(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 187 shall apply to any final action of the Secretary under this section.

#### SEC. 187. JUDICIAL REVIEW.

(a) Review.--

(1) Petition.--With respect to any final order by the Secretary under section 186 by which the Secretary awards, declines to award, or only conditionally awards, financial assistance under his title, or any final order of the Secretary under section 186 with respect to a corrective action or sanction imposed under section 184, 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. 188. NONDISCRIMINATION.

(a) In General.--

(1) Federal financial assistance.--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.),  
or 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.),  
programs and  
activities funded or otherwise financially assisted in  
whole or in  
part under this Act are considered to be programs and  
activities  
receiving Federal financial assistance.

(2) Prohibition of discrimination regarding  
participation,

benefits, and employment.--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 (except as otherwise permitted under title IX of the Education Amendments of 1972), 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.

(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, and other immigrants 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;

or

(2) 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.--For the purposes of this section, Job  
Corps members  
shall be considered as the ultimate beneficiaries of  
Federal financial  
assistance.

(e) Regulations.--The Secretary shall issue regulations  
necessary  
to implement this section not later than one year after the  
date of the  
enactment of the Workforce Investment Act of 1998. Such  
regulations  
shall adopt standards for determining discrimination and  
procedures for  
enforcement that are consistent with the Acts referred to  
in a  
subsection (a)(1), as well as procedures to ensure that  
complaints  
filed under this section and such Acts are processed in a  
manner that  
avoids duplication of effort.

#### SEC. 189. 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 only to the extent necessary to administer  
and ensure  
compliance with the requirements of this title. Such rules  
and

regulations may include provisions making adjustments authorized by section 204 of the Intergovernmental Cooperation Act of 1968. 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 Secretary 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 overpayments or underpayments.

(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 B.

(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 171 or 172 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 151, or a plan, grant agreement, contract, application, or other agreement described in subtitle D, 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 B and this subtitle, for the duration of the initial waiver.

(2) Special rule regarding designated areas.--A State that has

enacted, 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 116.

(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 B or this subtitle (except for requirements

relating to wage and labor standards, including nondisplacement protections, worker rights,

participation

and protection of workers and participants, grievance

procedures and judicial review, nondiscrimination,

allocation of funds to local areas, eligibility of

providers or participants, the establishment and functions

of local areas and local boards, 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 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 local board.

(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. 190. REFERENCE.

Effective on the date of the enactment of the Workforce  
Investment  
Act of 1998, all references in any other provision of law  
(other than  
section 665 of title 18, United States Code) to the  
Comprehensive Employment  
and Training Act, or to the Job Training Partnership Act,  
as the case may be,  
shall be deemed to refer to the ``Workforce Investment Act  
of 1998.''.

SEC. 191. 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. 192. WORKFORCE FLEXIBILITY PLANS.

(a) Plans.--A State may submit to the Secretary, and the Secretary may approve, a workforce flexibility 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 boards, 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 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 plan for a period of not more than 5 years.



(d) Opportunity for Public Comments.--Prior to submitting a workforce flexibility 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. 193. USE OF CERTAIN REAL PROPERTY.

(a) In General.--Notwithstanding any other provision of law, the Governor may authorize a public agency to make available, for the use of a one-stop service delivery system within the State which is carried out by a consortium of entities that includes the public agency, real property in which, as of the date of the enactment of the Workforce Investment Act of 1998, the Federal Government has acquired equity through the 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 service delivery 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. 194. 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 State board or Governor), or a local area (including a local board 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 127 or 132 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 laws; or

(B) a local board in the State proposes to disburse, or disburses, within the local area, funds made available to a State under section 127 or 132 in accordance 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 127 or 132 and allocated

within the State, fiscal agents selected in accordance with a

process established under prior consistent State laws;

(3) the State proposes to carry out or carries out a State

procedure through which the local board in the State (or the local

boards, the chief elected officials in the State, and the Governor)

designate or select the one-stop partners and one-stop operators of

the statewide system in the State under prior consistent State

laws, in lieu of making the designation, or certification described

in section 121 (regardless of the date the one-stop delivery

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 B are permitted to

determine that a provider shall not be selected to provide both

intake services under section 134(d)(2) and training services under

section 134(d)(4), under prior consistent State laws;

(5) the State proposes to designate or designates a State

board, or proposes to assign or assigns functions and roles of the

State board (including determining the time periods for development

and submission of a State plan required under section

112), for

purposes of subtitle B in accordance with prior  
consistent State  
laws; or

(6) a local board in the State proposes to use or  
carry out,  
uses, or carries out a local plan (including assigning  
functions

and roles of the local board) for purposes of subtitle  
B in

accordance with the authorities and requirements  
applicable to

local plans and private industry councils under prior  
consistent  
State laws.

(b) Definition.--In this section:

(1) Covered state.--The term ``covered State''  
means a State

that enacted State laws described in paragraph (2).

(2) Prior consistent state laws.--The term ``prior  
consistent

State laws'' means State laws, not inconsistent with  
the Job Training

Partnership Act or any other applicable Federal law,  
that took effect

on September 1, 1993, September 1, 1995, and September  
1, 1997.

#### SEC. 195. GENERAL PROGRAM REQUIREMENTS.

Except as otherwise provided in this title, the  
following  
conditions are applicable to all programs under this title:

(1) Each program under this title shall provide  
employment and

training opportunities to those who can benefit from,  
and who are

most in need of, such opportunities. In addition,  
efforts shall be

made to develop programs which contribute to  
occupational

development, upward mobility, development of new careers, and opportunities for nontraditional employment.

(2) Funds provided under this title shall only be used for activities that are in addition to those that would otherwise be available in the local area in the absence of such funds.

(3)(A) Any local area may enter into an agreement with another local area (including a local area that is a city or county within the same labor market) to pay or share the cost of educating, training, or placing individuals participating in programs assisted under this title, including the provision of supportive services.

(B) Such agreement shall be approved by each local board providing guidance to the local area and shall be described in the local plan under section 118.

(4) On-the-job training contracts under this title shall not be entered into with employers who have received payments under previous contracts and have exhibited a pattern of failing to provide on-the-job training participants with continued long-term employment as regular employees with wages and employment benefits (including health benefits) and working conditions at the same level and to the same extent as other employees working a similar length of time and doing the same type of work.

(5) No person or organization may charge an individual a fee

for the placement or referral of the individual in or to a workforce investment activity under this title.

(6) The Secretary shall not provide financial assistance for any program under this title that involves political activities.

(7)(A) Income under any program administered by a public or private nonprofit entity may be retained by such entity only if such income is used to continue to carry out the program.

(B) Income subject to the requirements of subparagraph (A) shall include--

(i) receipts from goods or services (including conferences)

provided as a result of activities funded under this title;

(ii) funds provided to a service provider under this title that are in excess of the costs associated with the services

provided; and

(iii) interest income earned on funds received under this title.

(C) For purposes of this paragraph, each entity receiving

financial assistance under this title shall maintain records

sufficient to determine the amount of such income received and the

purposes for which such income is expended.

(8)(A) The Secretary shall notify the Governor and the

appropriate local board and chief elected official of, and consult

with the Governor and such board and official concerning, any

activity to be funded by the Secretary under this title within the corresponding State or local area.

(B) The Governor shall notify the appropriate local board and chief elected official of, and consult with such board and official concerning, any activity to be funded by the Governor under this title within the corresponding local area.

(9)(A) All education programs for youth supported with funds provided under chapter 4 of subtitle B shall be consistent with applicable State and local educational standards.

(B) Standards and procedures with respect to awarding academic credit and certifying educational attainment in programs conducted under such chapter shall be consistent with the requirements of applicable State and local law, including regulation.

(10) No funds available under this title may be used for public service employment except as specifically authorized under this title.

(11) The Federal requirements governing the title, use, and disposition of real property, equipment, and supplies purchased with funds provided under this title shall be the Federal requirements generally applicable to Federal grants to States and local governments.

(12) Nothing in this title shall be construed to provide an individual with an entitlement to a service under this title.

(13) Services, facilities, or equipment funded

under this title

may be used, as appropriate, on a fee-for-service basis, by

employers in a local area in order to provide employment and

training activities to incumbent workers--

(A) when such services, facilities, or equipment are not in

use for the provision of services for eligible participants

under this title;

(B) if such use for incumbent workers would not have an

adverse affect on the provision of services to eligible

participants under this title; and

(C) if the income derived from such fees is used to carry

out the programs authorized under this title.

#### Subtitle F--Repeals and Conforming Amendments

#### SEC. 199. 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) 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).

(2) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(c) Effective Dates.--

(1) Immediate repeals.--The repeals made by subsection (a)

shall take effect on the date of enactment of this Act.

(2) Subsequent repeals.--

(A) Stewart B. McKinney Homeless Assistance Act.--The repeal

made by subsection (b)(1) shall take effect on July 1, 1999.

(B) Job Training Partnership Act.--The repeal made by

subsection (b)(2) shall take effect on July 1, 2000.

#### SEC. 199A. 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).

(c) References.--All references in any other provision of law to a provision of the Comprehensive Employment and Training Act, or of the Job Training Partnership Act, as the case may be, shall be deemed to refer to the corresponding provision of this title.

## TITLE II--ADULT EDUCATION AND LITERACY

### SEC. 201. SHORT TITLE.

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

### SEC. 202. PURPOSE.

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

(1) assist adults to become literate and obtain the knowledge

and skills necessary for employment and self-sufficiency;

(2) assist adults who are parents to obtain the educational

skills necessary to become full partners in the educational

development of their children; and

(3) assist adults in the completion of a secondary school

education.

### SEC. 203. DEFINITIONS.

In this subtitle:

(1) Adult education.--The term ``adult education''

means

services or instruction below the postsecondary level  
for

individuals--

(A) who have attained 16 years of age;

(B) who are not enrolled or required to be

enrolled in

secondary school under State law; and

(C) who--

(i) lack sufficient mastery of basic  
educational skills

to enable the individuals to function  
effectively in

society;

(ii) do not have a secondary school diploma  
or its

recognized equivalent, and have not achieved an  
equivalent

level of education; or

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

language.

(2) Adult education and literacy activities.--The  
term ``adult

education and literacy activities'' means activities  
described in

section 231(b).

(3) Educational service agency.--The term  
``educational service

agency'' means a regional public multiservice agency  
authorized by

State statute to develop and manage a service or  
program, and to

provide the service or program to a local educational  
agency.

(4) Eligible agency.--The term ``eligible agency''  
means the

sole entity or agency in a State or an outlying area  
responsible

for administering or supervising policy for adult  
education and

literacy in the State or outlying area, respectively,  
consistent

with the law of the State or outlying area,  
respectively.

(5) Eligible provider.--The term ``eligible  
provider'' means--

(A) a local educational agency;

(B) a community-based organization of  
demonstrated

effectiveness;

(C) a volunteer literacy organization of  
demonstrated

effectiveness;

(D) an institution of higher education;

(E) a public or private nonprofit agency;

(F) a library;

(G) a public housing authority;

(H) a nonprofit institution that is not  
described in any of

subparagraphs (A) through (G) and has the ability  
to provide

literacy services to adults and families; and

(I) a consortium of the agencies,  
organizations,  
institutions, libraries, or authorities described  
in any of

subparagraphs (A) through (H).

(6) English literacy program.--The term ``English  
literacy

program'' means a program of instruction designed to  
help

individuals of limited English proficiency achieve  
competence in

the English language.

(7) Family literacy services.--The term ``family  
literacy

services'' means services that are of sufficient  
intensity in terms

of hours, and of sufficient duration, to make  
sustainable changes

in a family, and that integrate all of the following

activities:

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

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

(C) Parent literacy training that leads to economic self-sufficiency.

(D) An age-appropriate education to prepare children for success in school and life experiences.

(8) Governor.--The term ``Governor'' means the chief executive officer of a State or outlying area.

(9) Individual with a disability.--

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

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

(10) Individual of limited english proficiency.--The term ``individual of limited English proficiency'' means an adult or out-of-school youth who has limited ability in speaking, reading,

writing, or understanding the English language, and--  
(A) whose native language is a language other than English; or

(B) who lives in a family or community environment where a

language other than English is the dominant language.

(11) Institution of higher education.--The term ``institution of higher education'' has the meaning given the term in section 1201 of the Higher Education Act of 1965 (20 U.S.C. 1141).

(12) Literacy.--The term ``literacy'' means an individual's ability to read, write, and speak in English, compute, and solve problems, at levels of proficiency necessary to function on the job, in the family of the individual, and in society.

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

(14) Outlying area.--The term ``outlying area'' has the meaning given the term in section 101.

(15) Postsecondary educational institution.--The term

``postsecondary educational institution'' means--

(A) an institution of higher education that provides not

less than a 2-year program of instruction that is acceptable

for credit toward a bachelor's degree;

(B) a tribally controlled community college; or

(C) a nonprofit educational institution

offering

certificate or apprenticeship programs at the postsecondary level.

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

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

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

#### SEC. 204. HOME SCHOOLS.

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

#### SEC. 205. AUTHORIZATION OF APPROPRIATIONS.

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

Subtitle A--Adult Education and Literacy Programs

#### CHAPTER 1--FEDERAL PROVISIONS

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

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

(1) shall reserve 1.5 percent to carry out section 242, except

that the amount so reserved shall not exceed \$8,000,000;

(2) shall reserve 1.5 percent to carry out section 243, except

that the amount so reserved shall not exceed \$8,000,000; and

(3) shall make available, to the Secretary of Labor, 1.72

percent for incentive grants under section 503.

(b) Grants to Eligible Agencies.--

(1) In general.--From the sum appropriated under section 205

and not reserved under subsection (a) for a fiscal year, the

Secretary shall award a grant to each eligible agency having a

State plan approved under section 224 in an amount equal to the sum

of the initial allotment under subsection (c)(1) and the additional

allotment under subsection (c)(2) for the eligible agency for the

fiscal year, subject to subsections (f) and (g), to enable the

eligible agency to carry out the activities assisted under this

subtitle.

(2) Purpose of grants.--The Secretary may award a grant under

paragraph (1) only if the eligible entity involved agrees to expend

the grant for adult education and literacy activities in accordance

with the provisions of this subtitle.

(c) Allotments.--

(1) Initial allotments.--From the sum appropriated under

section 205 and not reserved under subsection (a) for a fiscal



year, the Secretary shall allot to each eligible agency having a

State plan approved under section 224(f)--

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

outlying area; and

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

(2) Additional allotments.--From the sum appropriated under

section 205, not reserved under subsection (a), and not allotted

under paragraph (1), for a fiscal year, the Secretary shall allot

to each eligible agency that receives an initial allotment under

paragraph (1) an additional amount that bears the same relationship

to such sum as the number of qualifying adults in the State or

outlying area served by the eligible agency bears to the number of

such adults in all States and outlying areas.

(d) Qualifying Adult.--For the purpose of subsection (c)(2), the

term ``qualifying adult'' means an adult who--

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

(2) is beyond the age of compulsory school attendance under the

law of the State or outlying area;

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

equivalent; and

(4) is not enrolled in secondary school.

(e) Special Rule.--

(1) In general.--From amounts made available under subsection

(c) for the Republic of the Marshall Islands, the Federated States

of Micronesia, and the Republic of Palau, the Secretary

shall award

grants to Guam, American Samoa, the Commonwealth of the Northern

Mariana Islands, the Republic of the Marshall Islands, the

Federated States of Micronesia, or the Republic of Palau to carry

out activities described in this subtitle in accordance with the

provisions of this subtitle that the Secretary determines are not

inconsistent with this subsection.

(2) Award basis.--The Secretary shall award grants pursuant to

paragraph (1) on a competitive basis and pursuant to recommendations from the Pacific Region Educational Laboratory in

Honolulu, Hawaii.

(3) Termination of eligibility.--Notwithstanding any other

provision of law, the Republic of the Marshall Islands, the

Federated States of Micronesia, and the Republic of Palau shall not

receive any funds under this subtitle for any fiscal year that

begins after September 30, 2001.

(4) Administrative costs.--The Secretary may provide not more

than 5 percent of the funds made available for grants under this

subsection to pay the administrative costs of the Pacific Region

Educational Laboratory regarding activities assisted under this

subsection.

(f) Hold-Harmless.--

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

(A) for fiscal year 1999, no eligible agency shall receive

an allotment under this subtitle that is less than

90 percent

of the payments made to the State or outlying area of the

eligible agency for fiscal year 1998 for programs for which

funds were authorized to be appropriated under section 313 of

the Adult Education Act (as such Act was in effect on the day

before the date of the enactment of the Workforce Investment

Act of 1998); and

(B) for fiscal year 2000 and each succeeding fiscal year,

no eligible agency shall receive an allotment under this

subtitle that is less than 90 percent of the allotment the

eligible agency received for the preceding fiscal year under

this subtitle.

(2) Ratable reduction.--If for any fiscal year the amount

available for allotment under this subtitle is insufficient to

satisfy the provisions of paragraph (1), the Secretary shall

ratably reduce the payments to all eligible agencies, as necessary.

(g) Reallotment.--The portion of any eligible agency's allotment

under this subtitle for a fiscal year that the Secretary determines

will not be required for the period such allotment is available for

carrying out activities under this subtitle, shall be available for

reallotment from time to time, on such dates during such period as the

Secretary shall fix, to other eligible agencies in proportion to the

original allotments to such agencies under this subtitle for such year.

SEC. 212. PERFORMANCE ACCOUNTABILITY SYSTEM.

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

(b) Eligible Agency Performance Measures.--

(1) In general.--For each eligible agency, the eligible agency

performance measures shall consist of--

(A)(i) the core indicators of performance described in

paragraph (2)(A); and

(ii) additional indicators of performance (if any)

identified by the eligible agency under paragraph (2)(B); and

(B) an eligible agency adjusted level of performance for

each indicator described in subparagraph (A).

(2) Indicators of performance.--

(A) Core indicators of performance.--The core indicators of

performance shall include the following:

(i) Demonstrated improvements in literacy skill levels

in reading, writing, and speaking the English language,

numeracy, problem solving, English language

acquisition,  
and other literacy skills.  
(ii) Placement in, retention in, or  
completion of,  
postsecondary education, training, unsubsidized  
employment  
or career advancement.  
(iii) Receipt of a secondary school diploma  
or its  
recognized equivalent.  
(B) Additional indicators.--An eligible agency  
may identify  
in the State plan additional indicators for adult  
education and  
literacy activities authorized under this subtitle.  
(3) Levels of performance.--  
(A) Eligible agency adjusted levels of  
performance for core  
indicators.--  
(i) In general.--For each eligible agency  
submitting a  
State plan, there shall be established, in  
accordance with  
this subparagraph, levels of performance for  
each of the  
core indicators of performance described in  
paragraph  
(2)(A) for adult education and literacy  
activities  
authorized under this subtitle. The levels of  
performance  
established under this subparagraph shall, at a  
minimum--  
(I) be expressed in an objective,  
quantifiable, and  
measurable form; and  
(II) show the progress of the eligible  
agency  
toward continuously improving in  
performance.  
(ii) Identification in state plan.--Each

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

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

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

(I) how the levels involved compare with the eligible agency adjusted levels of

performance established for other eligible agencies,  
taking into account factors including the  
characteristics of participants when the participants entered  
the program, and the services or instruction to be  
provided; and  
involved (II) the extent to which such levels  
promote continuous improvement in  
performance on the  
agency and ensure performance measures by such eligible  
funds. optimal return on the investment of Federal

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

circumstances arise (vi) Revisions.--If unanticipated  
in a State resulting in a significant change in

the factors described in clause (iv)(II), the eligible agency may request that the eligible agency adjusted levels of performance agreed to under clause (iii) or (v) be revised.

The Secretary, after collaboration with the representatives described in section 136(j), shall issue objective criteria and methods for making such revisions.

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

(c) Report.--

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

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

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



appropriate methods;  
    (B) shall disseminate State-by-State  
comparisons of the  
    information; and  
    (C) shall provide the appropriate committees of  
Congress  
    with copies of such reports.

## CHAPTER 2--STATE PROVISIONS

### SEC. 221. STATE ADMINISTRATION.

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

(1) the development, submission, and implementation  
of the

State plan;

(2) consultation with other appropriate agencies,  
groups, and

individuals that are involved in, or interested in, the  
development

and implementation of activities assisted under this  
subtitle; and

(3) coordination and nonduplication with other  
Federal and

State education, training, corrections, public housing,  
and social  
service programs.

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

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

(1) shall use not less than 82.5 percent of the  
grant funds to

award grants and contracts under section 231 and to  
carry out

section 225, of which not more than 10 percent of the 82.5 percent

shall be available to carry out section 225;

(2) shall use not more than 12.5 percent of the grant funds to

carry out State leadership activities under section 223; and

(3) shall use not more than 5 percent of the grant funds, or

\$65,000, whichever is greater, for the administrative expenses of

the eligible agency.

(b) Matching Requirement.--

(1) In general.--In order to receive a grant from the Secretary

under section 211(b) each eligible agency shall provide, for the

costs to be incurred by the eligible agency in carrying out the

adult education and literacy activities for which the grant is

awarded, a non-Federal contribution in an amount equal to--

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

area, 12 percent of the total amount of funds expended for

adult education and literacy activities in the outlying area,

except that the Secretary may decrease the amount of funds

required under this subparagraph for an eligible agency; and

(B) in the case of an eligible agency serving a State, 25

percent of the total amount of funds expended for adult

education and literacy activities in the State.

(2) Non-Federal contribution.--An eligible agency's non-Federal

contribution required under paragraph (1) may be

provided in cash

or in kind, fairly evaluated, and shall include only non-Federal

funds that are used for adult education and literacy activities in

a manner that is consistent with the purpose of this subtitle.

#### SEC. 223. STATE LEADERSHIP ACTIVITIES.

(a) In General.--Each eligible agency shall use funds made

available under section 222(a)(2) for one or more of the following

adult education and literacy activities:

(1) The establishment or operation of professional development

programs to improve the quality of instruction provided pursuant to

local activities required under section 231(b), including

instruction incorporating phonemic awareness, systematic phonics,

fluency, and reading comprehension, and instruction provided by

volunteers or by personnel of a State or outlying area.

(2) The provision of technical assistance to eligible providers

of adult education and literacy activities.

(3) The provision of technology assistance, including staff

training, to eligible providers of adult education and literacy

activities to enable the eligible providers to improve the quality

of such activities.

(4) The support of State or regional networks of literacy

resource centers.

(5) The monitoring and evaluation of the quality of, and the

improvement in, adult education and literacy activities.

(6) Incentives for--

- (A) program coordination and integration; and
- (B) performance awards.

(7) Developing and disseminating curricula, including curricula

incorporating phonemic awareness, systematic phonics, fluency, and reading comprehension.

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

(9) Coordination with existing support services, such as

transportation, child care, and other assistance designed to

increase rates of enrollment in, and successful completion of,

adult education and literacy activities, to adults enrolled in such activities.

(10) Integration of literacy instruction and occupational skill

training, and promoting linkages with employers.

(11) Linkages with postsecondary educational institutions.

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

(a).

(c) State-Imposed Requirements.--Whenever a State or outlying area

implements any rule or policy relating to the administration or

operation of a program authorized under this subtitle that has the

effect of imposing a requirement that is not imposed under

Federal law  
(including any rule or policy based on a State or outlying area interpretation of a Federal statute, regulation, or guideline), the State or outlying area shall identify, to eligible providers, the rule or policy as being State- or outlying area-imposed.

SEC. 224. STATE PLAN.

(a) 5-Year Plans.--

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

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

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

(1) an objective assessment of the needs of individuals in the State or outlying area for adult education and literacy activities,

including individuals most in need or hardest to serve;

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

(3) a description of how the eligible agency will evaluate annually the effectiveness of the adult education and literacy

activities based on the performance measures described in section

212;

(4) a description of the performance measures described in

section 212 and how such performance measures will ensure the

improvement of adult education and literacy activities in the State

or outlying area;

(5) an assurance that the eligible agency will award not less

than one grant under this subtitle to an eligible provider who

offers flexible schedules and necessary support services (such as

child care and transportation) to enable individuals, including

individuals with disabilities, or individuals with other special

needs, to participate in adult education and literacy activities,

which eligible provider shall attempt to coordinate with support

services that are not provided under this subtitle prior to using

funds for adult education and literacy activities provided under

this subtitle for support services;

(6) an assurance that the funds received under this subtitle

will not be expended for any purpose other than for activities

under this subtitle;

(7) a description of how the eligible agency will fund local

activities in accordance with the considerations described in

section 231(e);

(8) an assurance that the eligible agency will expend the funds

under this subtitle only in a manner consistent with  
fiscal  
requirements in section 241;

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

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

- (A) low-income students;
- (B) individuals with disabilities;
- (C) single parents and displaced homemakers;

and

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

(11) a description of how the adult education and  
literacy

activities that will be carried out with any funds  
received under

this subtitle will be integrated with other adult  
education, career  
development, and employment and training activities in  
the State or  
outlying area served by the eligible agency; and

(12) a description of the steps the eligible agency  
will take

to ensure direct and equitable access, as required in  
section

231(c)(1).

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

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

(1) submit the State plan, and any revisions to the State plan,

to the Governor of the State or outlying area for review and

comment; and

(2) ensure that any comments by the Governor regarding the

State plan, and any revision to the State plan, are submitted to

the Secretary.

(e) Peer Review.--The Secretary shall establish a peer review

process to make recommendations regarding the approval of State plans.

(f) Plan Approval.--A State plan submitted to the Secretary shall

be approved by the Secretary unless the Secretary makes a written

determination, within 90 days after receiving the plan, that the plan

is inconsistent with the specific provisions of this subtitle.

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

(a) Program Authorized.--From funds made available under section

222(a)(1) for a fiscal year, each eligible agency shall carry out

corrections education or education for other institutionalized

individuals.

(b) Uses of Funds.--The funds described in subsection (a) shall be

used for the cost of educational programs for criminal offenders in

correctional institutions and for other institutionalized individuals,

including academic programs for--

(1) basic education;



(2) special education programs as determined by the eligible

agency;

(3) English literacy programs; and

(4) secondary school credit programs.

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

(d) Definition of Criminal Offender.--

(1) Criminal offender.--The term ``criminal offender'' means

any individual who is charged with or convicted of any criminal offense.

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

(A) prison;

(B) jail;

(C) reformatory;

(D) work farm;

(E) detention center; or

(F) halfway house, community-based rehabilitation center,

or any other similar institution designed for the confinement

or rehabilitation of criminal offenders.

### CHAPTER 3--LOCAL PROVISIONS

#### SEC. 231. GRANTS AND CONTRACTS FOR ELIGIBLE PROVIDERS.

(a) Grants and Contracts.--From grant funds made available under section 211(b), each eligible agency shall award multiyear

grants or contracts, on a competitive basis, to eligible providers within the State or outlying area to enable the eligible providers to develop, implement, and improve adult education and literacy activities within the State.

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

(1) Adult education and literacy services, including workplace literacy services.

(2) Family literacy services.

(3) English literacy programs.

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

(1) all eligible providers have direct and equitable access to apply for grants or contracts under this section; and

(2) the same grant or contract announcement process and application process is used for all eligible providers in the State or outlying area.

(d) Special Rule.--Each eligible agency awarding a grant or contract under this section shall not use any funds made available under this subtitle for adult education and literacy activities for the purpose of supporting or providing programs, services, or

activities  
for individuals who are not individuals described in  
subparagraphs (A)  
and (B) of section 203(1), except that such agency may use  
such funds  
for such purpose if such programs, services, or activities  
are related  
to family literacy services. In providing family literacy  
services  
under this subtitle, an eligible provider shall attempt to  
coordinate  
with programs and services that are not assisted under this  
subtitle  
prior to using funds for adult education and literacy  
activities under  
this subtitle for activities other than adult education  
activities.

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

(1) the degree to which the eligible provider will  
establish

measurable goals for participant outcomes;

(2) the past effectiveness of an eligible provider  
in improving

the literacy skills of adults and families, and, after  
the 1-year

period beginning with the adoption of an eligible  
agency's

performance measures under section 212, the success of  
an eligible

provider receiving funding under this subtitle in  
meeting or

exceeding such performance measures, especially with  
respect to

those adults with the lowest levels of literacy;

(3) the commitment of the eligible provider to  
serve

individuals in the community who are most in need of  
literacy

services, including individuals who are low-income or

have minimal

literacy skills;

(4) whether or not the program--

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

and

(B) uses instructional practices, such as phonemic

awareness, systematic phonics, fluency, and reading comprehension that research has proven to be effective in

teaching individuals to read;

(5) whether the activities are built on a strong foundation of

research and effective educational practice;

(6) whether the activities effectively employ advances in

technology, as appropriate, including the use of computers;

(7) whether the activities provide learning in real life

contexts to ensure that an individual has the skills needed to

compete in the workplace and exercise the rights and responsibilities of citizenship;

(8) whether the activities are staffed by well-trained

instructors, counselors, and administrators;

(9) whether the activities coordinate with other available

resources in the community, such as by establishing strong links

with elementary schools and secondary schools, postsecondary

educational institutions, one-stop centers, job training programs,

and social service agencies;

(10) whether the activities offer flexible schedules and

support services (such as child care and transportation) that are

necessary to enable individuals, including individuals with

disabilities or other special needs, to attend and complete

programs;

(11) whether the activities maintain a high-quality information

management system that has the capacity to report participant

outcomes and to monitor program performance against the eligible

agency performance measures; and

(12) whether the local communities have a demonstrated need for

additional English literacy programs.

#### SEC. 232. LOCAL APPLICATION.

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

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

be spent; and

(2) a description of any cooperative arrangements the eligible

provider has with other agencies, institutions, or organizations

for the delivery of adult education and literacy activities.

#### SEC. 233. LOCAL ADMINISTRATIVE COST LIMITS.

(a) In General.--Subject to subsection (b), of the amount that is

made available under this subtitle to an eligible provider--

(1) not less than 95 percent shall be expended for carrying out

adult education and literacy activities; and

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

used for planning, administration, personnel development, and

interagency coordination.

(b) Special Rule.--In cases where the cost limits described in

subsection (a) are too restrictive to allow for adequate planning,

administration, personnel development, and interagency coordination,

the eligible provider shall negotiate with the eligible agency in order

to determine an adequate level of funds to be used for noninstructional

purposes.

#### CHAPTER 4--GENERAL PROVISIONS

##### SEC. 241. ADMINISTRATIVE PROVISIONS.

(a) Supplement Not Supplant.--Funds made available for adult

education and literacy activities under this subtitle shall supplement

and not supplant other State or local public funds expended for adult

education and literacy activities.

(b) Maintenance of Effort.--

(1) In general.--

(A) Determination.--An eligible agency may receive funds

under this subtitle for any fiscal year if the Secretary finds

that the fiscal effort per student or the aggregate expenditures of such eligible agency for adult

education and

literacy activities, in the second preceding fiscal

year, was

not less than 90 percent of the fiscal effort per student or the aggregate expenditures of such eligible agency for adult education and literacy activities, in the third preceding fiscal year.

(B) Proportionate reduction.--Subject to paragraphs (2),

(3), and (4), for any fiscal year with respect to which the

Secretary determines under subparagraph (A) that the fiscal

effort or the aggregate expenditures of an eligible agency for

the preceding program year were less than such effort or

expenditures for the second preceding program year, the

Secretary--

(i) shall determine the percentage decreases in such

effort or in such expenditures; and

(ii) shall decrease the payment made under this

subtitle for such program year to the agency for adult

education and literacy activities by the lesser of such

percentages.

(2) Computation.--In computing the fiscal effort and aggregate

expenditures under paragraph (1), the Secretary shall exclude

capital expenditures and special one-time project costs.

(3) Decrease in federal support.--If the amount made available

for adult education and literacy activities under this subtitle for

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

(4) Waiver.--The Secretary may waive the requirements of this subsection for 1 fiscal year only, if the Secretary determines that a waiver would be equitable due to exceptional or uncontrollable circumstances, such as a natural disaster or an unforeseen and precipitous decline in the financial resources of the State or outlying area of the eligible agency. If the Secretary grants a waiver under the preceding sentence for a fiscal year, the level of effort required under paragraph (1) shall not be reduced in the subsequent fiscal year because of the waiver.

#### SEC. 242. NATIONAL INSTITUTE FOR LITERACY.

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

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



literacy programs by--

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

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

(b) Establishment.--

(1) In general.--There is established the National Institute for Literacy (in this section referred to as the ``Institute'').

The Institute shall be administered under the terms of an interagency agreement entered into by the Secretary of Education with the Secretary of Labor and the Secretary of Health and Human Services (in this section referred to as the ``Interagency Group''). The Interagency Group may include in the Institute any research and development center, institute, or clearinghouse established within the Department of Education, the

Department of

Labor, or the Department of Health and Human Services  
the purpose

of which is determined by the Interagency Group to be  
related to

the purpose of the Institute.

(2) Offices.--The Institute shall have offices  
separate from

the offices of the Department of Education, the  
Department of

Labor, and the Department of Health and Human Services.

(3) Recommendations.--The Interagency Group shall  
consider the

recommendations of the National Institute for Literacy  
Advisory

Board (in this section referred to as the ``Board'')  
established

under subsection (e) in planning the goals of the  
Institute and in

the implementation of any programs to achieve the  
goals. If the

Board's recommendations are not followed, the  
Interagency Group

shall provide a written explanation to the Board  
concerning actions

the Interagency Group takes that are inconsistent with  
the Board's

recommendations, including the reasons for not  
following the

Board's recommendations with respect to the actions.  
The Board may

also request a meeting of the Interagency Group to  
discuss the

Board's recommendations.

(4) Daily operations.--The daily operations of the  
Institute

shall be administered by the Director of the Institute.

(c) Duties.--

(1) In general.--In order to provide leadership for  
the

improvement and expansion of the system for delivery of

literacy

services, the Institute is authorized--

(A) to establish a national electronic data base of

information that disseminates information to the broadest

possible audience within the literacy and basic skills field,

and that includes--

(i) effective practices in the provision of literacy

and basic skills instruction, including instruction in

phonemic awareness, systematic phonics, fluency, and

reading comprehension, and the integration of literacy and

basic skills instruction with occupational skills training;

(ii) public and private literacy and basic skills

programs, and Federal, State, and local policies, affecting

the provision of literacy services at the national, State,

and local levels;

(iii) opportunities for technical assistance, meetings,

conferences, and other opportunities that lead to the

improvement of literacy and basic skills services; and

(iv) a communication network for literacy programs,

providers, social service agencies, and students;

(B) to coordinate support for the provision of literacy and

basic skills services across Federal agencies and at the State

and local levels;

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

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

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

(F) to fund a network of State or regional adult literacy resource centers to assist State and local public and private nonprofit efforts to improve literacy by--  
(i) encouraging the coordination of literacy services;  
(ii) enhancing the capacity of State and local organizations to provide literacy services; and  
(iii) serving as a link between the Institute and

providers of adult education and literacy activities for the purpose of sharing information, data, research, expertise, and literacy resources;

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

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

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

(2) Grants, contracts, and cooperative agreements.--The

Institute may award grants to, or enter into contracts or cooperative agreements with, individuals, public or private institutions, agencies, organizations, or consortia of such institutions, agencies, or organizations to carry out the activities of the Institute.

(d) Literacy Leadership.--

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

instruction,  
management, research, or innovation.

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

(3) Interns and volunteers.--The Institute, in consultation with the Board, may award paid and unpaid internships to individuals seeking to assist the Institute in carrying out its mission. Notwithstanding section 1342 of title 31, United States Code, the Institute may accept and use voluntary and uncompensated services as the Institute determines necessary.

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

(1) Establishment.--

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

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

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

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

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

(iv) experts in the area of literacy research;

(v) State and local governments;

(vi) State Directors of adult education;

and

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

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

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

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

(C) receive reports from the Interagency Group and the Director.

(3) Federal Advisory Committee Act.--Except as otherwise

provided, the Board established by this subsection shall be subject to the provisions of the Federal Advisory Committee Act (5 U.S.C. App.).

(4) Appointments.--

(A) In general.--Each member of the Board shall be appointed for a term of 3 years, except that the initial terms for members may be 1, 2, or 3 years in order to establish a rotation in which one-third of the members are selected each year. Any such member may be appointed for not more than 2 consecutive terms.

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

(5) Quorum.--A majority of the members of the Board shall constitute a quorum but a lesser number may hold hearings. Any recommendation of the Board may be passed only by a majority of the Board's members present.

(6) Election of officers.--The Chairperson and Vice Chairperson of the Board shall be elected by the members of the Board. The term of office of the Chairperson and Vice Chairperson shall be 2 years.

(7) Meetings.--The Board shall meet at the call of the Chairperson or a majority of the members of the Board.

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

(1) In general.--The Institute may accept, administer, and use



gifts or donations of services, money, or property,  
whether real or  
personal, tangible or intangible.

(2) Rules.--The Board shall establish written rules  
setting

forth the criteria to be used by the Institute in  
determining

whether the acceptance of contributions of services,  
money, or

property whether real or personal, tangible or  
intangible, would

reflect unfavorably upon the ability of the Institute  
or any

employee to carry out the responsibilities of the  
Institute or

employee, or official duties, in a fair and objective  
manner, or

would compromise the integrity or the appearance of the  
integrity

of the Institute's programs or any official involved in  
those

programs.

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

departments and agencies of the United States.

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

(i) Applicability of Certain Civil Service Laws.--The  
Director and  
staff of the Institute may be appointed without regard to  
the  
provisions of title 5, United States Code, governing  
appointments in  
the competitive service, and may be paid without regard to  
the  
provisions of chapter 51 and subchapter III of chapter 53  
of that title

relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the annual rate of basic pay payable for level IV of the Executive Schedule.

(j) Experts and Consultants.--The Institute may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(k) Report.--The Institute shall submit a report biennially to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate. Each report submitted under this subsection shall include--

(1) a comprehensive and detailed description of the Institute's operations, activities, financial condition, and accomplishments in the field of literacy for the period covered by the report;

(2) a description of how plans for the operation of the Institute for the succeeding 2 fiscal years will facilitate achievement of the goals of the Institute and the goals of the literacy programs within the Department of Education, the Department of Labor, and the Department of Health and Human Services; and

(3) any additional minority, or dissenting views submitted by members of the Board.

(l) Funding.--Any amounts appropriated to the Secretary, the Secretary of Labor, the Secretary of Health and Human

Services, or any other department that participates in the Institute for purposes that the Institute is authorized to perform under this section may be provided to the Institute for such purposes.

#### SEC. 243. NATIONAL LEADERSHIP ACTIVITIES.

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

- (1) Technical assistance, including--
  - (A) assistance provided to eligible providers in developing and using performance measures for the improvement of adult education and literacy activities, including family literacy services;
  - (B) assistance related to professional development activities, and assistance for the purposes of developing, improving, identifying, and disseminating the most successful methods and techniques for providing adult education and literacy activities, including family literacy services, based on scientific evidence where available; and
  - (C) assistance in distance learning and promoting and improving the use of technology in the classroom.
- (2) Funding national leadership activities that are not described in paragraph (1), either directly or through

grants,

contracts, or cooperative agreements awarded on a competitive basis

to or with postsecondary educational institutions, public or

private organizations or agencies, or consortia of such institutions, organizations, or agencies, such as--

(A) developing, improving, and identifying the most

successful methods and techniques for addressing the education

needs of adults, including instructional practices using

phonemic awareness, systematic phonics, fluency, and reading

comprehension, based on the work of the National Institute of

Child Health and Human Development;

(B) increasing the effectiveness of, and improving the

qualify of, adult education and literacy activities, including

family literacy services;

(C) carrying out research, such as estimating the number of

adults functioning at the lowest levels of literacy proficiency;

(D)(i) carrying out demonstration programs;

(ii) developing and replicating model and innovative

programs, such as the development of models for basic skill

certificates, identification of effective strategies for

working with adults with learning disabilities and with

individuals with limited English proficiency who are adults,

and workplace literacy programs; and

(iii) disseminating best practices information, including

information regarding promising practices resulting from

federally funded demonstration programs;

(E) providing for the conduct of an independent evaluation

and assessment of adult education and literacy activities

through studies and analyses conducted independently through

grants and contracts awarded on a competitive basis, which

evaluation and assessment shall include descriptions of--

(i) the effect of performance measures and other

measures of accountability on the delivery of adult

education and literacy activities, including family

literacy services;

(ii) the extent to which the adult education and

literacy activities, including family literacy services,

increase the literacy skills of adults (and of children, in

the case of family literacy services), lead the participants in such activities to involvement

in further

education and training, enhance the employment and earnings

of such participants, and, if applicable, lead to other

positive outcomes, such as reductions in recidivism in the

case of prison-based adult education and literacy activities;

(iii) the extent to which the provision of support

services to adults enrolled in adult education and family

literacy programs increase the rate of enrollment in, and successful completion of, such programs; and (iv) the extent to which eligible agencies have distributed funds under section 231 to meet the needs of adults through community-based organizations; (F) supporting efforts aimed at capacity building at the State and local levels, such as technical assistance in program planning, assessment, evaluation, and monitoring of activities carried out under this subtitle; (G) collecting data, such as data regarding the improvement of both local and State data systems, through technical assistance and development of model performance data collection systems; and (H) other activities designed to enhance the quality of adult education and literacy activities nationwide.

#### Subtitle B--Repeals

#### SEC. 251. REPEALS.

##### (a) Repeals.--

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

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

##### (b) Conforming Amendments.--

(1) Refugee Education Assistance Act.--Subsection (b) of section 402 of the Refugee Education Assistance Act of 1980 (8

U.S.C. 1522 note) is repealed.

(2) Elementary and Secondary Education Act of 1965.--

(A) Section 1202 of esea.--Section 1202(c)(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C.

6362(c)(1)) is amended by striking ``Adult Education Act'' and inserting ``Adult Education and Family Literacy Act''.

(B) Section 1205 of ESEA.--Section 1205(8)(B) of such Act

(20 U.S.C. 6365(8)(B)) is amended by striking ``Adult Education Act'' and inserting ``Adult Education and Family Literacy Act''.

(C) Section 1206 of esea.--Section 1206(a)(1) (A) of such

Act (20 U.S.C. 6366(a)(1)(A)) is amended by striking ``an adult basic education program under the Adult Education Act'' and inserting ``adult education and literacy activities under the Adult Education and Family Literacy Act''.

(D) Section 3113 of esea.--Section 3113(1) of such Act (20

U.S.C. 6813(1)) is amended by striking ``section 312 of the Adult Education Act'' and inserting ``section 203 of the Adult Education and Family Literacy Act''.

(E) Section 9161 of esea.--Section 9161(2) of such Act (20

U.S.C. 7881(2)) is amended by striking ``section 312(2) of the

Adult Education Act'' and inserting ``section 203 of the Adult Education and Family Literacy Act''.

(3) Older Americans Act of 1965.--Section 203(b)(8) of the

Older Americans Act of 1965 (42 U.S.C. 3013(b)(8)) is amended by striking ``Adult Education Act'' and inserting ``Adult Education and Family Literacy Act''.

TITLE III--WORKFORCE INVESTMENT-RELATED ACTIVITIES

Subtitle A--Wagner-Peyser Act

SEC. 301. 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 Act of 1998'';
- (2) by striking paragraphs (2) and (4);
- (3) by redesignating paragraph (3) as paragraph (4);
- (4) by inserting after paragraph (1) the following:
  - ``(2) the term `local workforce investment board' means a local workforce investment board established under section 117 of the Workforce Investment Act of 1998;
  - ``(3) the term `one-stop delivery system' means a one-stop delivery system described in section 134(c) of the Workforce Investment Act of 1998;'';
- (5) in paragraph (4) (as redesignated in paragraph (3)), by striking the semicolon and inserting ``; and''.



SEC. 302. 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. 303. 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. 304. APPROPRIATIONS.

Section 5(c) of the Wagner-Peyser Act (29 U.S.C. 49d(c)) is amended by striking paragraph (3).

#### SEC. 305. 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 board ' ' ;

(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 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 Act of 1998''; and

(4) by adding at the end the following:

``(e) All job search, placement, recruitment, labor employment statistics, 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 delivery system established by the State.''.

#### SEC. 306. 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 112 of the Workforce Investment 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) (as redesignated by paragraph (3)) the following:

``(c) The part of the State plan described in subsection (a) shall include the information described in paragraphs (8) and (14) of section 112(b) of the Workforce Investment 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. 307. REPEAL OF FEDERAL ADVISORY COUNCIL.

Section 11 of the Wagner-Peyser Act (29 U.S.C. 49j) is amended--

(1) by striking ``11.''' and all that follows through ``(b) In''

and inserting ``11. In''; and

(2) by striking ``Director'' and inserting ``Secretary''.

SEC. 308. 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. 309. EMPLOYMENT STATISTICS.

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. 491-1) the following:

``SEC. 15. EMPLOYMENT STATISTICS.

``(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 nationwide employment

statistics system of employment statistics 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

employment opportunities and conditions at  
national, State, and

local levels in a timely manner, including  
statistics on--

``(i) employment and unemployment status of  
national,

State, and local populations, including self-  
employed,

part-time, and seasonal workers;

``(ii) industrial distribution of  
occupations, as well

as current and projected employment  
opportunities, wages,

benefits (where data is available), and skill  
trends by

occupation and industry, with particular  
attention paid to

State and local conditions;

``(iii) the incidence of, industrial and  
geographical

location of, and number of workers displaced  
by, permanent

layoffs and plant closings; and

``(iv) employment and earnings information  
maintained

in a longitudinal manner to be used for  
research and

program evaluation;

``(B) information on State and local employment  
opportunities, and other appropriate statistical  
data related

to labor market dynamics, which--

``(i) shall be current and comprehensive;

``(ii) shall meet the needs identified  
through the

consultations described in subparagraphs (A)

and (B) of  
subsection (e)(2); and  
information      ``(iii) shall meet the needs for the  
identified in section 134(d);  
shall      ``(C) technical standards (which the Secretary  
publish annually) 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;  
additivity of      ``(D) procedures to ensure compatibility and  
the data and information described in subparagraphs  
(A) and (B)  
from national, State, and local levels;  
aggregation      ``(E) procedures to support standardization and  
of data from administrative reporting systems  
described in  
subparagraph (A) of employment-related programs;  
described in      ``(F) analysis of data and information  
subparagraphs (A) and (B) for uses such as--  
policymaking;      ``(i) national, State, and local  
(including      ``(ii) implementation of Federal policies  
allocation formulas);  
and      ``(iii) program planning and evaluation;  
and      ``(iv) researching labor market dynamics;  
information, and      ``(G) wide dissemination of such data,  
analysis in a user-friendly manner and voluntary  
technical  
standards for dissemination mechanisms; and  
dissemination;      ``(H) programs of--  
                    ``(i) training for effective data

(ii) research and demonstration; and  
    (iii) programs and technical assistance.

(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 of this section 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) Rule of 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 employment statistics system described

in subsection (a) 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 employment statistics for the

system, shall carry out the following duties:

((A) Assign responsibilities within the Department of

Labor for elements of the employment statistics 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 employment

statistics system described in subsection (a), including the

development of consistent procedures and definitions for use by

the States in collecting the data and information described in

subparagraphs (A) and (B) of subsection (a)(1).

``(E) Establish procedures for the system to ensure that--

- ``(i) such data and information are timely;
- ``(ii) paperwork and reporting for the system are reduced to a minimum; and
- ``(iii) States and localities are fully involved in the development and continuous improvement of the system at all levels, including ensuring the provision, to such States and localities, of budget information necessary for carrying out their responsibilities under subsection (e).

``(c) Annual Plan.--The Secretary, working through the Bureau of Labor Statistics, and in cooperation with the States, 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 employment statistics system described in subsection (a) and the statewide employment statistics systems that comprise the nationwide system. The plan shall--

``(1) describe the steps the Secretary has taken in the preceding year and will take in the following 5 years to carry out

the duties described in subsection (b)(2);

``(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 to the

improvements needed at the State and local levels;

``(4) justify the budget request for annual appropriations by

describing priorities for the fiscal year succeeding the fiscal

year in which the plan is developed and priorities for the 5

subsequent fiscal 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 workforce investment

boards, pursuant to a process established by the Secretary in

cooperation with the States.

``(d) Coordination With the States.--The Secretary, working through

the Bureau of Labor Statistics, and in cooperation with the States,

shall--

``(1) develop the annual plan described in subsection (c) and

address other employment statistics issues by holding formal consultations, at least once each quarter (beginning with the calendar quarter in which the Workforce Investment Act of 1998 is enacted) on the products and administration of the nationwide employment statistics system; and

“(2) hold the consultations with representatives from each of the 10 Federal regions of the Department of Labor, elected (pursuant to a process established by the Secretary) by and from the State employment statistics 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 shall--

“(A) designate a single State agency to be responsible for the management of the portions of the employment statistics system described in subsection (a) that comprise a statewide employment statistics system and for the State's participation in the development of the annual plan; and

“(B) 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 workforce investment boards about the

labor market

relevance of the data to be collected and disseminated through

the statewide employment statistics system;

``(B) consult with State educational agencies and local

educational agencies concerning the provision of employment

statistics in order to meet the needs of secondary school and

postsecondary 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

employment statistics 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

employment statistics system;

``(G) actively seek the participation of other State and

local agencies in data collection, analysis, and dissemination

activities in order to ensure complementary, 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 section 136(f)(2) of the Workforce Investment 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) Nonduplication Requirement.--None of the functions and activities carried out pursuant to this section shall duplicate the functions and activities carried out under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

``(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 1999 through 2004.

``(h) Definition.--In this section, the term 'local area' means the smallest geographical area for which data can be produced with statistical reliability.''.

#### SEC. 310. 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''.

SEC. 311. EFFECTIVE DATE.

The amendments made by this subtitle shall take effect on July 1, 1999.

Subtitle B--Linkages With Other Programs

SEC. 321. TRADE ACT OF 1974.

Section 239 of the Trade Act of 1974 (19 U.S.C. 2311) is amended by adding at the end the following:

``(g) In order to promote the coordination of workforce investment activities in each State with activities carried out under this chapter, any agreement entered into under this section shall provide that the State shall submit to the Secretary, in such form as the Secretary may require, the description and information described in paragraphs (8) and (14) of section 112(b) of the Workforce Investment Act of 1998.''.

SEC. 322. VETERANS' EMPLOYMENT PROGRAMS.

Chapter 41 of title 38, United States Code, is amended by adding at the end the following:

``Sec. 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 (8) and (14) of section 112(b) of the Workforce Investment Act of 1998.''.

SEC. 323. 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 (8) and (14) of section

112(b) of the Workforce Investment Act of 1998.''.

Subtitle C--Twenty-First Century Workforce Commission

SEC. 331. SHORT TITLE.

This subtitle may be cited as the ``Twenty-First Century Workforce Commission Act''.

SEC. 332. 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. 333. 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 334.

(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. 334. 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 15

voting members, of which--

(i) five members shall be appointed by the President;

(ii) five members shall be appointed by the Majority

Leader of the Senate; and

(iii) five members shall be appointed by the Speaker of the House of Representatives.

(B) Governmental representatives.--Of the members appointed

under this subsection, three members shall be representatives

of the governments of States and political subdivisions of

States, one of whom shall be appointed by the President, one of

whom shall be appointed by the Majority Leader of the Senate,

and one of whom shall be appointed by the Speaker of the House of Representatives.

(C) Educators.--Of the members appointed under this

subsection, three shall be educators who are selected from among elementary, secondary, vocational, and postsecondary educators--

(i) one of whom shall be appointed by the President;

(ii) one of whom shall be appointed by the Majority

Leader of the Senate; and

(iii) one 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, eight shall be representatives of business

entities (at least three of which shall be individuals who are employed by noninformation technology

business entities), two of whom shall be appointed by the President,

three of whom shall be appointed by the Majority Leader of

the Senate, and three of whom shall be appointed by the

Speaker of the House of Representatives.

(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.

(E) Labor representative.--Of the members

appointed under

this subsection, one shall be a representative of a labor organization who has been nominated by a national labor federation and who shall be appointed by the President.

(F) Ex officio members.--The Commission shall include two

nonvoting members, of which--

(i) one member shall be an officer or employee of the Department of Labor, who shall be appointed by the President; and

(ii) one member shall be an officer or employee of the Department of Education, who shall be appointed by the President.

(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 by vote a chairperson and vice chairperson from among its voting members.

#### SEC. 335. 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. 336. 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. 337. 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. 338. 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 335(b).

#### SEC. 339. 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.

Subtitle D--Application of Civil Rights and Labor-  
Management Laws to

the Smithsonian Institution

SEC. 341. APPLICATION OF CIVIL RIGHTS AND LABOR-MANAGEMENT  
LAWS TO THE

SMITHSONIAN INSTITUTION.

(a) Prohibition on Employment Discrimination on Basis  
of Race,  
Color, Religion, Sex, and National Origin.--Section 717(a)  
of the Civil  
Rights Act of 1964 (42 U.S.C. 2000e-16(a)) is amended by  
inserting ``in  
the Smithsonian Institution,' ' before ``and in the  
Government Printing  
Office,' '.

(b) Prohibition on Employment Discrimination on Basis  
of Age.--  
Section 15(a) of the Age Discrimination in Employment Act  
of 1967 (29  
U.S.C. 633a(a)) is amended by inserting ``in the  
Smithsonian  
Institution,' ' before ``and in the Government Printing  
Office,' '.

(c) Prohibition on Employment Discrimination on Basis  
of Disability.--  
Section 501 of the Rehabilitation Act of 1973 (29 U.S.C.  
791) is amended--

(1) in the fourth sentence of subsection (a), in  
paragraph (1),  
by inserting ``and the Smithsonian Institution' ' after  
``Government' ';

(2) in the first sentence of subsection (b)--  
(A) by inserting ``and the Smithsonian  
Institution' ' after  
``in the executive branch' '; and  
(B) by striking ``such department, agency, or  
instrumentality' ' and inserting ``such department,  
agency,

instrumentality, or Institution''; and  
(3) in subsection (d), by inserting ``and the  
Smithsonian

Institution'' after ``instrumentality''.

(d) Application.--The amendments made by subsections  
(a), (b), and  
(c) shall take effect on the date of enactment of this Act  
and shall  
apply to and may be raised in any administrative or  
judicial claim or  
action brought before such date of enactment but pending on  
such date,  
and any administrative or judicial claim or action brought  
after such  
date regardless of whether the claim or action arose prior  
to such  
date, if the claim or action was brought within the  
applicable statute  
of limitations.

(e) Labor-Management Laws.--Section 7103(a)(3) of title  
5, United  
States Code, is amended--

(1) by striking ``and'' after ``Library of  
Congress, ''; and

(2) by inserting ``and the Smithsonian  
Institution'' after  
``Government Printing Office, ''.

#### TITLE IV--REHABILITATION ACT AMENDMENTS OF 1998

##### SEC. 401. SHORT TITLE.

This title may be cited as the ``Rehabilitation Act  
Amendments of 1998''.

##### SEC. 402. 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 title I of the Workforce Investment 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. 403. GENERAL PROVISIONS.

The Rehabilitation Act of 1973 is amended by striking the matter preceding title I and inserting the following:

##### ``Short Title; Table of Contents

``Sec. 1. (a) Short Title.--This Act may be cited as the `Rehabilitation Act of 1973'.

``(b) Table of Contents.--The table of contents for 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. 6. Definitions.
- ``Sec. 7. Allotment percentage.
- ``Sec. 8. Nonduplication.
- ``Sec. 9. Application of other laws.
- ``Sec. 10. Administration of the Act.
- ``Sec. 11. Reports.
- ``Sec. 12. Evaluation.
- ``Sec. 13. Information clearinghouse.
- ``Sec. 14. Transfer of funds.

- ``Sec. 15. State administration.
- ``Sec. 16. Review of applications.
- ``Sec. 17. Carryover.
- ``Sec. 18. Client assistance information.
- ``Sec. 19. Traditionally underserved populations.

``TITLE I--VOCATIONAL REHABILITATION SERVICES

``Part A--General Provisions

- ``Sec. 100. Declaration of policy; authorization of appropriations.
- ``Sec. 101. State plans.
- ``Sec. 102. Eligibility and individualized plan for employment.
- ``Sec. 103. Vocational rehabilitation services.
- ``Sec. 104. Non-Federal share for establishment of program.
- ``Sec. 105. State Rehabilitation Council.
- ``Sec. 106. Evaluation standards and performance indicators.
- ``Sec. 107. Monitoring and review.
- ``Sec. 108. Expenditure of certain amounts.
- ``Sec. 109. Training of employers with respect to Americans with  
Disabilities Act of 1990.

``Part B--Basic Vocational Rehabilitation Services

- ``Sec. 110. State allotments.
- ``Sec. 111. Payments to States.
- ``Sec. 112. Client assistance program.

``Part C--American Indian Vocational Rehabilitation Services

- ``Sec. 121. Vocational rehabilitation services grants.

``Part D--Vocational Rehabilitation Services Client Information

``Sec. 131. Data sharing.

``TITLE II--RESEARCH AND TRAINING

``Sec. 200. Declaration of purpose.

``Sec. 201. Authorization of appropriations.

``Sec. 202. National Institute on Disability and  
Rehabilitation  
Research.

``Sec. 203. Interagency Committee.

``Sec. 204. Research and other covered activities.

``Sec. 205. Rehabilitation Research Advisory Council.

``TITLE III--PROFESSIONAL DEVELOPMENT AND SPECIAL  
PROJECTS AND

DEMONSTRATIONS

``Sec. 301. Declaration of purpose and competitive basis of  
grants and  
contracts.

``Sec. 302. Training.

``Sec. 303. Demonstration and training programs.

``Sec. 304. Migrant and seasonal farmworkers.

``Sec. 305. Recreational programs.

``Sec. 306. Measuring of project outcomes and performance.

``TITLE IV--NATIONAL COUNCIL ON DISABILITY

``Sec. 400. Establishment of National Council on  
Disability.

``Sec. 401. Duties of National Council.

``Sec. 402. Compensation of National Council members.

``Sec. 403. Staff of National Council.

``Sec. 404. Administrative powers of National Council.

``Sec. 405. Authorization of Appropriations.

``TITLE V--RIGHTS AND ADVOCACY

``Sec. 501. Employment of individuals with disabilities.

``Sec. 502. Architectural and Transportation Barriers  
Compliance Board.

- ``Sec. 503. Employment under Federal contracts.
- ``Sec. 504. Nondiscrimination under Federal grants and programs.
- ``Sec. 505. Remedies and attorneys' fees.
- ``Sec. 506. Secretarial responsibilities.
- ``Sec. 507. Interagency Disability Coordinating Council.
- ``Sec. 508. Electronic and information technology regulations.
- ``Sec. 509. Protection and advocacy of individual rights.

``TITLE VI--EMPLOYMENT OPPORTUNITIES FOR INDIVIDUALS WITH DISABILITIES

- ``Sec. 601. Short title.

``Part A--Projects With Industry

- ``Sec. 611. Projects with industry.
- ``Sec. 612. Authorization of appropriations.

``Part B--Supported Employment Services for Individuals With the Most

Significant Disabilities

- ``Sec. 621. Purpose.
- ``Sec. 622. Allotments.
- ``Sec. 623. Availability of services.
- ``Sec. 624. Eligibility.
- ``Sec. 625. State plan.
- ``Sec. 626. Restriction.
- ``Sec. 627. Savings provision.
- ``Sec. 628. Authorization of appropriations.

``TITLE VII--INDEPENDENT LIVING SERVICES AND CENTERS FOR INDEPENDENT

LIVING

``Chapter 1--Individuals With Significant Disabilities

``Part A--General Provisions

- ``Sec. 701. Purpose.
- ``Sec. 702. Definitions.
- ``Sec. 703. Eligibility for receipt of services.
- ``Sec. 704. State plan.
- ``Sec. 705. Statewide Independent Living Council.
- ``Sec. 706. Responsibilities of the Commissioner.

``Part B--Independent Living Services

- ``Sec. 711. Allotments.
- ``Sec. 712. Payments to States from allotments.
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``Part C--Centers for Independent Living

- ``Sec. 721. Program authorization.
- ``Sec. 722. Grants to centers for independent living in States in which  
Federal funding exceeds State funding.
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State funding equals or exceeds Federal funding.
- ``Sec. 724. Centers operated by State agencies.
- ``Sec. 725. Standards and assurances for centers for independent living.
- ``Sec. 726. Definitions.
- ``Sec. 727. Authorization of appropriations.

``Chapter 2--Independent Living Services for Older Individuals Who Are

Blind

- ``Sec. 751. Definition.
- ``Sec. 752. Program of grants.
- ``Sec. 753. Authorization of appropriations.

``Findings; Purpose; Policy



``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 workforce

investment systems under title I of the Workforce Investment 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 workforce investment systems implemented in

accordance with title I of the Workforce Investment 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 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 are expended only for the programs, personnel, and administration of programs carried out under this Act.

#### ``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.

#### ``Definitions

``Sec. 6. For the purposes of this Act:

``(1) The term `administrative costs' means expenditures incurred 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 expenses for--

- ``(A) quality assurance;
- ``(B) budgeting, accounting, financial management, information systems, and related data processing;
- ``(C) providing information about the program to the public;
- ``(D) technical assistance and 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);  
    ``(E) the State Rehabilitation Council and  
other advisory  
    committees;  
    ``(F) professional organization membership dues  
for  
    designated State unit employees;  
    ``(G) the removal of architectural barriers in  
State  
    vocational rehabilitation agency offices and State  
operated  
    rehabilitation facilities;  
    ``(H) operating and maintaining designated  
State unit  
    facilities, equipment, and grounds;  
    ``(I) supplies;  
    ``(J) administration of the comprehensive  
system of  
    personnel development described in section 101(a)  
(7), including  
    personnel administration, administration of  
affirmative action  
    plans, and training and staff development;  
    ``(K) administrative salaries, including  
clerical and other  
    support staff salaries, in support of these  
administrative  
    functions;  
    ``(L) travel costs related to carrying out the  
program,  
    other than travel costs related to the provision of  
services;  
    ``(M) costs incurred in conducting reviews of  
    rehabilitation counselor or coordinator  
determinations under  
    section 102(c); and  
    ``(N) 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 plan for employment 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 plan for employment  
of the  
eligible individual;  
information, `` (ii) uses, as a primary source of such  
and in to the maximum extent possible and appropriate  
accordance with confidentiality requirements--  
the `` (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  
provided by the `` (II) such information as can be  
family of the individual and, where appropriate, by the  
individual;  
to make such `` (iii) may include, to the degree needed  
personality, a determination, an assessment of the  
and related interests, interpersonal skills, intelligence  
achievements, work functional capacities, educational  
social experience, vocational aptitudes, personal and  
the adjustments, and employment opportunities of  
psychological, individual, and the medical, psychiatric,  
cultural, and other pertinent vocational, educational,  
factors, that social, recreational, and environmental

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, which

shall be assessed periodically during 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;

of            ``(B) testing, fitting, or training in the use  
              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) Construction; cost of construction.--  
    ``(A) Construction.--The term `construction'  
means--  
          ``(i) the construction of new buildings;  
          ``(ii) the acquisition, expansion,  
remodeling,  
          alteration, and renovation of existing  
buildings; and  
          ``(iii) initial equipment of buildings  
described in

clauses (i) and (ii).

``(B) Cost of construction.--The term `cost of construction' includes architects' fees and the cost of acquisition of land in connection with construction but does not include the cost of offsite improvements.

``(7) 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.

``(8) Designated state agency; designated state unit.--

``(A) Designated state agency.--The term `designated State agency' means an agency designated under section 101(a)(2)(A).

``(B) Designated state unit.--The term `designated State unit' means--

``(i) any State agency unit required under section

101(a)(2)(B)(ii); or

``(ii) 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 impairment 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,  
telecommuting, 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 plan for employment; 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) Exception.--The term `Federal share' means the share specifically set forth in section 111(a)(3), except that with

    respect to payments pursuant to part B of title I to any State that are used to meet the costs of construction of those

    rehabilitation facilities identified in section 103(b)(2) in

    such State, the Federal share shall be the percentages

    determined in accordance with the provisions of section

    111(a)(3) applicable with respect to the State.

    ``(C) 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 chief executive officer of a State.

``(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);  
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  
`inde- pendent

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  
    sections 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  
individual who is  
    with a disability' does not include an  
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  
services.

he or she is otherwise entitled to such

of programs  
local  
action

``(iv) Disciplinary action.--For purposes  
and activities providing educational services,

drugs or

educational agencies may take disciplinary  
pertaining to the use or possession of illegal

individual with a  
illegal use  
extent that

alcohol against any student who is an  
disability and who currently is engaging in the  
of drugs or in the use of alcohol to the same

students who are  
the due

such disciplinary action is taken against  
not individuals with disabilities. Furthermore,

34, Code of  
similar

process procedures at section 104.36 of title  
Federal Regulations (or any corresponding

disciplinary

regulation or ruling) shall not apply to such  
actions.

alcoholics.--For

``(v) Employment; exclusion of

sections relate to

purposes of sections 503 and 504 as such

disability' does

employment, the term 'individual with a

whose

not include any individual who is an alcoholic

from

current use of alcohol prevents such individual

whose

performing the duties of the job in question or

employment, by reason of such current alcohol

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'





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 combination  
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 toward 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.--The terms `individual's representative' and

`applicant's representative' mean a parent, a family member, a

guardian, an advocate, or an authorized representative of an individual or applicant, respectively.

``(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 rehabilitation 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 board.--The term `local workforce investment board' means a local workforce investment board established under section 117 of the Workforce Investment 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 worksite;

placement           ``(iii) job development, job retention, and  
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) Secretary.--The term `Secretary', except when the context otherwise requires, means the Secretary of Education.

``(32) 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.

``(33) State workforce investment board.--The term `State workforce investment board' means a State workforce investment board established under section 111 of the Workforce Investment Act of 1998.

``(34) Statewide workforce investment system.--The term `statewide workforce investment system' means a system

described in

section 111(d)(2) of the Workforce Investment Act of 1998.

``(35) 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

(36)(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.

``(36) 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 plan for employment; 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 involved jointly agree

to extend the time in order to achieve the rehabilitation

objectives identified in the individualized plan for

employment.

``(37) 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.

``(38) 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.

``(39) Workforce investment activities.--The term  
`workforce  
investment activities' means workforce investment  
activities, as  
defined in section 101 of the Workforce Investment Act  
of 1998,  
that are carried out under that Act.

``Allotment Percentage

``Sec. 7. (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 33 1/3 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 2 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 50 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. 8. 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 provision 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. 9. 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. 10. (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, including  
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. 11. (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), including information on administrative costs as required by section 101(a)(10)(D). 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 136(d) of the Workforce Investment Act of 1998 and that pertains to the employment of individuals with disabilities.

#### ``Evaluation

``Sec. 12. (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 nonintegrated 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. 13. (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 disabilities, including such

information and data provided by State workforce investment boards

regarding such services and programs authorized under title I of

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. 14. (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. 15. 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. 16. 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.

## ``Carryover

``Sec. 17. (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 B 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 reallocated 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.

#### ``Client Assistance Information

``Sec. 18. 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.

#### ``Traditionally Underserved Populations

``Sec. 19. (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 are denied acceptance. Of applicants accepted for service, a larger percentage of

African-

American cases are 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 one 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 one 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. 404. 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 systems 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 services

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 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)(B) (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 section 101, there are authorized to be appropriated such

sums as may be necessary for fiscal years 1999 through 2003, 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 2003, 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 112 of the Workforce Investment 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--

((A) 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, but only if the non-Federal share  
of the cost

of the vocational rehabilitation services involved  
is met from

funds made available by a local agency (including funds

contributed to such agency by a private agency, organization,

or individual); and

``(B) in a case in which earmarked funds are used toward

the non-Federal share and such funds are earmarked for

particular geographic areas within the State, the earmarked

funds may be used in such areas if the State notifies the

Commissioner that the State cannot provide the full non-Federal

share without such funds.

``(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) 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--

“(A) include a description (consistent with the purposes of this Act) of a comprehensive system of personnel development, which shall include--

“(i) a description of the procedures and activities

the designated State agency will undertake to ensure an

adequate supply of qualified State rehabilitation

professionals and paraprofessionals for the designated

State unit, including the development and maintenance of a

system for determining, on an annual basis--

“(I) the number and type of personnel that are

employed by the designated State unit in the provision

of vocational rehabilitation services, including ratios

of qualified vocational rehabilitation counselors to

clients; and

“(II) the number and type of personnel needed by

the State, and a projection of the numbers of such

personnel that will be needed in 5 years, based on

projections of the number of individuals to be served,

the number of such personnel who are expected to retire

or leave the vocational rehabilitation



field, and other relevant factors;  
the manner in which activities will be undertaken under this section to coordinate the system of personnel development with personnel development activities under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.);  
and maintenance of a system of determining, on an annual basis, information on the programs of institutions of higher education within the State that are preparing rehabilitation professionals, including--  
in such programs; and  
graduated (I) the numbers of students enrolled  
credentials to (II) the number of such students who  
a qualify for certification or licensure, or with  
year; rehabilitation professional during the past  
updating, and (iv) a description of the development,  
projected implementation of a plan that--  
personnel training (I) will address the current and  
and vocational rehabilitation services  
needs for the designated State unit; and  
(II) provides for the coordination

facilitation of efforts between the designated State unit, institutions of higher education, and professional associations to recruit, prepare, and retain qualified personnel, including personnel from minority backgrounds, and personnel who are individuals with disabilities; and

``(v) a description of the procedures and activities the designated State agency will undertake to ensure that all personnel employed by the designated State unit are appropriately and adequately trained and prepared, including--

``(I) a system for the continuing education of rehabilitation professionals and paraprofessionals within the designated State unit, particularly with respect to rehabilitation technology; and

``(II) procedures for acquiring and disseminating to rehabilitation professionals and paraprofessionals within the designated State unit significant knowledge from research and other sources, including procedures for providing training regarding the amendments to this Act made by the Rehabilitation Act Amendments of 1998;

``(B) set forth policies and procedures relating to the establishment and maintenance of standards to

ensure that  
personnel, including rehabilitation professionals  
and  
paraprofessionals, needed within the designated  
State unit to  
carry out this part are appropriately and  
adequately prepared  
and trained, including--  
``(i) the establishment and maintenance of  
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  
specific profession or discipline, the steps  
the State is  
taking to require the retraining or hiring of  
personnel  
within the designated State unit that meet  
appropriate  
professional requirements in the State; and  
``(C) contain provisions relating to the  
establishment and  
maintenance of minimum standards to ensure the  
availability of  
personnel within the designated State unit, to the  
maximum  
extent feasible, trained to communicate in the  
native language  
or mode of communication of an applicant or  
eligible  
individual.

``(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 plan for employment of the  
individual in accordance with section 102(b);  
``(II) an immediate job placement; or  
``(III) 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, in  
consultation with the entity in the State responsible for the  
vocational

rehabilitation program and other appropriate agencies, will ensure that an interagency agreement or other mechanism for interagency coordination takes effect between any appropriate public entity, including the State entity responsible for administering the State medicaid program, a public institution of higher education, and 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 plan for employment of an eligible individual, including the provision of such vocational rehabilitation services during the pendency of any dispute 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 the financial responsibility of such public entity for providing such services.

``(ii) Conditions, terms, and procedures of

reimbursement.--Information specifying the conditions, terms, and procedures under which a designated State unit shall be reimbursed by other public entities for providing such services, based on the provisions of such agreement or mechanism.

``(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 public entities or otherwise implement the provisions of the agreement or mechanism).

``(iv) Coordination of services procedures.-- Information specifying policies and procedures for public entities to determine and identify the interagency coordination responsibilities of each public entity 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 public entities.--

``(i) Responsibilities under other law.-- Notwithstanding subparagraph (B), if any public

entity  
under  
responsibility under  
provide or pay for  
vocational  
specified in  
(4) and (14)  
fulfill that  
or by  
other than  
pay for the  
eligible  
provide or pay  
designated State  
from the  
such  
the designated  
interagency  
paragraph  
agreement

other than a designated State unit is obligated  
Federal or State law, or assigned  
State policy or under this paragraph, to  
any services that are also considered to be  
rehabilitation services (other than those  
paragraph (5)(D) and in paragraphs (1) through  
of section 103(a)), such public entity shall  
obligation or responsibility, either directly  
contract or other arrangement.  
(ii) Reimbursement.--If a public entity  
the designated State unit fails to provide or  
services described in clause (i) for an  
individual, the designated State unit shall  
for such services to the individual. Such  
unit may claim reimbursement for the services  
public entity that failed to provide or pay for  
services. Such public entity shall reimburse  
State unit pursuant to the terms of the  
agreement or other mechanism described in this  
according to the procedures established in such  
or mechanism 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

officials of the public entities that clearly identifies

the responsibilities of each public entity relating to the

provision of services; or

``(iii) another appropriate method, as determined by

the designated State unit.

``(9) Individualized plan for employment.--

``(A) Development and implementation.--The State plan shall

include an assurance that an individualized plan for employment

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 developed 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 plan for employment.

``(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

136(d)(2) of the Workforce Investment 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 an individualized plan for employment; and

``(II) of those recipients who are individuals with significant disabilities, the number who received assistance under an individualized plan for employment consistent with section 102(b); and

``(III) of those recipients who are not individuals with significant disabilities, the number who received assistance under an individualized plan for employment consistent with section 102(b);

``(iii) of those applicants and eligible recipients who are individuals with significant disabilities--

``(I) the number who ended their participation in the program carried out under this title

and the number who achieved employment outcomes after receiving vocational rehabilitation services; and participation in (II) the number who ended their and 12 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-- (aa) the number 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; and (bb) the number who received employment benefits from an employer during such employment; and (iv) of those applicants and eligible recipients who are not individuals with significant disabilities-- (I) the number who ended their participation in the program carried out under this title and the number who achieved employment outcomes after receiving

vocational rehabilitation services; and  
    ``(II) the number 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--  
        ``(aa) the number 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; and  
        ``(bb) the number who received  
employment  
        benefits from an employer during such  
employment.  
    ``(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 plans for employment,

supporting small  
business enterprises, establishing, developing,  
and  
improving community rehabilitation programs,  
providing  
other services to groups, and facilitating use  
of other  
programs under this Act and title I of the  
Workforce  
Investment Act of 1998 by eligible individuals;  
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,

category of impairment, severity of  
disability, and  
whether the individuals are students with  
disabilities;

``(II) dates of application,  
determination of  
eligibility or ineligibility, initiation of  
the  
individualized plan for employment, and  
termination 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 136(b) of the Workforce  
Investment 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  
possible  
    individuals, in a manner permitting the greatest  
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;

management                    ``(ii) use of information and financial  
statewide workforce            systems that link all components of the  
investment system, that link the components to  
other                            electronic networks, including nonvisual  
electronic                       networks, and that relate to such subjects as  
employment                      statistics, and information on job vacancies,  
career                           planning, and workforce investment activities;  
such as common                  ``(iii) use of customer service features  
databases,                       intake and referral procedures, customer  
hotlines;                       resource information, and human services  
with                             ``(iv) establishment of cooperative efforts  
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, Federal, State, and local agencies and programs, including programs carried out by the Under Secretary for Rural Development of the Department of Agriculture and State use contracting programs, to the extent that such agencies and programs 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 responsible for the public education of students with disabilities, that are designed to facilitate the transition of the students with disabilities 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 planning for the transition of

students with disabilities from school to post-school

activities, including vocational rehabilitation services;

``(ii) transition planning by personnel of the

designated State agency and educational agency personnel

for students with disabilities 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);

including ``(iii) the roles and responsibilities,

including financial responsibilities, of each agency,

and provisions for determining State lead agencies

and qualified personnel responsible for transition services;

and

``(iv) procedures for outreach to and identification of

students with disabilities 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--

and ``(i) strategies for interagency referral

information sharing that will assist in eligibility

determinations and the development of individualized plans

for employment;

American Indians ``(ii) procedures for ensuring that

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 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 B 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;

State for establishing, developing, or improving community rehabilitation programs;

performance of the State with respect to the evaluation standards and performance indicators established pursuant to section 106;

and carrying out other components of the statewide workforce investment system (other than the vocational rehabilitation program) in assisting individuals with disabilities.

State plan shall--

State plan shall--

State plan shall--

State plan shall--

State plan shall--

State plan shall--

State plan shall--

goals identified in subparagraph (C) were achieved;

``(II) a description of strategies that contributed to achieving the goals;

goals were not achieved, a description of the factors that impeded that achievement; and

``(III) to the extent to which the State on the standards and indicators established pursuant to section 106; and

of the ``(IV) an assessment of the performance of 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 two 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) Use of funds for construction of facilities.--The State

plan shall provide that if, under special

circumstances, the State

plan includes provisions for the construction of facilities for

community rehabilitation programs--

``(A) the Federal share of the cost of construction for the

facilities for a fiscal year will not exceed an amount equal to

10 percent of the State's allotment under section 110 for such

year;

``(B) the provisions of section 306 (as in effect on the

day before the date of enactment of the Rehabilitation Act

Amendments of 1998) shall be applicable to such construction

and such provisions shall be deemed to apply to such

construction; and

``(C) there shall be compliance with regulations the

Commissioner shall prescribe designed to assure that no State

will reduce its efforts in providing other vocational

rehabilitation services (other than for the establishment of

facilities for community rehabilitation programs) because the

plan includes such provisions for construction.

``(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 and guidance, 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) Referrals.--An appropriate referral made through the

system shall--

including ``(i) be to the Federal or State programs,

statewide programs carried out by other components of the

workforce investment system in the State, best suited to

address the specific employment needs of an individual with

a disability; and

provision ``(ii) include, for each of these programs,

to the individual of--

designated  
program;  
State agency to the agency carrying out the

specific point of  
program; and  
contact within the agency carrying out the

regarding the most  
to prepare  
suitable services to assist the individual  
for, secure, retain, or regain employment.

commission; state  
rehabilitation council.--  
State independent consumer-controlled

shall provide  
that either--  
(A) Commission or council.--The State plan

independent  
commission that--  
(i) the designated State agency is an

for operating,  
vocational  
(I) is responsible under State law  
or overseeing the operation of, the

rehabilitation program in the State;  
persons who--  
(II) is consumer-controlled by

physical or mental  
major life  
(aa) are individuals with  
impairments that substantially limit  
activities; and

broad range  
State unit  
(bb) represent individuals with a  
of disabilities, unless the designated

is the State  
under the direction of the Commission  
agency for individuals who are blind;



advocates, or  
mental  
forth in  
Rehabilitation  
section 105  
(15), jointly  
State goals  
reports of  
Council  
and revision  
of vocational  
in any  
input provided  
from the  
section  
consumer  
(4), and other

``(III) includes family members,  
other representatives, of individuals with  
impairments; and  
``(IV) undertakes the functions set  
section 105(c)(4); or  
``(ii) the State has established a State  
Council that meets the criteria set forth in  
and the designated State unit--  
``(I) in accordance with paragraph  
develops, agrees to, and reviews annually  
and priorities, and jointly submits annual  
progress with the Council;  
``(II) regularly consults with the  
regarding the development, implementation,  
of State policies and procedures of general  
applicability pertaining to the provision  
rehabilitation services;  
``(III) includes in the State plan and  
revision to the State plan, a summary of  
by the Council, including recommendations  
annual report of the Council described in  
105(c)(5), the review and analysis of  
satisfaction described in section 105(c)  
reports prepared by the Council, and the

response of the designated State unit to such input and  
recommending, including explanations for  
rejecting any input or recommendation; and  
other ``(IV) transmits to the Council--  
to be ``(aa) all plans, reports, and  
information on all information required under this title  
applicability submitted to the Secretary;  
personnel in ``(bb) all policies, and  
hearing decisions practices and procedures, of general  
transmitted provided to or used by rehabilitation  
identity of carrying out this title; and  
kept ``(cc) copies of due process  
issued under this title, which shall be  
in such a manner as to ensure that the  
the participants in the hearings is  
confidential.

``(B) More than one 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 two

agencies that does not meet the requirements in subparagraph

(A)(i), or establish one 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 B 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) 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.

``(24) Certain contracts and cooperative agreements.--

``(A) Contracts with for-profit organizations.--The State plan shall provide that the designated State agency has the authority to enter into contracts with for-profit organizations for the purpose of providing, as vocational rehabilitation services, on-the-job training and related programs for individuals with disabilities under part A of title VI, upon a determination by such agency that such for-profit organizations are better qualified to provide such rehabilitation services than nonprofit agencies and organizations.

``(B) Cooperative agreements with private nonprofit organizations.--The State plan shall describe the manner in which cooperative agreements with private nonprofit vocational rehabilitation service providers will be established.

``(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 PLAN FOR EMPLOYMENT.

``(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

rehabilitation 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 cannot 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.--

``(A) In general.--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--

``(i) considered to be an individual with a significant

disability under section 7(21)(A); and

``(ii) 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).

``(B) Construction.--Nothing in this paragraph shall be construed to create an entitlement to any vocational rehabilitation service.

``(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 plan for employment described in subsection (b) for the individual, the designated State unit shall use information that is existing and current (as of the date of the determination of eligibility or of the development of the individualized plan for employment), 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 one 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 plan for employment 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) 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 Plan for Employment.--

    ``(1) Options for developing an individualized plan for employment.--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 rehabilitation 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 plan for employment, 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 plan for

employment for the individual, and the availability of

technical assistance in developing all or part of the

individualized plan for employment for the individual;

``(B) a description of the full range of components that

shall be included in an individualized plan for employment;

``(C) as appropriate--

``(i) an explanation of agency guidelines and criteria

associated with financial commitments concerning an

individualized plan for employment;

``(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 plan for  
employment; 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 plan  
for  
    employment shall be a written document prepared on  
forms  
    provided by the designated State unit.

    ``(B) Informed choice.--An individualized plan  
for  
    employment shall be developed and implemented in a  
manner that  
    affords eligible individuals the opportunity to  
exercise  
    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 plan for  
employment

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 plan  
for  
        employment 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  
plan for  
        employment 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  
        (to the extent determined to be appropriate by  
the  
        individual), 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  
plan for  
employment.--Regardless of the approach selected by an  
eligible  
individual to develop an individualized plan for  
employment, an  
individualized plan for employment 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 plan for employment, 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 plan for employment, 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 plan for employment 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--

parties;            ``(i) is voluntary on the part of the  
                    ``(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 prepare 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 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 plan for employment 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(a)(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 licensure 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 plan for employment;

``(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 through the statewide workforce investment system, to eligible individuals who are pursuing self-employment or telecommuting 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, that facilitate the achievement of the employment outcome identified in the individualized plan for employment;

``(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)(A) The establishment, development, or improvement of community rehabilitation programs, including, under special circumstances, the construction of a facility. Such programs shall be used to provide services that promote integration and competitive employment.

``(B) The provision of other services, that promise to contribute substantially to the rehabilitation of a group of individuals but that are not related directly to the individualized plan for employment of any 1 individual with a disability.

``(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 from school to post-school activities, including employment.

#### ``SEC. 104. NON-FEDERAL SHARE FOR ESTABLISHMENT OF PROGRAM OR CONSTRUCTION.

``For the purpose of determining the amount of payments to States for carrying out part B (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 or construction, under special circumstances, of a facility for such a 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 or construction of such a facility.

``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 qualified 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  
State  
    workforce investment board.  
    ``(B) Separate council.--In the case of a  
separate Council  
    established under subsection (a)(2), the Council  
shall be  
    composed of--

in                    ``(i) at least one representative described  
                      subparagraph (A)(i);  
described in         ``(ii) at least one representative  
                      subparagraph (A)(ii);  
described in         ``(iii) at least one representative  
                      subparagraph (A)(iii);  
rehabilitation counselor         ``(iv) at least one vocational  
serve as             described in subparagraph (A)(iv), who shall  
                      described in such subparagraph;  
in                    ``(v) at least one representative described  
                      subparagraph (A)(v);  
subparagraph         ``(vi) four representatives described in  
                      (A)(vi);  
disability           ``(vii) at least one representative of a  
blind;                advocacy group representing individuals who are  
representative, of    ``(viii) at least one individual's  
                      an individual who--  
has                    ``(I) is an individual who is blind and  
                      multiple disabilities; and  
himself or            ``(II) has difficulty in representing  
represent             herself or is unable due to disabilities to  
                      himself or herself;  
in                    ``(ix) applicants or recipients described  
                      subparagraph (A)(viii);  
(A)(ix), at          ``(x) in a State described in subparagraph  
                      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) In general.--A majority of Council members shall be persons who are--

``(i) individuals with disabilities described in

section 7(20)(A); and

``(ii) not employed by the designated State unit.

``(B) Separate council.--In the case of a separate Council

established under subsection (a)(2), a majority of Council

members shall be persons who are--

``(i) blind; and

``(ii) 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 State workforce investment board--

``(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 State

workforce investment board;

``(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 four 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 July 1, 1999, establish and publish evaluation standards and performance indicators for the vocational rehabilitation program carried out under this title.  
``(B) Review and revision.--Effective July 1, 1999, 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 136(b) of the Workforce Investment 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 specific 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;

including ``(D) reviews of individual case files,

individualized plans for employment and ineligibility

determinations; and

rehabilitation ``(E) meetings with qualified vocational

counselors and other personnel.

``(4) Areas of inquiry.--In conducting the review and

monitoring, the Commissioner shall examine--

``(A) the eligibility process;

applicable, ``(B) the provision of services, including, if

the order of selection;

the public ``(C) such other areas as may be identified by

Council, if or through meetings with the State Rehabilitation

described the State has such a Council or with the commission

a in section 101(a)(21)(A)(i), if the State has such a

commission; and

Commissioner may ``(D) such other areas of inquiry as the

consider appropriate.

``(5) Reports.--If the Commissioner issues a report detailing

the findings of an annual review or onsite monitoring conducted

to the State under this section, the report shall be made available

Council, for use in Rehabilitation Council, if the State has such a

the development and modification of the State plan

described in

section 101.

``(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 administering 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 received 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 B 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

``SEC. 110. STATE ALLOTMENTS.

``(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 section 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  $\frac{1}{3}$  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 subsection to any such remaining State from being thereby reduced

to less than that amount.

``(b)(1) Not later than 45 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 1999; 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

2000 through 2003.

``SEC. 111. PAYMENTS TO STATES.

``(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 subparagraph (B) or section 101(a)(17) if  
the  
Commissioner determines that a waiver or modification is an  
equitable  
response to exceptional or uncontrollable circumstances  
affecting the  
State.

``(3)(A) Except as provided in subparagraph (B), the  
amount of a  
payment under this section with respect to any construction  
project in  
any State shall be equal to the same percentage of the cost  
of such  
project as the Federal share that is applicable in the case  
of  
rehabilitation facilities (as defined in section 645(g) of  
the Public  
Health Service Act (42 U.S.C. 291o(a))), in such State.

``(B) If the Federal share with respect to  
rehabilitation  
facilities in such State is determined pursuant to section  
645(b)(2) of  
such Act (42 U.S.C. 291o(b)(2)), the percentage of the cost  
for  
purposes of this section shall be determined in accordance  
with  
regulations prescribed by the Commissioner designed to  
achieve as  
nearly as practicable results comparable to the results  
obtained under  
such section.

``(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 increased, 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.

((SEC. 112. CLIENT ASSISTANCE PROGRAM.

((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 one or more new State agencies or departments or results in the merger of the designated State agency with one 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 representatives 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 reallocation 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  
reallocated among the States whose proportionate amounts  
were not so  
reduced. Any such amount so reallocated 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 1999 through 2003 to carry out  
the

provisions of this section.

((Part C--American Indian Vocational Rehabilitation  
Services

((SEC. 121. VOCATIONAL REHABILITATION SERVICES GRANTS.

((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 or near 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 or near 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 or near 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) Employment statistics.--The Secretary of Labor shall

provide the Commissioner with employment statistics specified in

section 15 of the Wagner-Peyser Act, that facilitate evaluation by

the Commissioner of the program carried out under part B, and allow

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 I of the Workforce

Investment 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. 405. 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--

of ``(A) the procurement process for the purchase

rehabilitation technology;

technology on a ``(B) the utilization of rehabilitation

national basis;

products to ``(C) specific adaptations or customizations of

enable individuals with disabilities to live more independently; and

technology; ``(D) the development or transfer of assistive

formats, of ``(4) ensure the widespread distribution, in usable

practical scientific and technological information--

projects, ``(A) generated by research, demonstration

training, and related activities; and

improvements in ``(B) regarding state-of-the-art practices,

rehabilitation the services authorized under this Act,

disabilities, technology, and new knowledge regarding

disabilities, to rehabilitation professionals, individuals with

other interested parties, including the general public;

the ``(5) identify effective strategies that enhance

engage in opportunities of individuals with disabilities to

telecommuting and self-employment, including employment involving

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 Rehabilitation 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 1999 through 2003; and

(2) to carry out section 204, such sums as may be necessary

for each of fiscal years 1999 through 2003.

(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, self-employment, telecommuting, 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 telecommuting; 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 one 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 one 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.

``(2) 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.

``(3) 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 provide for scientific peer review of all applications for financial assistance for research, training, and demonstration projects over which the Director has authority. The scientific peer review shall be conducted by 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) 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 individuals 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.

((3) The Director shall support, directly or by grant or contract, a center associated with an institution of higher education, for research and training concerning the delivery of vocational rehabilitation services to rural areas.

((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 Committee 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 members 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 Federal and State 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 workforce, 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 application 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 workforce.

``(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 followup 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.

``(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 \$500,000 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. 406. 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 economic and business  
development

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 (including personnel  
specifically trained to

deliver services to individuals with disabilities whose  
employment

outcome is self-employment or telecommuting) 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

(including those services provided through community  
rehabilitation

programs) 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

statewide workforce investment systems and to become active

decisionmakers 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 (including 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; and

``(F) personnel specifically trained to deliver  
services to

individuals with disabilities pursuing self-  
employment,  
business ownership, and telecommuting; 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 provisions of Federal statutes, including section 504, title I of the Americans with Disabilities Act of 1990 (42 U.S.C. 12111 et seq.), and the provisions of titles II and XVI of the Social Security Act (42 U.S.C. 401 et seq. and 1381 et seq.), that are related to work incentives for individuals with disabilities.

((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 title I of the Workforce Investment 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 a  
    statewide workforce investment system; or  
    ``(B) to assist individuals with disabilities  
seeking  
    assistance through one-stop delivery systems  
described in  
    section 134(c) of the Workforce Investment 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 I of  
    the Workforce Investment 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 assisting and supporting individuals with disabilities pursuing self-employment, business ownership, and telecommuting, and 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 rehabilitation education, therapeutic recreation, community 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

provide employment that meets the requirements of  
paragraph

(5)(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) Authority to provide scholarships.--Grants  
and contracts

under paragraph (1) may be expanded to provide services  
that

include the provision of scholarships and necessary  
stipends and

allowances.

``(5) Agreements.--

``(A) Contents.--A recipient of a grant or  
contract under

this subsection shall provide assurances to the  
Commissioner

that each individual who receives a scholarship,  
for any

academic year beginning after June 1, 1992,  
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) in a nonprofit rehabilitation  
agency or  
        related agency or in a State rehabilitation  
agency or  
        related agency, including a professional  
corporation or  
        professional practice group through which  
the  
        individual has a service arrangement with  
the  
        designated State agency;  
        ``(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 section 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 subclause (III) and 2 additional  
years; and  
        ``(ii) repay all or part of any scholarship  
received,  
        plus interest, if the individual does not  
fulfill the  
        requirements of clause (i),  
        except as the Commissioner by regulation may

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 completion of the training involved under

such subparagraph.

``(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. Any such application shall include 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. The Commissioner shall prepare and submit to Congress, by September 30 of each fiscal year, a report setting forth and justifying in detail how the funds made available for training under this section for the fiscal year prior to such submission are allocated by professional discipline and other program areas. The report shall also contain findings on such personnel shortages, how funds proposed for the succeeding fiscal year will be allocated under the President's budget proposal, and how the findings on personnel shortages justify the allocations.

``(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 interpreters 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) Technical Assistance and In-Service Training.--

``(1) Technical assistance.--The Commissioner is authorized to

provide technical assistance to State designated agencies and

community rehabilitation programs, directly or through

contracts

with State designated agencies or nonprofit organizations.

``(2) Compensation.--An expert or consultant appointed or serving under contract pursuant to this section shall be compensated at a rate, subject to approval of the Commissioner, that shall not 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. Such an expert or consultant may be allowed travel and transportation expenses in accordance with section 5703 of title 5, United States Code.

``(3) In-service training of rehabilitation personnel.--

``(A) Projects.--Subject to subparagraph (B), at least 15 percent of the sums appropriated to carry out this section shall be allocated to designated State agencies to be used, directly or indirectly, for projects for in-service training for rehabilitation personnel, consistent with the needs identified through the comprehensive system for personnel development required by section 101(a)(7), including projects designed--

``(i) to address recruitment and retention of qualified rehabilitation professionals;

``(ii) to provide for succession planning;

``(iii) to provide for leadership development and

capacity building; and  
    (iv) for fiscal years 1999 and 2000, to  
provide  
    training regarding the Workforce Investment Act  
of 1998 and  
    the amendments to this Act made by the  
Rehabilitation Act  
    Amendments of 1998.

    (B) Limitation.--If the allocation to  
designated State  
    agencies required by subparagraph (A) would result  
in a lower  
    level of funding for projects being carried out on  
the date of  
    enactment of the Rehabilitation Act Amendments of  
1998 by other  
    recipients of funds under this section, the  
Commissioner may  
    allocate less than 15 percent of the sums described  
in  
    subparagraph (A) to designated State agencies for  
such in-  
    service training.

    (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.

    (i) 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 1999 through 2003.

SEC. 303. DEMONSTRATION AND TRAINING PROGRAMS.

    (a) Demonstration Projects To Increase Client  
Choice.--

``(1) Grants.--The Commissioner may make grants to States and public or nonprofit agencies and organizations to pay all or part of the costs of projects to demonstrate ways to increase client choice in the rehabilitation process, including the selection of providers of vocational rehabilitation services.

``(2) Use of funds.--An entity that receives a grant under this subsection shall use the grant only--  
``(A) for activities that are directly related to planning, operating, and evaluating the demonstration projects; and  
``(B) to supplement, and not supplant, funds made available from Federal and non-Federal sources for such projects.

``(3) Application.--Any eligible entity that desires to receive a grant under this subsection shall submit an application at such time, in such manner, and containing such information and assurances as the Commissioner may require, including--

``(A) a description of--  
``(i) how the entity intends to promote increased client choice in the rehabilitation process, including a description, if appropriate, of how an applicant will determine the cost of any service or product offered to an eligible client;  
``(ii) how the entity intends to ensure that any vocational rehabilitation service or related service is

provided by a qualified provider who is accredited or meets such other quality assurance and cost-control criteria as

the State may establish; and

``(iii) the outreach activities to be conducted by the

applicant to obtain eligible clients; and

``(B) assurances that a written plan will be established

with the full participation of the client, which plan shall, at

a minimum, include--

``(i) a statement of the vocational rehabilitation

goals to be achieved;

``(ii) a statement of the specific vocational

rehabilitation services to be provided, the projected dates

for their initiation, and the anticipated duration of each

such service; and

``(iii) objective criteria, an evaluation procedure,

and a schedule, for determining whether such goals are

being achieved.

``(4) Award of grants.--In selecting entities to receive grants

under paragraph (1), the Commissioner shall take into consideration--

``(A) the diversity of strategies used to increase client

choice, including selection among qualified service providers;

``(B) the geographic distribution of projects; and

``(C) the diversity of clients to be served.

``(5) Records.--Entities that receive grants under paragraph

(1) shall maintain such records as the Commissioner may require and

comply with any request from the Commissioner for such records.

``(6) Direct services.--At least 80 percent of the funds

awarded for any project under this subsection shall be used for

direct services, as specifically chosen by eligible clients.

``(7) Evaluation.--The Commissioner may conduct an evaluation

of the demonstration projects with respect to the services

provided, clients served, client outcomes obtained, implementation

issues addressed, the cost-effectiveness of the project, and the

effects of increased choice on clients and service providers. The

Commissioner may reserve funds for the evaluation for a fiscal year

from the amounts appropriated to carry out projects under this

section for the fiscal year.

``(8) Definitions.--For the purposes of this subsection:

``(A) Direct services.--The term `direct services' means

vocational rehabilitation services, as described in section

103(a).

``(B) Eligible client.--The term `eligible client' means an

individual with a disability, as defined in section 7(20)(A),

who is not currently receiving services under an individualized

plan for employment established through a designated State

unit.



``(b) Special Demonstration Programs.--

``(1) Grants; contracts.--The Commissioner, subject to the

provisions of section 306, may provide grants to, or enter into

contracts with, 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.

``(2) Eligible entities; terms and conditions.--

``(A) Eligible entities.--To be eligible to receive a

grant, or enter into a contract, under paragraph (1), 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 one or more types of

organizations described in this subparagraph.

``(B) Terms and conditions.--A grant or contract under

paragraph (1) shall contain such terms and conditions as the

Commissioner may require.

``(3) Application.--An eligible entity that desires to receive

a grant, or enter into a contract, under paragraph (1) 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--

``(A) is based on current research findings, which may

include research conducted by the National Institute on

Disability and Rehabilitation Research, the National Institutes

of Health, and other public or private organizations; and

``(B) is of national significance.

``(4) Types of projects.--The programs that may be funded under

this subsection may include--

``(A) special projects and demonstrations of service

delivery;

``(B) model demonstration projects;

``(C) technical assistance projects;

``(D) systems change projects;

``(E) special studies and evaluations; and

``(F) dissemination and utilization activities.

``(5) Priority for competitions.--

``(A) In general.--In announcing competitions for grants

and contracts under this subsection, the Commissioner shall

give priority consideration to--

``(i) special projects and demonstration programs of

service delivery for adults who are either low-functioning

and deaf or low-functioning and hard of hearing;

``(ii) 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

``(iii) model transitional planning services for youths with disabilities.

``(B) Additional competitions.--In announcing competitions

for grants and contracts under this subsection, the Commissioner may require that applicants address one or more of

the following:

``(i) Age ranges.

``(ii) Types of disabilities.

``(iii) Types of services.

``(iv) Models of service delivery.

``(v) Stage of the rehabilitation process.

``(vi) The needs of underserved

populations, unserved

and underserved areas, individuals with significant

disabilities, low-incidence disability population or

individuals residing in federally designated empowerment

zones and enterprise communities.

``(vii) Expansion of employment opportunities for

individuals with disabilities.

``(viii) Systems change projects to promote meaningful

access of individuals with disabilities to employment-

related services under title I of the Workforce Investment

Act of 1998 and under other Federal laws.

``(ix) Innovative methods of promoting achievement of high-quality employment outcomes.

``(x) The demonstration of the effectiveness of early intervention activities in improving employment outcomes.

``(xi) 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.

``(6) 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 before the date of the enactment of the Rehabilitation Act Amendments of 1998).

``(c) Parent Information and Training Program.--  
``(1) Grants.--The Commissioner is authorized to make grants to private nonprofit organizations for the purpose of establishing programs to provide training and information to enable individuals with disabilities, and the parents, family members, guardians, advocates, or other authorized representatives of the individuals

to participate more effectively with professionals in meeting the vocational, independent living, and rehabilitation needs of individuals with disabilities. Such grants shall be designed to meet the unique training and information needs of the individuals described in the preceding sentence, who live in the area to be served, particularly those who are members of populations that have been unserved or underserved by programs under this Act.

``(2) Use of grants.--An organization that receives a grant to establish training and information programs under this subsection shall use the grant to assist individuals with disabilities, and the parents, family members, guardians, advocates, or authorized representatives of the individuals--

``(A) to better understand vocational rehabilitation and independent living programs and services;

``(B) to provide followup support for transition and employment programs;

``(C) to communicate more effectively with transition and rehabilitation personnel and other relevant professionals;

``(D) to provide support in the development of the individualized plan for employment;

``(E) to provide support and expertise in obtaining information about rehabilitation and independent living programs, services, and resources that are

appropriate; and

    ``(F) to understand the provisions of this Act,  
    particularly provisions relating to employment,  
supported

    employment, and independent living.

    ``(3) Award of grants.--The Commissioner shall  
ensure that

    grants under this subsection--

    ``(A) shall be distributed geographically to  
the greatest

    extent possible throughout all States; and

    ``(B) shall be targeted to individuals with  
disabilities,

    and the parents, family members, guardians,  
advocates, or

    authorized representatives of the individuals, in  
both urban

    and rural areas or on a State or regional basis.

    ``(4) Eligible organizations.--In order to receive  
a grant

    under this subsection, an organization--

    ``(A) shall submit an application to the  
Commissioner at

    such time, in such manner, and containing such  
information as

    the Commissioner may require, including information  
demonstrating the capacity and expertise of the  
organization--

    ``(i) to coordinate training and  
information activities

    with Centers for Independent Living;

    ``(ii) to coordinate and work closely with  
parent

    training and information centers 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); and  
    ``(iii) to effectively conduct the training  
and  
    information activities authorized under this  
subsection;  
    ``(B)(i) shall be governed by a board of  
directors--  
    ``(I) that includes professionals in the  
field of  
    vocational rehabilitation; and  
    ``(II) on which a majority of the members  
are  
    individuals with disabilities or the parents,  
family  
    members, guardians, advocates, or authorized  
representatives of the individuals; or  
    ``(ii)(I) shall have a membership that  
represents the  
    interests of individuals with disabilities; and  
    ``(II) shall establish a special governing  
committee that  
    meets the requirements specified in subclauses (I)  
and (II) of  
    clause (i) to operate a training and information  
program under  
    this subsection; and  
    ``(C) shall serve individuals with a full range  
of  
    disabilities, and the parents, family members,  
guardians,  
    advocates, or authorized representatives of the  
individuals.  
    ``(5) Consultation.--Each organization carrying out  
a program  
    receiving assistance under this subsection shall  
consult with  
    appropriate agencies that serve or assist individuals  
with  
    disabilities, and the parents, family members,  
guardians,  
    advocates, or authorized representatives of the

individuals,

located in the jurisdiction served by the program.

``(6) Coordination.--The Commissioner shall provide coordination and technical assistance by grant or cooperative

agreement for establishing, developing, and coordinating the

training and information programs. To the extent practicable, such

assistance shall be provided by the parent training and information

centers 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).

``(7) Review.--

``(A) Quarterly review.--The board of directors or special

governing committee of an organization receiving a grant under

this subsection shall meet at least once in each calendar

quarter to review the training and information program, and

each such committee shall directly advise the governing board

regarding the views and recommendations of the committee.

``(B) Review for grant renewal.--If a nonprofit private

organization requests the renewal of a grant under this

subsection, the board of directors or the special governing

committee shall prepare and submit to the Commissioner a

written review of the training and information program



conducted by the organization during the preceding fiscal year.

``(d) Braille Training Programs.--

``(1) Establishment.--The Commissioner shall make grants to,

and enter into contracts with, States and public or nonprofit

agencies and organizations, including institutions of higher

education, to pay all or part of the cost of training in the use of

braille for personnel providing vocational rehabilitation services

or educational services to youth and adults who are blind.

``(2) Projects.--Such grants shall be used for the establishment or continuation of projects that may provide--

``(A) development of braille training materials;

``(B) in-service or pre-service training in the use of

braille, the importance of braille literacy, and methods of

teaching braille to youth and adults who are blind; and

``(C) activities to promote knowledge and use of braille

and nonvisual access technology for blind youth and adults

through a program of training, demonstration, and evaluation

conducted with leadership of experienced blind individuals,

including the use of comprehensive, state-of-the-art

technology.

``(3) Application.--To be eligible to receive a grant, or enter

into a contract, under paragraph (1), an 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.

``(e) 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 1999 through 2003.

``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 Commissioner) 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 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 1999 through 2003.

``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, construction of facilities for aquatic

rehabilitation therapy, 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

which (iii) with respect to the third year in

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 1999 through 2003.

#### ``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. 407. 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 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 October 31, 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 individuals 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 appointments, 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 1999 through 2003.''

#### SEC. 408. 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 plan

for employment''.

(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 (2), by striking  
``guidelines'' and  
        inserting ``information'';  
            (ii) by striking paragraph (3) and  
inserting the  
    following:  
    ``(3) establish and maintain--  
        ``(A) minimum guidelines and requirements for  
the standards  
        issued pursuant to the Act commonly known as the  
Architectural  
        Barriers Act of 1968;  
        ``(B) minimum guidelines and requirements for  
the standards  
        issued pursuant to titles II and III of the  
Americans with  
        Disabilities Act of 1990;  
        ``(C) guidelines for accessibility of  
telecommunications  
        equipment and customer premises equipment under  
section 255 of  
        the Telecommunications Act of 1934 (47 U.S.C. 255);  
and  
        ``(D) standards for accessible electronic and  
information  
        technology under section 508;''  
        (iii) in paragraph (9), by striking ``;  
and'' and  
        inserting a semicolon;  
        (iv) in paragraph (10), by striking the  
period and  
        inserting ``; and''; and  
        (v) by adding at the end the following:  
    ``(11) carry out the responsibilities specified for  
the Access  
    Board in section 508.'';  
        (C) in subsection (d)(1), by striking  
``procedures under

this section'' and inserting ``procedures under  
this  
subsection'';  
    (D) in subsection (g)(2), by striking  
``Committee on  
    Education and Labor'' and inserting ``Committee on  
Education  
    and the Workforce'';  
    (E) in subsection (h)(2)(A), by striking  
``paragraphs (5)  
    and (7)'' and inserting ``paragraphs (2) and (4)'';  
and  
    (F) in subsection (i), by striking ``fiscal  
years 1993  
    through 1997'' and inserting ``fiscal years 1999  
through  
    2003''.  
    (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.--

``(A) Development, procurement, maintenance, or use of

electronic and information technology.--When developing,

procuring, maintaining, or using electronic and information

technology, each Federal department or agency, including the

United States Postal Service, shall ensure, unless an undue

burden would be imposed on the department or agency, that the

electronic and information technology allows, regardless of the

type of medium of the technology--

``(i) individuals with disabilities who are Federal

employees to have access to and use of information and data

that is comparable to the access to and use of the

information and data by Federal employees who are not

individuals with disabilities; and

``(ii) individuals with disabilities who are members of

the public seeking information or services from a Federal

department or agency to have access to and use of

information and data that is comparable to the access to

and use of the information and data by such members of the

public who are not individuals with disabilities.

``(B) Alternative means efforts.--When development, procurement, maintenance, or use of electronic and information technology that meets the standards published by the Access Board under paragraph (2) would impose an undue burden, the Federal department or agency shall provide individuals with disabilities covered by paragraph (1) with the information and data involved by an alternative means of access that allows the individual to use the information and data.

``(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 Secretary of Commerce, the Chairman of the Federal Communications Commission, the Secretary of Defense, 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, including organizations representing individuals with disabilities, 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 specified in section 5002(3) of the Clinger-Cohen Act of 1996 (40 U.S.C.

1401(3)); 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 appropriate, 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. Not later than 6 months after the

Access Board revises any standards required under paragraph (2),  
the Council shall revise the Federal Acquisition Regulation and  
each appropriate Federal department or agency shall revise the  
procurement policies and directives, as necessary, to incorporate  
the revisions.

``(4) Acquisition planning.--In the event that a Federal  
department or agency determines that compliance with the standards  
issued by the Access Board under paragraph (2) relating to  
procurement imposes an undue burden, the documentation by the  
department or agency supporting the procurement shall explain why  
compliance creates an undue burden.

``(5) Exemption for national security systems.-- This section  
shall not apply to national security systems, as that term is  
defined in section 5142 of the Clinger-Cohen Act of 1996 (40 U.S.C.  
1452).

``(6) Construction.--  
``(A) Equipment.--In a case in which the Federal Government  
provides access to the public to information or data through  
electronic and information technology, nothing in this section  
shall be construed to require a Federal department or agency--

``(i) to make equipment owned by the Federal Government  
available for access and use by individuals with  
disabilities covered by paragraph (1) at a

location other

than that where the electronic and information technology

is provided to the public; or

use by ``(ii) to purchase equipment for access and

paragraph (1) at a individuals with disabilities covered by

and location other than that where the electronic

public. information technology is provided to the

as required ``(B) Software and peripheral devices.--Except

under to comply with standards issued by the Access Board

the paragraph (2), nothing in paragraph (1) requires

software or the installation of specific accessibility-related

peripheral attachment of a specific accessibility-related

is not an device at a workstation of a Federal employee who

individual with a disability.

``(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 and usable by individuals with



disabilities described  
in subsection (a)(1), compared to the access to and use of  
the  
technology by individuals described in such subsection who  
are not  
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 extent

to which the electronic and information technology of  
the Federal

Government is accessible to and usable by individuals  
with

disabilities described in subsection (a)(1).

``(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 to the Attorney General 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.--

``(A) Complaints.--Effective 2 years after the date of

enactment of the Rehabilitation Act Amendments of 1998, any

individual with a disability may file a complaint alleging that

a Federal department or agency fails to comply with subsection

(a)(1) in providing electronic and information technology.

``(B) Application.--This subsection shall apply only to

electronic and information technology that is procured by a

Federal department or agency not less than 2 years after the

date of enactment of the Rehabilitation Act Amendments of 1998.

``(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 with a

disability filing a complaint under paragraph (1).

“(g) Application 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 and Construction.--

“(1) 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--

“(A) need services that are beyond the scope of services authorized to be provided by the client assistance program under section 112; and

“(B)(i) 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

``(ii) are ineligible for services under 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).

``(2) Construction.--This section shall not be construed to

require the provision of protection and advocacy services that can

be provided under the Technology-Related Assistance for Individuals

With Disabilities Act of 1988 (42 U.S.C. 2201 et seq.).

``(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 subparagraphs (A) and (B) of subsection (a) (1).

``(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 individuals  
referred to  
in subsection (b).

``(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 allotment to any system under subparagraph (A) shall be not less than \$100,000 or  $\frac{1}{3}$  of 1 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  $\frac{1}{3}$  of 1 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 Commissioner 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)(1);



``(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; and

``(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.

``(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 1999 through 2003.

``(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. 409. 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

##### ``Short Title

``Sec. 601. This title may be cited as the `Employment Opportunities for Individuals With Disabilities Act'.

##### ``Part A--Projects With Industry

##### ``Projects With Industry

``Sec. 611. (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 board for the community under section

118(b)(1)(B)

of the Workforce Investment Act of 1998;

perform the jobs  
and careers identified; and

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);

career  
advancement services;

under clause (C) to the extent appropriate, provide for--

order to  
prepare individuals with disabilities for  
employment and career

advancement in the competitive market; and

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

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 afforded



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 paragraph (2).

``(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.

``(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 onsite  
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. 612. 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 1999 through 2003.

``Part B--Supported Employment Services for Individuals With the Most

Significant Disabilities

``Purpose

``Sec. 621. 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.

``Allotments

``Sec. 622. (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  $\frac{1}{3}$

of 1 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  $\frac{1}{3}$  of 1 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.

#### ``Availability of Services

``Sec. 623. 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.

#### ``Eligibility

``Sec. 624. 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.

#### ``State Plan

``Sec. 625. (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 622;

``(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 plan for employment, 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 supports, or to the extent that it is

not possible to identify the source of extended services at

the time the individualized plan for employment 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 plan for employment;

``(E) services provided under an individualized plan for employment 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 on site; 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.

## ``Restriction

``Sec. 626. Each State agency designated under section 625(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.

## ``Savings Provision

``Sec. 627. (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.

## ``Authorization of Appropriations

``Sec. 628. There are authorized to be appropriated to carry out this part such sums as may be necessary for each of fiscal years 1999 through 2003.''.

SEC. 410. 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 B 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 consumer-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 one or more projects are carried

out under section 121, at least one 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

center for  
` `(ii) not employed by any State agency or

independent living.

` `(5) Chairperson.--

subparagraph (B),  
` `(A) In general.--Except as provided in

the Council shall select a chairperson from among  
the voting

membership of the Council.

which the  
` `(B) Designation by governor.--In States in

law, the  
Governor does not have veto power pursuant to State

Governor shall designate a voting member of the  
Council to

serve as the chairperson of the Council or shall  
require the

Council to so designate such a voting member.

` `(6) Terms of appointment.--

Council shall  
` `(A) Length of term.--Each member of the

serve for a term of 3 years, except that--

occurring  
` `(i) a member appointed to fill a vacancy

prior to the expiration of the term for which a  
predecessor

was appointed, shall be appointed for the  
remainder of such

term; and

initially  
` `(ii) the terms of service of the members

Governor) for such

fewer number of years as will provide for the  
expiration of

terms on a staggered basis.

Council may serve  
` `(B) Number of terms.--No member of the

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 section 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 Register 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  $\frac{1}{3}$  of 1

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  $\frac{1}{3}$  of 1 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  $\frac{1}{8}$  of 1 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 1999 through

2003.



``PART C--CENTERS FOR INDEPENDENT LIVING

``SEC. 721. PROGRAM AUTHORIZATION.

``(a) In General.--From the funds appropriated for fiscal year 1999 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  $\frac{1}{3}$  of 1 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  $\frac{1}{3}$  of 1 percent of such sums shall be increased to the greater of the 2 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  $\frac{1}{3}$  of 1 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  $\frac{1}{3}$  of 1 percent of such sums shall be increased to the greater of

the 2 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 2

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  $\frac{1}{8}$  of 1 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 centers 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--

independent living, consistent with the State plan;

applicant in providing services comparable to independent living services;

demonstrated success in complying with, or the assurances set forth in section 725;

applicant and the involvement of individuals with significant disabilities by the applicant;

the applicant; and

applicant; and

carry out the plans; and

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 decisionmaking 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 Commissioner, 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 1999 through 2003.

``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 employment 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

program 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  $\frac{1}{3}$  of 1 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 1999 through 2003.''.

SEC. 411. REPEAL.

Title VIII of the Rehabilitation Act of 1973 (29 U.S.C. 797 et seq.) is repealed.

SEC. 412. 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 ``1999 through 2003''.

(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 ``1999 through 2003''.

(c) Registry.--Such Act (29 U.S.C. 1901 et seq.) is amended by adding at the end the following:

``SEC. 209. REGISTRY.

``(a) In General.--To assist the Center in providing services to individuals who are deaf-blind, the Center may establish and maintain registries of such individuals in each of the regional field offices of the network of the Center.

``(b) Voluntary Provision of Information.--No individual who is deaf-blind may be required to provide information to the Center for any purpose with respect to a registry established under subsection (a).

``(c) Nondisclosure.--The Center (including the network of the Center) may not disclose information contained in a registry established under subsection (a) to any individual or organization that is not affiliated with the Center, unless the individual to whom the information relates provides specific written authorization for the Center to disclose the information.

``(d) Privacy Rights.--The requirements of section 552a of title 5, United States Code (commonly known as the 'Privacy Act of 1974') shall apply to personally identifiable information contained in the registries established by the Center under subsection (a), in the same manner and to the same extent as such requirements apply to a record of an agency.

``(e) Removal of Information.--On the request of an individual, the Center shall remove all information relating to the individual from any registry established under subsection (a).''.

SEC. 413. 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. 414. CONFORMING AMENDMENTS.

(a) Randolph-Sheppard Act.--Section 2(e) of the Act of June 20, 1936 (commonly known as the ``Randolph-Sheppard Act'') (49 Stat. 1559, chapter 638; 20 U.S.C. 107a(e)) is amended by striking ``section 101(a)(1)(A)' ' and inserting ``section 101(a)(2)(A)' '.

(b) Technology-Related Assistance for Individuals With Disabilities Act of 1988.--

(1) Section 101(b) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2211(b)) is amended--

(A) in paragraph (7)(A)(ii)(II), by striking ``individualized written rehabilitation program' ' and inserting

``individualized plan for employment' '; and

(B) in paragraph (9)(B), by striking ``(as defined in section 7(25) of such Act (29 U.S.C. 706(25)))' ' and inserting

``(as defined in section 7 of such Act)' '.

(2) Section 102(e)(23)(A) of such Act (29 U.S.C. 2212(e)(23)(A)) is amended by striking ``the assurance provided by

the State in accordance with section 101(a)(36) of the Rehabilitation Act of 1973 (29 U.S.C. 721(a)(36))' ' and inserting

``the portion of the State plan provided by the State in accordance

with section 101(a)(21) of the Rehabilitation Act of 1973''.

(c) Title 38, United States Code.--Sections 3904(b) and 7303(b) of

title 38, United States Code, are amended by striking ``section

204(b)(2) of the Rehabilitation Act of 1973 (29 U.S.C. 762(b)(2))

(relating to the establishment and support of Rehabilitation

Engineering Research Centers)'' and inserting ``section 204(b)(3) of

the Rehabilitation Act of 1973 (relating to the establishment and

support of Rehabilitation Engineering Research Centers)''.

(d) National School Lunch Act.--Section 27(a)(1)(B) of the National

School Lunch Act (42 U.S.C. 1769h(a)(1)(B)) is amended by striking

``section 7(8) of the Rehabilitation Act of 1973 (29 U.S.C. 706(8))''

and inserting ``section 7 of the Rehabilitation Act of 1973''.

(e) Domestic Volunteer Service Act of 1973.--Section 421(11) of the

Domestic Volunteer Service Act of 1973 (42 U.S.C. 5061(11)) is amended

by striking ``section 7(8)(B) of the Rehabilitation Act of 1973 (29

U.S.C. 706(8)(B))'' and inserting ``section 7(20)(B) of the Rehabilitation Act of 1973''.

(f) Energy Conservation and Production Act.--Section 412(5) of the

Energy Conservation and Production Act (42 U.S.C. 6862(5)) is amended

by striking ``a handicapped individual as defined in section 7(7) of

the Rehabilitation Act of 1973'' and inserting ``an individual with a

disability, as defined in section 7 of the Rehabilitation Act of 1973''.

(g) National and Community Service Act of 1990.-- Section 101(12) of the National and Community Service Act of 1990 (42 U.S.C. 12511(12)) is amended by striking ``section 7(8)(B) of the Rehabilitation Act of 1973 (29 U.S.C. 706(8)(B))'' and inserting ``section 7(20)(B) of the Rehabilitation Act of 1973''.

#### 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), except that the

State may include in the plan the activities described in paragraph

(2)(A) only with the prior approval of the legislature of the

State. The State unified plan shall cover one or more of the

activities set forth in subparagraphs (A) through (D) of paragraph

(2) and may cover one or more of the activities set forth in

subparagraphs (E) through (O) of paragraph (2).

(2) Activities.--The activities and programs referred to in

paragraph (1) are as follows:

(A) Secondary vocational education programs authorized

under the Carl D. Perkins Vocational and Applied Technology

Education Act (20 U.S.C. 2301 et seq.).

(B) Postsecondary vocational education programs authorized

under the Carl D. Perkins Vocational and Applied Technology

Education Act (20 U.S.C. 2301 et seq.).

(C) Activities authorized under title I.

(D) Activities authorized under title II.

(E) Programs authorized under section 6(d) of the Food

Stamp Act of 1977 (7 U.S.C. 2015(d)).

(F) Work programs authorized under section 6(o) of the Food

Stamp Act of 1977 (7 U.S.C. 2015(o)).

(G) Activities authorized under chapter 2 of title II of

the Trade Act of 1974 (19 U.S.C. 2271 et seq.).

(H) Programs authorized under the Wagner-Peyser Act (29

U.S.C. 49 et seq.).

(I) 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).

(J) Activities authorized under chapter 41 of title 38,

United States Code.

(K) Programs authorized under State unemployment

compensation laws (in accordance with applicable Federal law).

(L) Programs authorized under part A of title

IV of the

Social Security Act (42 U.S.C. 601 et seq.).

(M) Programs authorized under title V of the  
Older

Americans Act of 1965 (42 U.S.C. 3056 et seq.).

(N) Training activities carried out by the  
Department of

Housing and Urban Development.

(O) Programs authorized under the Community  
Services Block

Grant Act (42 U.S.C. 9901 et seq.).

(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 described 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 or II or under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.), includes a requirement for agreement between the State and the appropriate Secretary regarding State performance measures, including levels of performance.

#### SEC. 502. DEFINITIONS FOR 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 indicators of performance and levels of performance established under titles I and II.

(b) Representatives.--The representatives referred to in subsection (a) are representatives of States (as defined in section 101) and political subdivisions, business and industry, employees, eligible providers of employment and training activities (as defined in section 101), educators, participants in activities carried out under this Act, State Directors of adult education, providers of adult education, providers of literacy services, individuals with expertise

in serving  
the employment and training needs of eligible youth (as  
defined in  
section 101), parents, and other interested parties, with  
expertise  
regarding activities authorized under this Act.

#### SEC. 503. INCENTIVE GRANTS.

(a) In General.--Beginning on July 1, 2000, the  
Secretary shall  
award a grant to each State that exceeds the State adjusted  
levels of  
performance for title I, the expected levels of performance  
for title  
II, and the levels of performance for programs under Public  
Law 88-210  
(as amended; 20 U.S.C. 2301 et seq.), for the purpose of  
carrying out  
an innovative program consistent with the requirements of  
any one or  
more of the programs within title I, title II, or such  
Public Law,  
respectively.

(b) Application.--

(1) In general.--The Secretary may provide a grant  
to a State  
under subsection (a) only if the State submits an  
application to  
the Secretary for the grant that meets the requirements  
of  
paragraph (2).

(2) Requirements.--The Secretary may review an  
application  
described in paragraph (1) only to ensure that the  
application

contains the following assurances:

(A) The legislature of the State was consulted  
with respect  
to the development of the application.

(B) The application was approved by the

Governor, the  
eligible agency (as defined in section 203), and  
the State  
agency responsible for programs established under  
Public Law  
88-210 (as amended; 20 U.S.C. 2301 et seq.).  
(C) The State and the eligible agency, as  
appropriate,  
exceeded the State adjusted levels of performance  
for title I,  
the expected levels of performance for title II,  
and the levels  
of performance for programs under Public Law 88-210  
(as  
amended; 20 U.S.C. 2301 et seq.).

(c) Amount.--

(1) Minimum and maximum grant amounts.--Subject to  
paragraph

(2), a grant provided to a State under subsection (a)  
shall be

awarded in an amount that is not less than \$750,000 and  
not more  
than \$3,000,000.

(2) Proportionate reduction.--If the amount  
available for

grants under this section for a fiscal year is  
insufficient to

award a grant to each State or eligible agency that is  
eligible for

a grant, the Secretary shall reduce the minimum and  
maximum grant

amount by a uniform percentage.

#### SEC. 504. PRIVACY.

(a) Section 144 of the General Education Provisions  
Act.--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).

(b) Prohibition on Development of National Database.--

(1) In general.--Nothing in this Act shall be construed to

permit the development of a national database of personally

identifiable information on individuals receiving services under

title I of this Act.

(2) Limitation.--Nothing in paragraph (1) shall be construed to

prevent the proper administration of national programs under

subtitles C and D of title I of this Act or to carry out program

management activities consistent with title I of this Act.

#### SEC. 505. BUY-AMERICAN REQUIREMENTS.

(a) Compliance With Buy American Act.--None of the funds made available in this Act may be expended by an entity unless the entity agrees that in expending the funds the entity will comply with the Buy American Act (41 U.S.C. 10a et seq.).

(b) Sense of the Congress; Requirement Regarding Notice.--

(1) Purchase of american-made equipment and products.--In the

case of any equipment or product that may be authorized to be

purchased with financial assistance provided using funds made

available under this Act, it is the sense of the Congress that

entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products.

(2) Notice to recipients of assistance.--In providing financial assistance using funds made available under this Act, the head of each Federal agency shall provide to each recipient of the assistance a notice describing the statement made in paragraph (1) by Congress.

(c) Prohibition of Contracts With Persons Falsely Labeling Products as Made in America.--If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a ``Made in America'' inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this subtitle, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations, as such sections are in effect on the date of enactment of this Act, or pursuant to any successor regulations.

#### SEC. 506. TRANSITION PROVISIONS.

(a) Workforce Investment Systems.--The Secretary of Labor shall take such actions as the Secretary determines to be

appropriate to  
provide for the orderly transition from any authority under  
the Job  
Training Partnership Act (29 U.S.C. 1501 et seq.) to the  
workforce  
investment systems established under title I of this Act.  
Such actions  
shall include the provision of guidance relating to the  
designation of  
State workforce investment boards, local workforce  
investment areas,  
and local workforce investment boards described in such  
title.

(b) Adult Education and Literacy Programs.--

(1) In general.--The Secretary of Education shall  
take such

actions as the Secretary determines to be appropriate  
to provide

for the transition from any authority under the Adult  
Education Act

(20 U.S.C. 1201 et seq.) to any authority under the  
Adult Education

and Family Literacy Act (as added by title II of this  
Act).

(2) Limitation.--The authority to take actions  
under paragraph

(1) shall apply only for the 1-year period beginning on  
the date of

the enactment of this Act.

(c) Regulations.--

(1) Interim final regulations.--Not later than 180  
days after

the date of the enactment of this Act, the Secretary of  
Labor shall

develop and publish in the Federal Register interim  
final

regulations relating to the transition to, and  
implementation of,

this Act.

(2) Final regulations.--Not later than December 31,  
1999, the

Secretary shall develop and publish in the Federal Register final regulations relating to the transition to, and implementation of, this Act.

(d) Expenditure of Funds During Transition.--

(1) In general.--Subject to paragraph (2) and in accordance with regulations developed under subsection (b), States, grant recipients, administrative entities, and other recipients of financial assistance under the Job Training Partnership Act (29 U.S.C. 1501 et seq.) or under this Act may expend funds received under the Job Training Partnership Act or under this Act, prior to July 1, 2000, in order to plan and implement programs and activities authorized under this Act.

(2) Additional requirements.--Not to exceed 2 percent of any allotment to any State from amounts appropriated under the Job Training Partnership Act or under this Act for fiscal year 1998 or 1999 may be made available to carry out paragraph (1) and not less than 50 percent of any such amount used to carry out paragraph (1) shall be made available to local entities for the purposes described in such paragraph.

(e) Reorganization.--Not later than 1 year after the date of the enactment of this Act, the Secretary of Labor shall reorganize and align functions within the Department of Labor and within the Employment and Training Administration in order to carry



out the duties  
and responsibilities required by this Act (and related  
laws) in an  
effective and efficient manner.

SEC. 507. EFFECTIVE DATE.

Except as otherwise provided in this Act, this Act and  
the  
amendments made by this Act, shall take effect on the date  
of the  
enactment of this Act.