SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. LOTT (for himself, Mr. DASCHLE, Mr. MCCAIN, Mr. LEAHY, Mr. HELMS, Mr. DODD, Mr. BROWNBACK, Mr. BRYAN, Mr. WARNER, Mr. CLELAND, Mr. STEVENS, Mr. TORRICELLI, Mr. MACK, Mr. KERRY, Mr. COVERDELL, Mr. BYRD, Mr. SMITH of Oregon, Mr. MOYNIHAN, Mr. THOMAS, Mr. WYDEN, Mr. GORTON, Mr. GRAHAM, Mr. FAIRCLOTH, Mr. HOLLINGS, Ms. COLLINS, Mr. AKAKA, Mr. INHOFE, Mr. CONRAD, Mr. GRAMS, Mr. ROBB, Mr. BENNETT, Mr. SPECTER, and Mr. HAGEL):

S. Con. Res. 71. A concurrent resolution condemning Iraq's threat to international peace and security.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mrs. FEINSTEIN:

S. 1576. A bill to amend the Clean Air Act to permit the exclusive application of California State regulations regarding reformulated gasoline in certain areas within the State; to the Committee on Environment and Public Works.

THE MTBE CLEAN AIR ACT AMENDMENT ACT OF 1998

Mrs. FEINSTEIN. Mr. President, I rise today to introduce legislation which will amend the Clean Air Act to allow California to operate its own reformulated gasoline program, which is stricter than the federal program and meets the air quality requirements set forth in the 1990 Clean Air Act.

WHAT THE BILL DOES

The bill provides that if a state's reformulated gasoline rules achieve equal or greater emissions reductions than federal regulation, that state's rules will take precedence. This works to exempt California from overlapping federal oxygenate requirements.

The bill is the Senate version of legislation introduced last year in the House by Congressman BRIAN BILBRAY (R–San Diego) and cosponsored by 46 members of the California Congressional delegation.

The bill applies only to states which have received waivers under Section 209(b)(1) of the Clean Air Act, for which California is the only state currently eligible for such a waiver.

By exempting California from the oxygenate requirement, this legislation will give gasoline manufacturers the flexibility to reduce or even eliminate the use of gasoline oxygenates, such as methyl tertiary butyl ether (MTBE)—which has been detected in alarming amounts in California groundwater.

The legislation allows the companies who serve California's gasoline needs to continue to adopt better methods of producing California Cleaner Burning gasoline, without being restricted by oxygenate requirements.

CALIFORNIA AIR QUALITY HISTORY

California's efforts to improve air quality predate similar federal efforts, and have achieved marked success in reducing toxic emission levels, resulting in the cleanest air Californians have seen in decades. This trend will continue with the passage of this bill.

Since the introduction of the California Cleaner Burning Gasoline program, there has been a 300 ton per day decrease in ozone forming ingredients found in the air. This is the emission reduction equivalent of taking 3.5 million automobiles off the road. California reformulated gasoline reduces smog forming emissions from vehicles by 15 percent.

The state has also has seen a marked decrease in first stage smog alerts, during which residents with respiratory ailments are encouraged to stay indoors.

California Environmental Protection Agency Chairman John Dunlop, who supports this legislation, says:

. . . our program has proven (to have) a significant effect on California's air quality. Following the introduction of California's gasoline program in the spring of 1996, monitor levels of ozone . . . were reduced by 10 percent in Northern California, and by 18 percent in the Los Angeles area. Benzene levels (have decreased) by more than 50 percent.

Although California has made great progress in decreasing the amount of toxins in the air, the overlap of federal regulations, on top of the strict state regulations, does not allow the state much flexibility in the design and implementation of its reformulated fuels program.

This inflexibility makes it difficult for gasoline producers to respond effectively to unforeseen problems associated with their product. Such is the case with the oxygenate MTBE leaking into California groundwater.

Refiners are bound by federal law to include an oxygenate in their gasoline, even if they can make gasoline which meets Clean Air Act emissions requirements without its use.

Thus, the need for the legislation is twofold—to streamline overlapping federal and state regulations, and to allow gasoline manufacturers the flexibility to make California Cleaner Burning Gasoline without oxygenated fuels.

FEDERAL REFORMULATED GASOLINE REQUIREMENT HISTORY

Federal reformulated gasoline, and the oxygenate requirement included in it, came as a response to the worsening air quality of many American cities.

For many years major cities, including San Diego, Sacramento and Los Angeles, were facing serious pollution problems due to increasing amounts of smog and ozone in the air.

As the air quality worsened, people around the country began experiencing more frequent respiratory illnesses, and increased asthma attacks due to the toxins in the air.

In 1990, Congress recognized the gravity of this national problem and amended the Clean Air Act to ensure that our nation's most smoggy and polluted areas were the beneficiaries of tougher motor vehicle emission control standards.

One of these amendments directed the United States Environmental Protection Agency (EPA) to adopt a federal reformulated gasoline program for urban areas with the most serious pollution problems.

The federal reformulated gasoline program mandated that this new cleaner burning gasoline reduce emissions of benzene, a known human carcinogen, and other toxins.

The federal program also mandated that this reformulated gasoline contain 2 percent by weight oxygenate, which functions to make the gas burn more completely and efficiently.

CALIFORNIA REFORMULATED GASOLINE

By December 1994, the oxygenate requirement went into effect. In California, this mandate affected three cities in particular, where the air quality was the worst.

Reformulated gasoline was required to be sold during the winter season in the greater Los Angeles, San Diego and Sacramento regions. This gasoline contained 11 percent MTBE, in order to meet the federal oxygenate requirement.

While federal Clean Air Act regulations were being promulgated, the California Air Resources Board developed even tougher and more stringent environmental standards. However, these standards permitted more flexibility in how they could be achieved by California's gasoline manufacturers.

By establishing a State Implementation Plan which restricts eight different properties that affect emissions of toxic air pollutants and ozone forming compounds, California's stricter regulations were approved by the U.S. EPA and are federally enforceable.

Additionally, California regulations contain an innovative predictive model which is based on the analysis of a large number of vehicle emission test studies. Refiners have the option of using this model to produce reformulated gasoline as long as its usage results in equivalent or greater reductions in emissions than federal regulations. California EPA states that the predictive model ''shows that a different formulation will achieve equivalent or better air quality benefits.''

While the amendments to the Clean Air Act have helped reduce emissions throughout the United States, they imposed limitations on the level of flexibility that U.S. EPA can grant to California.

The overlapping applicability of both the federal and state reformulated gasoline rules has actually prohibited gasoline manufacturers from responding as effectively as possible to unforeseen problems with their product. This bill addresses exactly this type of situation.

This legislation rewards California for its unique and effective approach in solving its own air quality problems by permitting it an exemption from federal oxygenate requirements as long as tough environmental standards are enforced.

MTBE CONTAMINATION OF CALIFORNIA GROUNDWATER

This legislation will allow refiners to address the problems that have occurred with the use of MTBE as it has leaked into groundwater supplies.

Such problems were certainly not anticipated during the drafting of these amendments, and therefore only exemplifies the need for a California exemption to this requirement.

MTBE is a highly soluble organic compound which moves quickly through soil and gravel, therefore posing a more rapid threat to aquifers than the other constituents of gasoline when leaks occur. MTBE is easily traced, but very difficult and expensive to clean up.

Higher quantities of MTBE in drinking water has a smell similar to turpentine and a taste like paint thinner.

Although we do not have all of the data we need to determine the potential damage of MTBE to our water and our health, we do know that it is increasingly a problem for California:

MTBE has been detected in drinking water supplies in a number of cities including Santa Monica, Riverside, Anaheim, Los Angeles and San Francisco;

MTBE has also been detected in numerous California reservoirs including Lake Shasta in Redding, San Pablo and Cherry reservoirs in the Bay Area, and Coyote and Anderson reservoirs in Santa Clara;

The largest contamination occurred in the city of Santa Monica, which lost 75% of its ground water supply as a result of MTBE leaking out of shallow gas tanks beneath the surface;

MTBE has been discovered in publicly owned wells approximately 100 feet from City Council Chamber in South Lake Tahoe;

In Glennvile, California, Near Bakersfield, MTBE levels have been detected in groundwater as high as 190,000 parts per billion—dramatically exceeding the California Department of Health advisory of 35 parts per billion; and

250 underground fuel tank sites have leaked MTBE in Santa Clara County not far from water wells used by the residents of San Jose.

In the face of mounting evidence of extensive MTBE contamination in California groundwater, several gasoline manufacturers, including Chevron and Tosco (Union 76), have made it clear they would like to have the flexibility to use only the amount and type of oxygenate necessary to continue to meet the environmental specifications of clean burning gasoline.

Many manufacturers believe that it is possible to meet California's more stringent clean air standards using reduced amounts of, or in some cases, no oxygenate in their gasolines.

In a recent letter to me, Chevron chairman Ken Derr÷ expressed his belief that while he believes MTBE is safe if handled properly, his company is exploring other options. He says:

(Chevron has) taken another look at the extensive body of data that relates to fuel composition to vehicle emissions and have concluded that it may be possible to make more gasoline without MTBE and still meet California's cleaner burning gasoline standards.

If California refiners can meet the stricter state clean air standard while reducing or eliminating the use of a chemical that is contaminating California water, it makes good sense to give them the flexibility they need to solve the problem.

By amending the Clear Air Act to waive the requirement for oxygenates in California, which already has in place its own stricter standards, this legislation does not detract in any way from the gains in emission reductions mandated in the Clear Air Act. It will simply allow for companies like Chevron to meet Clean Air Act requirements, while maximizing the advantages of increased flexibility in order to respond more efficiently and effectively to any unforseen problems encountered in the production of California cleaner burning gasoline.

If exempting California from the oxygenate requirement meant weakening the Clear Air Act in any way, I would be the first person to stand up and lead the battle against such an effort.

This bill does not weaken the Clear Air Act, but instead is a step in the right direction, towards sound environmental policy.

This narrowly-targeted legislation simply makes sense. With this bill, California is once again taking the initiative to lead the way in ensuring the protection of the air we breathe, and the water we drink.

By allowing the companies that supply our state's gasoline to utilize good science and sound environmental policy, we can achieve the goals set forth by the Clear Air Act, without sacrificing California's clean water.

In short, when we pass this legislation, we will take another step forward in ensuring that protecting our air qualify does not come at the expense of safeguarding our water.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1576

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

SECTION 1. CALIFORNIA REFORMULATED GASOLINE RULES.

Section 211(c)(4)(B) of the Clean Air Act (42 U.S.C. 7545(c)(4)(B)) is amended by adding at the end the following: ''If any such State that has received a waiver under section 209(b)(1) promulgates reformulated gasoline rules for any covered area of the State (as defined in subsection (k)(10)), the rules shall apply in the area in lieu of the requirements of subsection (k) if the State rules will achieve equivalent or greater emission reductions than would result from the application of the requirements of subsection (k) in the case of the aggregate mass of emissions of toxic air pollutants and in the case of the aggregate mass of emissions of ozone-forming compounds.''.

By Mr. CHAFEE (for himself, Mr. HATCH, Ms. SNOWE, Mr. ROBERTS, Mr. SPECTER and Ms. COLLINS):

S. 1577. A bill to amend the Internal Revenue Code of 1986 to provide additional tax relief to families to increase the affordability of child care, and for other purposes; to the Committee on Finance.

THE CARING FOR CHILDREN ACT

Mr. CHAFEE. Mr. President, I am pleased today to introduce the Caring for Children Act, legislation to help all families with their child care needs.

I want to thank my colleagues who have worked so hard to put this bill together. Senator HATCH, who was a leader in the development of the child care block grant, and is always a stalwart supporter of children. Senator SNOWE, who has worked on this issue for many years. Senator ROBERTS, who has taken an active interest in this issue. Senator SPECTER, who made an enormous contribution to the development of this bill. And Senator SUSAN COLLINS, who we are very fortunate to have on our child care proposal.

Last night, in his State of the Union Address to the nation, President Clinton issued a challenge to Congress to develop child care legislation in a bipartisan manner with the Administration. Well, that is exactly what we are doing today.

Our proposal is straightforward and far-reaching. It makes the current child care credit more equitable for lower and middle income families. And, for the first time, makes the credit available to families where one parent stays at home to care for the children. That is a critical step and an important change for families across America.

Raising children in today's world is a true challenge. In many families, both parents must work in order to support the family. Often, the child care expenses consume all or most of one parent's income. How often do we hear the refrain, particularly from women, that after they pay for day care, there is little or nothing left of their wages.

Another common complaint is from parents who desperately want to stay home and raise their children themselves—especially in those very critical, early years of childhood—but who simply cannot afford to forego that second income.

The legislation we are introducing today responds to both of these concerns. We believe that parents should make their own decisions about who is going to care for their children. The government and the tax code should not be promoting one choice over another.

By making more of the existing child care tax credit available to lower and middle income families, and making it available also to families where one parent stays at home, we are sending the message that the choice is yours, and we support your choice.

Our bill makes several changes to the existing dependent care tax credit.

First, the maximum credit percentage is increased from 30 percent to 50 percent to provide more benefits to those most in need. Second, the income level at which the maximum credit begins to be reduced is moved from $10,000 to $30,000, so that more lower-income families will qualify for the maximum amount of assistance. Third, we propose to completely phase out the credit for wealthier families. Finally, families where one spouse stays at home to care for the children will be eligible for a credit similar to the one they would receive if both parents were working outside the home and the child was in daycare.

We also acknowledge that we cannot solve the entire child care problem through the tax code alone. Many low-income families do not have taxable income, and therefore cannot benefit from a tax credit. The Child Care and Development Block Grant (CCDBG) provides critical funding to help these lower-income families—and I have been a strong supporter of the program. Recognizing the critical role CCDBG plays in subsidizing daycare for low-income families in the states, our proposal doubles the block grant over a five-year period.

Of course, the problem with child care is not limited to just affordability. Many parents cannot find an available child care slot. Our proposal addresses this issue of accessibility by providing a tax credit to businesses to build or renovate on or near-site child care centers for their employees.

Finally, there is the issue of quality daycare. Parents cannot be productive in the workplace if they are constantly worrying about the health and safety of their children in daycare. We have all read the horrifying stories in the newspapers about daycare facilities that are unsafe or unsanitary, about the poor record of enforcement of standards in many states.

while we acknowledge that the federal government should not be setting standards for daycare providers, we do believe the states should set at least minimum health and safety standards and enforce them rigorously. Our legislation beefs up this enforcement by rewarding states with a good enforcement record and penalizing those with poor records.

I am very proud of this legislation, and proud that this group was able to come together and produce this initiative. Child care is a problem that must be solved, and we are committed to doing that. I look forward to working with the President and my colleagues in the Congress to find workable, affordable solutions for all families.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1577

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 ''Caring for Children Act''.

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

TITLE I—TAX RELIEF TO INCREASE CHILD CARE AFFORDABILITY

SEC. 101. EXPANSION OF DEPENDENT CARE TAX CREDIT.

(a) PERCENTAGE OF EMPLOYMENT-RELATED EXPENSES DETERMINED BY TAXPAYER STATUS.—Section 21(a)(2) of the Internal Revenue Code of 1986 (defining applicable percentage) is amended to read as follows:

''(2) APPLICABLE PERCENTAGE DEFINED.—For purposes of paragraph (1), the term 'applicable percentage' means 50 percent reduced (but not below zero) by 1 percentage point for each $1,500, or fraction thereof, by which the taxpayers's adjusted gross income for the taxable year exceeds $30,000.''.

(b) MINIMUM CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.—Section 21(e) of the Internal Revenue Code of 1986 (relating to special rules) is amended by adding at the end the following:

''(11) MINIMUM CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.—Notwithstanding subsection (d), in the case of any taxpayer with one or more qualifying individuals described in subsection (b)(1)(A) under the age of 4 at any time during the taxable year, such taxpayer shall be deemed to have employment-related expenses with respect to such qualifying individuals in an amount equal to the greater of—

''(A) the amount of employment-related expenses incurred for such qualifying individuals for the taxable year (determined under this section without regard to this paragraph), or

''(B) $150 for each month in such taxable year during which such qualifying individual is under the age of 4.''.

(c) EFFECTIVE DATE.—The amendments made by this section apply to taxable years beginning after December 31, 1998.

SEC. 102. PROMOTION OF DEPENDENT CARE ASSISTANCE PROGRAMS.

(a) PROMOTION OF DEPENDENT CARE ASSISTANCE PROGRAMS.—The Secretary of Labor shall establish a program to promote awareness of the use of dependent care assistance programs (as described in section 129(d) of the Internal Revenue Code of 1986) by employers.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out the program under paragraph (1) $1,000,000 for each of fiscal years 1999, 2000, 2001, and 2002.

SEC. 103. ALLOWANCE OF CREDIT FOR EMPLOYER EXPENSES FOR CHILD CARE ASSISTANCE.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits) is amended by adding at the end the following:

''SEC. 45D. EMPLOYER-PROVIDED CHILD CARE CREDIT.

''(a) ALLOWANCE OF CREDIT.—For purposes of section 38, the employer-provided child care credit determined under this section for the taxable year is an amount equal to 20 percent of the qualified child care expenditures of the taxpayer for such taxable year.

''(b) DOLLAR LIMITATION.—The credit allowable under subsection (a) for any taxable year shall not exceed $100,000.

''(c) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED CHILD CARE EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified child care expenditure' means any amount paid or incurred—

''(i) to acquire, construct, rehabilitate, or expand property—

''(I) which is to be used as part of a qualified child care facility of the taxpayer,

''(II) with respect to which a deduction for depreciation (or amortization in lieu of depreciation) is allowable, and

''(III) which does not constitute part of the principal residence (within the meaning of section 1034) of the taxpayer or any employee of the taxpayer,

''(ii) for the operating costs of a qualified child care facility of the taxpayer, including costs related to the training of employees,

''(iii) under a contract with a qualified child care facility to provide child care services to employees of the taxpayer, or

''(iv) under a contract to provide child care resource and referral services to employees of the taxpayer.

''(2) EXCLUSION FOR AMOUNTS FUNDED BY GRANTS, ETC.—The term 'qualified child care expenditure' shall not include any amount to the extent such amount is funded by any grant, contract, or otherwise by another person (or any governmental entity).

''(3) QUALIFIED CHILD CARE FACILITY.—

''(A) IN GENERAL.—The term 'qualified child care facility' means a facility—

''(i) the principal use of which is to provide child care assistance, and

''(ii) which meets the requirements of all applicable laws and regulations of the State or local government in which it is located, including, but not limited to, the licensing of the facility as a child care facility.

Clause (i) shall not apply to a facility which is the principal residence (within the meaning of section 1034) of the operator of the facility.

''(B) SPECIAL RULES WITH RESPECT TO A TAXPAYER.—A facility shall not be treated as a qualified child care facility with respect to a taxpayer unless—

''(i) enrollment in the facility is open to employees of the taxpayer during the taxable year,

''(ii) the facility is not the principal trade or business of the taxpayer unless at least 30 percent of the enrollees of such facility are dependents of employees of the taxpayer, and

''(iii) the use of such facility (or the eligibility to use such facility) does not discriminate in favor of employees of the taxpayer who are highly compensated employees (within the meaning of section 414(q)).

''(d) RECAPTURE OF ACQUISITION AND CONSTRUCTION CREDIT.—

''(1) IN GENERAL.—If, as of the close of any taxable year, there is a recapture event with respect to any qualified child care facility of the taxpayer, then the tax of the taxpayer under this chapter for such taxable year shall be increased by an amount equal to the product of—

''(A) the applicable recapture percentage, and

''(B) the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted if the qualified child care expenditures of the taxpayer described in subsection (c)(1)(A) with respect to such facility had been zero.

''(2) APPLICABLE RECAPTURE PERCENTAGE.—

''(A) IN GENERAL.—For purposes of this subsection, the applicable recapture percentage shall be determined from the following table:

''If the recapture event occurs in:	The applicable recapture percentage is:
Years 1–3	100
Year 4	85
Year 5	70
Year 6	55
Year 7	40
Year 8	25
Years 9 and 10	10
Years 11 and thereafter	0.

''(B) YEARS.—For purposes of subparagraph (A), year 1 shall begin on the first day of the taxable year in which the qualified child care facility is placed in service by the taxpayer.

''(3) RECAPTURE EVENT DEFINED.—For purposes of this subsection, the term 'recapture event' means—

''(A) CESSATION OF OPERATION.—The cessation of the operation of the facility as a qualified child care facility.

''(B) CHANGE IN OWNERSHIP.—

''(i) IN GENERAL.—Except as provided in clause (ii), the disposition of a taxpayer's interest in a qualified child care facility with respect to which the credit described in subsection (a) was allowable.

''(ii) AGREEMENT TO ASSUME RECAPTURE LIABILITY.—Clause (i) shall not apply if the person acquiring such interest in the facility agrees in writing to assume the recapture liability of the person disposing of such interest in effect immediately before such disposition. In the event of such an assumption, the person acquiring the interest in the facility shall be treated as the taxpayer for purposes of assessing any recapture liability (computed as if there had been no change in ownership).

''(4) SPECIAL RULES.—

''(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (1) only with respect to credits allowed by reason of this section which were used to reduce tax liability. In the case of credits not so used to reduce tax liability, the carryforwards and carrybacks under section 39 shall be appropriately adjusted.

''(B) NO CREDITS AGAINST TAX.—Any increase in tax under this subsection shall not be treated as a tax imposed by this chapter for purposes of determining the amount of any credit under subpart A, B, or D of this part.

''(C) NO RECAPTURE BY REASON OF CASUALTY LOSS.—The increase in tax under this subsection shall not apply to a cessation of operation of the facility as a qualified child care facility by reason of a casualty loss to the extent such loss is restored by reconstruction or replacement within a reasonable period established by the Secretary.

''(e) SPECIAL RULES.—For purposes of this section—

''(1) AGGREGATION RULES.—All persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single taxpayer.

''(2) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

''(3) ALLOCATION IN THE CASE OF PARTNERSHIPS.—In the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary.

''(f) NO DOUBLE BENEFIT.—

''(1) REDUCTION IN BASIS.—For purposes of this subtitle—

''(A) IN GENERAL.—If a credit is determined under this section with respect to any property by reason of expenditures described in subsection (c)(1)(A), the basis of such property shall be reduced by the amount of the credit so determined.

''(B) CERTAIN DISPOSITIONS.—If during any taxable year there is a recapture amount determined with respect to any property the basis of which was reduced under subparagraph (A), the basis of such property (immediately before the event resulting in such recapture) shall be increased by an amount equal to such recapture amount. For purposes of the preceding sentence, the term 'recapture amount' means any increase in tax (or adjustment in carrybacks or carryovers) determined under subsection (d).

''(2) OTHER DEDUCTIONS AND CREDITS.—No deduction or credit shall be allowed under any other provision of this chapter with respect to the amount of the credit determined under this section.

''(g) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2003.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) of the Internal Revenue Code of 1986 is amended—

(A) by striking out ''plus'' at the end of paragraph (11),

(B) by striking out the period at the end of paragraph (12), and inserting a comma and ''plus'', and

(C) by adding at the end the following new paragraph:

''(13) the employer-provided child care credit determined under section 45D.''.

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following new item:

''Sec. 45D. Employer-provided child care credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

TITLE II—ENCOURAGING QUALITY CHILD CARE

Subtitle A—Dissemination of Information About Quality Child Care

SEC. 201. COLLECTION AND DISSEMINATION OF INFORMATION.

(a) COLLECTION AND DISSEMINATION OF INFORMATION.—The Secretary of Health and Human Services shall, directly or through a contract awarded on a competitive basis to a qualified entity, collect and disseminate—

(1) information concerning health and safety in various child care settings that would assist—

(A) the provision of safe and healthful environments by child care providers; and

(B) the evaluation of child care providers by parents; and

(2) relevant findings in the field of early childhood learning and development.

(b) INFORMATION AND FINDINGS TO BE GENERALLY AVAILABLE.—

(1) SECRETARIAL RESPONSIBILITY.—The Secretary of Health and Human Services shall make the information and findings described in subsection (a) generally available to States, units of local governments, private nonprofit child care organizations (including resource and referral agencies), employers, child care providers, and parents.

(2) DEFINITION OF GENERALLY AVAILABLE.—For purposes of paragraph (1), the term ''generally available'' means that the information and findings shall be distributed through resources that are used by, and available to, the public, including such resources as brochures, Internet web sites, toll-free telephone information lines, and public and private resource and referral organizations.

SEC. 202. GRANTS FOR THE DEVELOPMENT OF A CHILD CARE TRAINING INFRASTRUCTURE.

(a) AUTHORITY TO AWARD GRANTS.—The Secretary of Health and Human Services shall award grants to eligible entities to develop distance learning child care training technology infrastructures and to develop model technology-based training courses for child care providers and child care workers. The Secretary shall, to the maximum extent possible, ensure that grants for the development of distance learning child care training technology infrastructures are awarded in those regions of the United States with the fewest training opportunities for child care providers.

(b) ELIGIBILITY REQUIREMENTS.—To be eligible to receive a grant under subsection (a), an entity shall—

(1) develop the technological and logistical aspects of the infrastructure described in this section and have the capability of implementing and maintaining the infrastructure;

(2) to the maximum extent possible, develop partnerships with secondary schools, institutions of higher education, State and local government agencies, and private child care organizations for the purpose of sharing equipment, technical assistance, and other technological resources, including—

(A) sites from which individuals may access the training;

(B) conversion of standard child care training courses to programs for distance learning; and

(C) ongoing networking among program participants; and

(3) develop a mechanism for participants to—

(A) evaluate the effectiveness of the infrastructure, including the availability and affordability of the infrastructure, and the training offered the infrastructure; and

(B) make recommendations for improvements to the infrastructure.

(c) APPLICATION.—To be eligible to receive a grant under subsection (a), an entity shall submit an application to the Secretary at such time and in such manner as the Secretary may require, and that includes—

(1) a description of the partnership organizations through which the distance learning programs will be disseminated and made available;

(2) the capacity of the infrastructure in terms of the number and type of distance learning programs that will be made available;

(3) the expected number of individuals to participate in the distance learning programs; and

(4) such additional information as the Secretary may require.

(d) LIMITATION ON FEES.—No entity receiving a grant under this section may collect fees from an individual for participation in a distance learning child care training program funded in whole or in part by this section that exceed the pro rata share of the amount expended by the entity to provide materials for the training program and to develop, implement, and maintain the infrastructure (minus the amount of the grant awarded by this section).

(e) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as requiring a child care provider to subscribe to or complete a distance learning child care training program made available by this section.

SEC. 203. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this subtitle $50,000,000 for each of fiscal years 1999 through 2003.

Subtitle B—Increased Enforcement of State Health and Safety Standards

SEC. 211. ENFORCEMENT OF STATE HEALTH AND SAFETY STANDARDS.

(a) IDENTIFICATION OF STATE INSPECTION RATE.—

(1) IN GENERAL.—Section 658E(c)(2)(G) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(2)(G)) is amended by striking the period and inserting '', and provide the percentage of completed child care provider inspections that were required under State law for each of the 2 preceding fiscal years.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) applies to State plans under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) on and after September 1, 1998.

(b) INCREASED OR DECREASED ALLOTMENTS.—Section 658O(b) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858m(b)) is amended—

(1) in paragraph (1), in the matter preceding subparagraph (A), by inserting '', subject to paragraph (5),'' after ''shall''; and

(2) by adding at the end the following:

''(5) INCREASED OR DECREASED ALLOTMENT BASED ON STATE INSPECTION RATE.—

''(A) INCREASED ALLOTMENT FOR FISCAL YEARS 1999, 2000, AND 2001.—

''(i) IN GENERAL.—Subject to clause (iii), for fiscal years 1999, 2000, and 2001, the allotment determined for a State under paragraph (1) for each such fiscal year shall be increased by an amount equal to 10 percent of such allotment for the fiscal year involved with respect to any State—

''(I) that certifies to the Secretary that the State has not reduced the scope of any State child care health or safety standards or requirements that were in effect in calendar year 1996; and

''(II) that, with respect to the preceding fiscal year, had a percentage of completed child care provider inspections (as required to be reported under section 658E(c)(2)(G)), that equaled or exceeded the target inspection and enforcement percentage specified under clause (ii) for the fiscal year for which the allotment is to be paid.

''(ii) TARGET INSPECTION AND ENFORCEMENT PERCENTAGE.—For purposes of clause (i)(II), the target inspection and enforcement percentage is—

''(I) for fiscal year 1999, 75 percent;

''(II) for fiscal year 2000, 80 percent; and

''(III) for fiscal year 2001, 100 percent.

''(iii) PRO RATA REDUCTIONS IF INSUFFICIENT APPROPRIATIONS.—The Secretary shall make pro rata reductions in the percentage increase otherwise required under clause (i) for a State allotment for a fiscal year as necessary so that the aggregate of all the allotments made under this section do not exceed the amount appropriated for that fiscal year under section 658B.

''(B) DECREASED ALLOTMENT FOR FISCAL YEARS 2000 AND 2001.—

''(i) IN GENERAL.—The allotment determined for a State under paragraph (1) for each of fiscal years 2000 and 2001 shall be decreased by an amount equal to 10 percent of such allotment for the fiscal year involved with respect to any State that, with respect to the preceding fiscal year, had a percentage of completed child care provider inspections (as required to be reported under section 658E(c)(2)(G)) that was below the minimum inspection and enforcement percentage specified under clause (ii) for the fiscal year for which the allotment is to be paid.

''(ii) MINIMUM INSPECTION AND ENFORCEMENT PERCENTAGE.—For purposes of clause (i), the minimum inspection and enforcement percentage is—

''(I) for fiscal year 2000, 50 percent; and

''(II) for fiscal year 2001, 75 percent.

''(iii) REQUIREMENT TO EXPEND STATE FUNDS TO REPLACE REDUCTION.—If the allotment determined for a State for a fiscal year is reduced by reason of clause (i), the State shall, during the immediately succeeding fiscal year, expend additional State funds under the State plan funded under this subchapter by an amount equal to the amount of such reduction.''.

Subtitle C—Removal of Barriers to Increasing the Supply of Quality Child Care

SEC. 221. INCREASED AUTHORIZATION OF APPROPRIATIONS FOR THE CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT.

Section 658B of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended to read as follows:

''SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

''There is authorized to be appropriated to carry out this subchapter—

''(1) for each of fiscal years 1996 through 1998, $1,000,000,000;

''(2) for fiscal year 1999, $1,500,000,000;

''(2) for fiscal year 2000, $1,750,000,000;

''(2) for fiscal year 2001, $2,000,000,000;

''(2) for fiscal year 2002, $2,250,000,000; and

''(2) for fiscal year 2003, $2,500,000,000.''.

SEC. 222. SMALL BUSINESS CHILD CARE GRANT PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall establish a program to award grants to States to assist States in providing funds to encourage the establishment and operation of employer operated child care programs.

(b) APPLICATION.—To be eligible to receive a grant under this section, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require, including an assurance that the funds required under subsection (e) will be provided.

(c) AMOUNT OF GRANT.—The Secretary shall determine the amount of a grant to a State under this section based on the population of the State as compared to the population of all States.

(d) USE OF FUNDS.—

(1) IN GENERAL.—A State shall use amounts provided under a grant awarded under this section to provide assistance to small businesses located in the State to enable the small businesses to establish and operate child care programs. Such assistance may include—

(A) technical assistance in the establishment of a child care program;

(B) assistance for the start up costs related to a child care program;

(C) assistance for the training of child care providers;

(D) scholarships for low-income wage earners;

(E) the provision of services to care for sick children or to provide care to school aged children;

(F) the entering into of contracts with local resource and referral or local health departments;

(G) care for children with disabilities; or

(H) assistance for any other activity determined appropriate by the State.

(2) APPLICATION.—To be eligible to receive assistance from a State under this section, a small business shall prepare and submit to the State an application at such time, in such manner, and containing such information as the State may require.

(3) PREFERENCE.—

(A) IN GENERAL.—In providing assistance under this section, a State shall give priority to applicants that desire to form a consortium to provide child care in geographic areas within the State where such care is not generally available or accessible.

(B) CONSORTIUM.—For purposes of subparagraph (A), a consortium shall be made up of 2 or more entities which may include businesses, nonprofit agencies or organizations, local governments, or other appropriate entities.

(4) LIMITATION.—With respect to grant funds received under this section, a State may not provide in excess of $100,000 in assistance from such funds to any single applicant.

(e) MATCHING REQUIREMENT.—To be eligible to receive a grant under this section a State shall provide assurances to the Secretary that, with respect to the costs to be incurred by an entity receiving assistance in carrying out activities under this section, the entity will make available (directly or through donations from public or private entities) non-Federal contributions to such costs in an amount equal to—

(1) for the first fiscal year in which the entity receives such assistance, not less than 50 percent of such costs ($1 for each $1 of assistance provided to the entity under the grant);

(2) for the second fiscal year in which an entity receives such assistance, not less than 66⅔ percent of such costs ($2 for each $1 of assistance provided to the entity under the grant); and

(3) for the third fiscal year in which an entity receives such assistance, not less than 75 percent of such costs ($3 for each $1 of assistance provided to the entity under the grant).

(f) REQUIREMENTS OF PROVIDERS.—To be eligible to receive assistance under a grant awarded under this section a child care provider shall comply with all applicable State and local licensing and regulatory requirements and all applicable health and safety standards in effect in the State.

(g) ADMINISTRATION.—

(1) STATE RESPONSIBILITY.—A State shall have responsibility for administering the grant awarded under this section and for monitoring entities that receive assistance under such grant.

(2) AUDITS.—A State shall require each entity receiving assistance under a grant awarded under this section to conduct an annual audit with respect to the activities of the entity. Such audits shall be submitted to the State.

(3) MISUSE OF FUNDS.—

(A) REPAYMENT.—If the State determines, through an audit or otherwise, that an entity receiving assistance under a grant awarded under this section has misused the assistance, the State shall notify the Secretary of the misuse. The Secretary, upon such a notification, may seek from such an entity the repayment of an amount equal to the amount of any misused assistance plus interest.

(B) APPEALS PROCESS.—The Secretary shall by regulation provide for an appeals process with respect to repayments under this paragraph.

(h) REPORTING REQUIREMENTS.—

(1) 2-YEAR STUDY.—

(A) IN GENERAL.—Not later than 2 years after the date on which the Secretary first provides grants under this section, the Secretary shall conduct a study to determine—

(i) the capacity of entities to meet the child care needs of communities within a State;

(ii) the kinds of partnerships that are being formed with respect to child care at the local level; and

(iii) who is using the programs funded under this section and the income levels of such individuals.

(B) REPORT.—Not later than 28 months after the date of enactment of this Act, the Secretary shall prepare and submit to the appropriate committees of Congress a report on the results of the study conducted in accordance with subparagraph (A).

(2) 4-YEAR STUDY.—

(A) IN GENERAL.—Not later than 4 years after the date on which the Secretary first provides grants under this section, the Secretary shall conduct a study to determine the number of child care facilities funded through entities that received assistance through a grant made under this section that remain in operation and the extent to which such facilities are meeting the child care needs of the individuals served by such facilities.

(B) REPORT.—Not later than 52 months after the date of enactment of this Act, the Secretary shall prepare and submit to the appropriate committees of Congress a report on the results of the study conducted in accordance with subparagraph (A).

(i) DEFINITION.—As used in this section, the term ''small business'' means an employer who employed an average of at least 2 but not more than 50 employees on business days during the preceding calendar year.

(j) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section, $60,000,000 for the period of fiscal years 1999 through 2001. With respect to the total amount appropriated for such period in accordance with this subsection, not more than $5,000,000 of that amount may be used for expenditures related to conducting evaluations required under, and the administration of, this section.

(k) TERMINATION OF PROGRAM.—The program established under subsection (a) shall terminate on September 30, 2002.

SEC. 223. GAO REPORT REGARDING THE RELATIONSHIP BETWEEN LEGAL LIABILITY CONCERNS AND THE AVAILABILITY AND AFFORDABILITY OF CHILD CARE.

Not later than 6 months after the date of enactment of this Act, the Comptroller General of the United States shall report to Congress regarding whether and, if so, the extent to which, concerns regarding potential legal liability exposure inhibit the availability and affordability of child care. The report shall include an assessment of whether such concerns prevent—

(1) employers from establishing on or near-site child care for their employees;

(2) schools or community centers from allowing their facilities to be used for on-site child care; and

(3) individuals from providing professional, licensed child care services in their homes.

Subtitle D—Quality Child Care Through Federal Facilities and Programs

SEC. 231. PROVIDING QUALITY CHILD CARE IN FEDERAL FACILITIES.

(a) DEFINITION.—In this section:

(1) ADMINISTRATOR.—The term ''Administrator'' means the Administrator of General Services.

(2) EXECUTIVE AGENCY.—The term ''Executive agency'' has the meaning given the term in section 105 of title 5, United States Code, but does not include the Department of Defense.

(3) EXECUTIVE FACILITY.—The term ''executive facility'' means a facility that is owned or leased by an Executive agency.

(4) FEDERAL AGENCY.—The term ''Federal agency'' means an Executive agency, a judicial office, or a legislative office.

(5) JUDICIAL FACILITY.—The term ''judicial facility'' means a facility that is owned or leased by a judicial office.

(6) JUDICIAL OFFICE.—The term ''judicial office'' means an entity of the judicial branch of the Federal Government.

(7) LEGISLATIVE FACILITY.—The term ''legislative facility'' means a facility that is owned or leased by a legislative office.

(8) LEGISLATIVE OFFICE.—The term ''legislative office'' means an entity of the legislative branch of the Federal Government.

(b) EXECUTIVE BRANCH STANDARDS AND ENFORCEMENT.—

(1) STATE AND LOCAL LICENSING REQUIREMENTS.—

(A) IN GENERAL.—The Administrator shall issue regulations requiring any entity operating a child care center in an executive facility to comply with applicable State and local licensing requirements related to the provision of child care.

(B) COMPLIANCE.—The regulations shall require that, not later than 6 months after the date of enactment of this Act—

(i) the entity shall comply, or make substantial progress (as determined by the Administrator) toward complying, with the requirements; and

(ii) any contract for the operation of such a child care center shall include a condition that the child care be provided in accordance with the requirements.

(2) EVALUATION AND ENFORCEMENT.—The Administrator shall evaluate the compliance of the entities described in paragraph (1) with the regulations issued under that paragraph. The Administrator may conduct the evaluation of such an entity directly, or through an agreement with another Federal agency, other than the Federal agency for which the entity is providing child care. If the Administrator determines, on the basis of such an evaluation, that the entity is not in compliance with the regulations, the Administrator shall notify the Executive agency.

(c) LEGISLATIVE BRANCH STANDARDS AND ENFORCEMENT.—

(1) STATE AND LOCAL LICENSING REQUIREMENTS AND ACCREDITATION STANDARDS.—The Architect of the Capitol shall issue regulations for entities operating child care centers in legislative facilities, which shall be the same as the regulations issued by the Administrator under subsection (b)(1), except to the extent that the Architect may determine, for good cause shown and stated together with the regulations, that a modification of such regulations would be more effective for the implementation of the requirements and standards described in such paragraphs.

(2) EVALUATION AND ENFORCEMENT.—Subsection (b)(2) shall apply to the Architect of the Capitol, entities operating child care centers in legislative facilities, and legislative offices. For purposes of that application, references in subsection (b)(2) to regulations shall be considered to be references to regulations issued under this subsection.

(d) JUDICIAL BRANCH STANDARDS AND ENFORCEMENT.—

(1) STATE AND LOCAL LICENSING REQUIREMENTS AND ACCREDITATION STANDARDS.—The Director of the Administrative Office of the United States Courts shall issue regulations for entities operating child care centers in judicial facilities, which shall be the same as the regulations issued by the Administrator under subsection (b)(1), except to the extent that the Director may determine, for good cause shown and stated together with the regulations, that a modification of such regulations would be more effective for the implementation of the requirements and standards described in such paragraphs.

(2) EVALUATION AND ENFORCEMENT.—Subsection (b)(2) shall apply to the Director described in paragraph (1), entities operating child care centers in judicial facilities, and judicial offices. For purposes of that application, references in subsection (b)(2) to regulations shall be considered to be references to regulations issued under this subsection.

(e) APPLICATION.—Notwithstanding any other provision of this section, if 3 or more child care centers are operated in facilities owned or leased by a Federal agency, the head of the Federal agency may carry out the responsibilities assigned to the Administrator under subsection (b)(2), the Architect of the Capitol under subsection (c)(2), or the Director described in subsection (d)(2) under such subsection, as appropriate.

Mr. SPECTER. Mr. President, I have sought recognition to join my colleagues in introducing the ''Caring for Children Act,'' which will ease the financial burden of child care for American families—for those parents who work, and for those who choose to stay home to raise their children for a period of time. The sponsors of this legislation recognize the importance of affordable quality child care to the successful development of our children.

Our bill would expand the Dependent Care tax credit to make it more accessible to families who need it, double the authorization for the Child Care Development Block Grant, and provide grants to small businesses to create or enhance child care facilities for their employees. This bill also includes provisions from the proposal I introduced last year with my colleague, Congressman Jon Fox, ''The Affordable Child Care Act,'' which provides a tax credit for employers who provide on-site or site-adjacent child care to their employees in order to reduce the child care expenses of the employee.

Not all families choose the same option for child care. Many families rely on relatives, centers operated by churches and other religious organizations, centers at or near their workplace, or make other arrangements to provide care for their children while they work. In light of the diverse needs for child care in America, this bill represents a good start toward expanding the choices for American parents. And, any such legislation must recognize that there is a need to provide some relief to families where one parent stays at home.

The need for affordable and accessible day care is critical given the increasing numbers of working parents and dual-income families in the United States. According to the Bureau of the Census, in 1975, 31 percent of married

mothers with a child younger than age one participated in the labor force. By 1995, that figure had risen to 59 percent. Almost 64 percent of married mothers and 53 percent of single mothers with children younger than age six participated in the labor force in 1995.

The cost of child care for families is also significant. Licensed day care centers in some urban areas cost as much as $200 per week, and the disparity in costs and availability of child care between urban and rural grows greater every day. For families which need or choose to have both parents work outside the home, the burden of making child care decisions is great. These figures serve to underscore the need for action on the part of the Federal government to provide the necessary assistance to our nation's working families.

As Chairman of the Labor, Health and Human Services, and Education Appropriations Subcommittee, I am pleased that this legislation would build on an existing federal child care program by authorizing an additional $5 billion over five years to the Child Care Development Block Grant program, bringing total spending for this program to $2.5 billion annually by FY2002. The CCDBG program which works well in assisting low-income families acquire child care and helped over 93,000 Pennsylvania families last year. By increasing the authorization, we can help even more families without creating a new entitlement program.

Our legislation will also require States to create and enforce safety and health standards in child care facilities, and provide money for the Department of Health and Human Services to disseminate information to parents and providers about quality child care, through brochures, toll-free hotlines, the Internet, and other technological assistance.

The ''Caring for Children Act'' complements my recent efforts to assist working families in the context of welfare reform and children's health insurance. When Congress debated welfare reform in 1995 and 1996, I worked to ensure that adequate funds were provided for child care, a critical component for welfare mothers who would be required to work to receive new limited welfare benefits. I am pleased that the welfare reform bill that became law provides $20 billion in child care funding over a six year period. Similarly, I was pleased to participate in the bipartisan effort in 1997 to enact legislation to provide $24 billion over the next five years for States to establish or broaden children's health insurance programs.

In conclusion, Mr. President, I believe that it is critical that the 105th Congress not adjourn without enacting legislation to assist families in their ability to afford safe, quality child care for their children, either at home with a parent or another arrangement. Our legislation will provide peace of mind to millions of American families struggling to balance career and child raising. I urge my colleagues to join me in cosponsoring this important legislation, and I urge its swift adoption.

Mr. HATCH. Mr. President, eight years ago, Congress passed and President Bush signed the landmark Child Care and Development Block Grant Act. I was proud to have helped lead the effort, and I am proud of what our states have been able to accomplish since its implementation.

But, it is also clear that we must do more to help families. In my home state of Utah, more than half of the children under age 6 have either their only parent or both parents in the workforce.

The ''Child Care Connection,'' a four-county resource and referral program, reported last year that there were five major Salt Lake area zip codes that had zero openings for infants.

Utah child care officials have reported that there are too few slots generally for infants and toddlers and for special needs children.

It is my pleasure to be here today with Senators CHAFEE, SNOWE, ROBERTS, and SPECTER, each of whom has a long track record of involvement in child care issues. We believe that we have developed a comprehensive, yet realistic, child care proposal that will augment the ability of the child care block grant to serve families in each state.

Of particular note, this proposal recognizes the choice that many families make to have one parent remain at home as primary caregiver. As important as it is to assist low- and middle-income families with necessary out-of-home child care expenses—and our proposal will increase the Dependent Care Tax Credit for such families—it is also important for us to realize the value of a parent in the home and that the sacrifice of a second income is also a child care expense.

Additionally, our proposal will not create major new programs in need of permanent funding. We do not intend to spend federal dollars on bigger bureaucracy in the name of expanding child care. We want available resources to be put directly in the hands of parents through tax credits and in the hands of states to address specific gaps in availability and enforcement of health and safety standards.

Our bill takes a very balanced approach to the issues of affordability, availability, and quality.

Child care costs, of course, are a significant part of a family budget. The average cost of child care has been estimated at over $4000 per child. This is a substantial increase from the $3000 average it was when we enacted the Child Care and Development Block Grant eight years ago. Clearly, low- and middle-income taxpayers devote a larger share of their earnings to child care.

And, at a time when we are trying to move families off of public assistance and into employment, child care has to be a key element of transitional support.

Our bill increases the Dependent Care Tax Credit (DCTC) for working parents. Our bill raises the maximum credit from 30 percent to 50 percent. And, it raises the maximum income level for the maximum credit from $10,000 to $30,000. No change is made in the maximum allowable expenses of $2400 for one child and $4800 for two or more children.

Thus, a family in St. George, Utah, earning $30,000, with two children, would receive a tax credit of $2400. Under current law, this family's credit would be $960.

Both our bill and the proposal made by the Clinton administration begin to gradually reduce the percentage of the credit at $30,000, but the ''Caring for Children Act'' reduces the credit at a slower rate. Thus, families earning between $30,000 and $75,000 will receive a bigger tax benefit than under either President Clinton's proposal or current law.

We can afford to provide larger benefits for this income group because we have recommended a phase-out of the credit entirely for families with incomes of $105,000 or more. Under current law, there is no income limit for eligibility for the DCTC. This is one tax credit that wealthy taxpayers do not need.

But, our bill, the ''Caring for Children Act,'' goes one step further. The bill I have developed along with Senators CHAFEE, SNOWE, ROBERTS, and SPECTER would, for the first time, recognize child care provided by a parent.

Our bill would extend eligibility for the Dependent Care Tax Credit to families with young children in which one parent remains at home as caregiver. How would this work? The bill would impute monthly child care expenses of $150 to families with children age 3 and under. For example, a family in Morgan, Utah, earning $30,000 a year and having one or more children under age 3, would receive a $900 tax credit. It works this way: 50% credit $150 monthly imputed expenses 12 months = $900.

I would like to see this tax break be even more generous. I will work toward that end. But, given our budget realities, this ground-breaking extension of the DCTC is feasible. And, I believe it is an essential component of the ''Caring for Children Act.''

It is high time we recognize the value of stay-at-home parents. This tax credit in no way offsets their work or their monetary sacrifices; but it does, at last, give a mother or father in the home standing in our tax code. It transforms the Dependent Care Tax Credit from an employment-based credit to a child-based credit.

These two changes to the DCTC will put money—their own money I might add—back into the pockets of America's families.

The ''Caring for Children Act'' also deals with the issue of availability. As I mentioned, there are areas where child care—particularly infant care,

after school care, or care for special needs children—is tough to find. The substantial increase we are recommending for the Child Care and Development Block Grant (CCDBG) will provide states with the ability to address shortages as well as to increase support to low-income families.

President Clinton has recommended solving the availability problem by creating two new programs, one for after school care and one geared to early childhood. While I can appreciate the President's concern that there may be few choices out there for parents who depend on out-of-home care, I do not believe it makes sense to create new programs when the CCDBG already permits such programs. I think the answer is not to second guess how the states have chosen to allocate their scarce resources under the block grant, but rather to give the states some additional resources so that they can better meet their own priorities.

We are proposing a $5 billion increase in the CCDBG over five years. These additional resources will give states much more flexibility in their planning. States will be able to provide subsidies for a greater number of the eligible population; they will be able to finance child care programs in underserved areas of the state; they will be able to address particular shortages. And, they will be able to better enforce critical health and safety standards.

I am a firm believer that states should be able to set their own rules and regulations for child care providers. I do not believe that the federal government can or should interfere with child care affordability in our various states by setting national standards that are unrealistic. Moreover, to the extent that child care standards reflect the values as well as the economic conditions of any given state, the federal government has no business micromanaging them.

But, I also believe that states that participate in the block grant program—and that would be all of them—have an obligation to ensure that children are in safe and healthy environments. And, they have an obligation to see that such standards are adequately enforced. A sanitary standard is no standard at all if it is unenforced.

It may not matter where you have your car washed, but it absolutely matters who is taking care of your child.

Therefore, the ''Caring for Children Act'' puts some teeth into the requirement for inspections under the block grant. A state that inspects a threshold number of facilities subject to inspection will be eligible for a 10 percent bonus. After the second year, a state failing to inspect a minimum number of child care sites will be subject to a 10 percent penalty.

Additionally, our bill authorizes $50 million a year for HHS to undertake two important quality enhancing activities. First, more information about child care can be made available to parents. Consumer information about automobiles, credit cards, and well-baby care are available. I believe parents would welcome more information on what to look for in a child care center or family-based care setting. I also believe that parents are the best form of accountability in child care. Second, to assist providers and child care workers enhance the quality of their services, the bill would enable HHS to award grants for the development of a technology infrastructure for distance learning.

Many child care providers are in rural areas. Traditional training in the form of workshops and college classes are not practical. Programs for child care providers that could be developed and made available through distance learning, however, could prove a viable alternative as well as a valued help. My home state of Utah, I might add, has been a leader in the distance learning arena. I have no doubt that such a format would be eagerly received in my state.

The ''Caring for Children Act'' contains several other provisions of interest. In order to test the effectiveness of small business consortia as employer-based child care providers, the bill authorizes $60 million over three years for demonstration grants.

To increase the awareness of the existing Dependent Care Assistance Program (DCAP), a tax provision that permits employees to authorize their employers to withhold up to $5000 of the employee's salary in a DCAP account for child care expenses to be paid by the employer, the ''Caring for Children Act'' authorizes $1 million a year for the next five years to the Secretary of Labor to conduct outreach to both employers and employees about this program and its benefits.

Finally, the bill would require that child care facilities located in federal buildings for federal employees be held to the same quality standards that apply to child care programs in the state in which the federal facility is located.

I believe the measure we have introduced is a balanced approach. It does not depend entirely on the tax code to address child care issues, nor does it depend solely on federal spending.

It does not concentrate benefits on only one income group. The DCTC expansion is geared particularly to assist the middle class. The increase in the CCDBG is targeted to subsidies for low-income families.

It recognizes that we have to make an investment in our children, but it does not propose new federal mandatory spending programs that can become wildly expensive.

Our bill gives careful attention to each of the three cornerstones of child care: affordability, availability, and quality.

And, for the first time, federal child care legislation will not ignore those families who choose to forego one income to have a parent remain at home.

I want to say again that I am proud to sponsor this bill with my colleagues, Senators CHAFEE, SNOWE, ROBERTS, and SPECTER. I urge other senators to join us in this legislation.

Mr. ROBERTS. Mr. President, I am pleased and honored to join with my colleagues to introduce legislation to help meet the child care challenges facing families around the nation. Our bill is entitled the ''Caring for Children Act.''

Child care, in the home when possible and outside the home when both parents work, goes right to the heart of keeping families strong. Unfortunately, finding quality, affordable child care is one of the most pressing problems for families in Kansas and around the country.

The ''Caring for Children Act'' takes the first steps to address this challenge through a responsible approach. This legislation expands child care opportunities without expanded government costs or intrusion in our lives. This legislation builds into the existing network without adding more government intervention or mandates. This legislation will help families that have two working parents and families that have a stay-at-home parent. This legislation will help to increase the supply of quality of child care.

First, in order to provide additional tax relief and increase affordability of child care, we expand the Dependent Care Tax Credit (DCTC) by raising the income level to $30,000 at which families become eligible for the maximum tax credit. We also raise the maximum percentage of child care expenses that parents can deduct to 50 percent. These changes make the DCTC more realistic for families that face increasing child care costs.

Increasing the income level and the percentage of child care expenses that are deductible will help families where both parents work. But, we also recognize that families who choose to have one parent remain at home have child care expenses as well. Therefore, we extend eligibility for the DCTC to families with a stay-at-home parent. This provides greater options to more families and leaves child care choices where they should be—with the family. In order to target this credit to parents who need it the most and meet our fiscal responsibilities, the credit is phased out for higher income wage earners.

Small businesses play a critical role in providing child care options to millions of working parents. Unfortunately, small businesses generally do not have the resources required to start up and support a child care center. The ''Caring for Children Act'' includes a short-term, flexible grant program to encourage small businesses to work together to provide child care services for employees. This program is more of a demonstration project that will sunset at the end of three years. In the meantime, small businesses will be eligible for grants up to $100,000 for start-up costs, training, scholarships, or other related activities. Businesses

must continue to meet state quality and health standards. Businesses will be required to match federal funds to encourage self-sustaining facilities well into the future.

''Caring for Children'' also includes provisions to provide a tax credit of expenses up to $500,000 for employers who choose to construct, renovate, or operate on- or near-site child care facilities for their employees. And, ''Caring for Children'' includes funding to promote greater availability of the Dependent Care Assistance Program (DCAP) for families with children. This will allow the Department of Labor to conduct outreach to businesses to promote awareness of the DCAP program.

All children deserve quality care. Although all states have health and safety standards in place, many times these regulations are not enforced. ''Caring for Children'' includes incentives for states to improve their inspection efforts and ensure that facilities are in compliance with their own state standards. The bill also authorizes funding for the Department of Health and Human Services to get more information in the hands of parents and help child care providers access child care training programs.

Finally, we authorize additional funding for the Child Care and Development Block Grant. This program sends federal assistance to states, permitting them to allocate resources where they are most needed in the state. We maintain maximum flexibility and allow states to make decisions about how to address their own child care challenges.

Child care is an issue that impacts each and every one of us. While parents continue to struggle to meet the constant demand of work and family, we must continue to do our part to expand child care options and protect our nation's most valuable resource, our children. I look forward to working with all of my colleagues in this important effort.

Ms. SNOWE. Thank you, Mr. President, I am pleased to join with my colleagues, Senators HATCH, ROBERTS, SPECTER, and CHAFEE to introduce a bill that I believe is an historic opportunity to help ensure the well-being of our children and by extension the very well-being of our nation: the Caring for Children Act.

I come before you as a veteran on child care issues who has worked to address child care throughout my political life, and was the lead Republican cosponsor on the Act for Better Child Care in 1989—the bill which set the stage for the bipartisan package that was adopted by the 101st Congress. Since that time we have advanced the ball in profound ways that reflect the changing nature of the American family, but our work must never cease when it comes to our children. We must build on our laurels, not rest on them: and that is precisely what this bill does.

Consider the challenge: In California alone in 1997, 500,000 children were already on waiting lists for federal child care in—half a million! Now, it is estimated that, as welfare reform proceeds, some 2 million parents across America will join the workforce and their children will require child care. A GAO report from May of last year determined that in Chicago, for example, the known supply of child care would only meet 14 percent of the need for infant child care in the first year of welfare reform implementation. And within three years, 3 out of 4 American women with children under 5 will be working and in need of child care.

With the perspective of years spent on this issue, I have come to the conclusion that what American parents need most are choices. The decision of how to care for a young child is a deeply personal and difficult one. Many feel handcuffed by economic concerns, others worry about the safety of child care, but all face different circumstances that make the decision making process unique.

Given the tremendous challenges of raising children today, and the extraordinary range of issues facing families, I believe the federal government should not be in the business of encouraging one choice over another. Instead the government's role must be to ensure that families have viable options and that the basis for decisions is the best interests of the child. If we are to care about children we must care about choices, and not politicize the issue with partisanship or ideology.

That is the spirit in which we crafted our bill. Because it is not about pitting one group against another. It is not about starting a ''mommy war''. It is about helping parents do the best they can for their children—no matter what choice they make.

The reality is that, despite our best efforts to date to make quality, affordable child care accessible, the myriad pressures facing American families today still imperil their ability to provide the best possible care for their children. In my home state of Maine, one out of every five Mainers are working multiple jobs. Across the country, 63 percent of women with children under age six are in the workforce, and as a result, over 12 million children are cared for by someone other than a parent during working hours. In Maine, there are 42,000 women in the labor force with children under 6, and 64,000 with children between the ages of 6 and 17.

At the same time, child care costs can range from $4,000 to $9,000 annually—with families earning less than $14,000 per year paying more than one quarter of their income in child support. As a result, families are often forced to make a choice between two unacceptable options: find care for their children that may not be safe or appropriate, or stay home and hope that they can somehow still put food on the table.

Our bill respects parents' decisions and expands the choices available in a number of innovative ways. By expanding the Dependent Care Tax Credit, we make it more affordable for parents to choose quality child care, but we also leave the door open for a parent to stay at home with their child. And we target our tax benefits to those who need them most: working American families.

For two-working parent families with child care expenses, we raise the income level at which parents can take the maximum credit from $10,000 to $30,000, allowing more parents to take advantage of the maximum tax credit. In addition, we raise the percentage of child care expenses that parents can put toward their credit to 50% (up from 40% under current law) of expenses up to $2400 for one child, or $4800 for two or more children. The credit will phase down 1% for every $1500 of income above $30,000, phasing out completely for families earning over $105,000 per year. Under this new scheme, the maximum tax credit will be $1200 for one child (up from $720), or $2400 for two or more children (up from $480).

For the first time, parents who forgo an income to stay at home to take care of a child between the ages of 0–3 will be able to take advantage of the Dependent Care Tax Credit. By attributing child care expenses to stay at home parents of $150 per month, they will be eligible for a maximum tax credit of up to $900 per year, depending on their income. Applying the tax credit to parents who wish to stay home for children ages 0–3 acknowledges that parents of infants and toddlers often face the toughest decisions between working or staying at home, particularly in light of recent research in the area of early childhood development which demonstrates that care from one or two consistent, loving and stimulating caregivers during these earliest years is crucial to brain development.

The Caring for Children Act will also help defray the considerable costs of child care for low-income families by *doubling* funding for the Child Care and Development Block Grant, to the time of $5 billion. This will create more child care slots for low-income families and double the amount of money devoted to improving quality, again leaving more options for parents.

And we also address the issue safety, because parents are still rightfully concerned about safety. According to a US News and World Report article last August, a query of all 50 states and the District of Columbia revealed that 76 children died in day care in 1996. The causes included drownings, falls, and being struck by automobiles. And these numbers are low because, shockingly, some states do not even track day care deaths. In terms of oversight, the US News report revealed that in Virginia, for example, the state had failed to make mandatory twice-a-year inspections of 722 of its 4,200 licensed facilities in 1996; 159 centers were not visited even once.

No parents should have to fear for their child's safety—no parent should

ever get that dreaded call that their child was hurt at day care. Bringing a young child to day care in the morning should not be an act of faith—it should be an act of confidence. While states have the responsibility to set health and safety standards, states need to be held accountable for enforcing these standards by adhering to the inspection-schedule that they establish under state law. Accordingly, our bill provides a 10 percent bonus in CCDBG funding to states that meet targeted inspection rates, while penalizing those by 10 percent that don't meet their existing responsibility to ensure health and safety. This gives our bill ''teeth'' to ensure that child care is safe and children are protected.

Finally, we encourage more American businesses to become partners in child care by offering then tax credits for child care operation, construction and renovation expenses up to $500,000. And recognizing that it is not always feasible for small businesses to assist with child care, we offer grants to small employers to provide such care. Businesses already have an incentive to provide child care in that parents who are confident in their child care arrangements are more reliable, productive workers. These initiatives will not only create more slots and make child care more affordable for parents and businesses alike, but it will help literally bring care closer to more parents.

In closing, let me emphasize that this bill is an investment in our nation's future. It is a statement by the federal government that there can be no greater cause—no more noble a purpose than providing for our children. How a nation raises its youth and the value it places on giving children a chance to grow up safe, happy, and healthy speaks volumes to its greatness. This legislation won't make decisions easier for parents but it will ensure that they have a full range of options available to them as they seek to do the very best they can for their children. That's why I'm proud to be here today and that's why I will work hard to ensure the passage of the Caring for Children Act. Thank you.

By Mr. McCAIN (for himself, Mr. COATS, Mr. FAIRCLOTH and Mr. ASHCROFT):

S. 1578. A bill to make available on the Internet, for purposes of access and retrieval by the public, certain information available through the Congressional Research Service web site; to the Committee on Rules and Administration.

CONGRESSIONAL RESEARCH SERVICE LEGISLATION

Mr. McCAIN. Mr. President, I would like to introduce a bill that will make Congressional Research Service Reports, Issue Briefs, and Authorization and Appropriations products available on a web site to the American people. Senator COATS, Senator FAIRCLOTH, and Senator ASHCROFT are original co-sponsors to this bill. Additionally, Representative SHAYS will be introducing a companion bill over in the House.

The Congressional Research Service (CRS) has a well-known reputation for producing high-quality reports and issue briefs that are unbiased, concise, and accurate. Many of us have used these CRS products to make decisions on a wide variety of legislative proposals and issues, including Amtrak, the Endangered Species Act, the Line Item Veto, and U.S. policy in Zambia. Also, we routinely issue these products to our constituents in order to help them understand the important issues of our time.

This fiscal year, the American taxpayer will pay $64.6 million to fund the Congressional Research Service. Newspapers, such as the San Jose Mercury-News and the Austin American-Statesman, and watchdog groups, such as the Congressional Accountability Project, have recently asked the Congress to allow the public access to CRS resources. The American people have paid for these valuable resources and have a right to see that their money is being well spent.

Congress can also serve two important functions by allowing public access to this information. First, public access to these CRS products will mark an important milestone in opening up the federal government. Our constituents will be able to see the research documents which influenced our decisions and understand the trade-offs and factors that we consider before a vote. This will give the public a more accurate view of the Congressional decision-making process to counter the prevailing cynical view of Members of Congress selling their votes to the highest campaign contributor.

Also, these CRS reports will serve an important role in informing the public. Members of the public will be able to read these CRS products and receive a concise, accurate summary of the issues that concern them. As elected representatives, we should do what we can to promote an informed, educated public. The educated voter is best able to make decisions and petition us to do the right things here.

The Internet provides an ideal way to inform the public while not distracting CRS from its primary mission to serve Congress. The Director of CRS can simply post CRS products on a web site, and then voters can look up information without any extra effort by CRS researchers. The public will not be allowed to write responses or research requests to CRS, so that valuable CRS time will not be diverted from helping us to do our jobs. Confidential requests by Members of Congress will not be released to the public. It is my intent that CRS establish a separate web site that will serve the public without otherwise causing CRS to do anything drastically different from its current operations when it posts CRS products on the web site accessible to Members of Congress.

I recognize that there have been a few questions about this bill. There are concerns disseminating CRS material via the Internet will remove its protection under the Speech and Debate Clause. At present, no court case has directly addressed this issue. However, the Supreme Court acknowledged in its concurrence to Doe versus McMillan that a legislator's function in informing the public concerning matters before Congress should be protected by the Speech and Debate Clause, similar to communications which relate directly to the legislative process. Furthermore, my bill gives the CRS Director discretion to not release material that he determines is confidential. This aspect of my bill has been upheld in similar circumstances where the U.S. District Court maintained the confidentiality of the underlying research used to create reports by Congressional support agencies. I am including in the RECORD a letter by Mr. Stanley M. Brand, a former General Counsel to the House of Representatives, who agrees that my legislation will not threaten CRS' protection under the Speech and Debate Clause.

I am also aware of potential copyright concerns if the CRS information is made accessible to the public. For example, CRS has informed me that it does not have a copyright agreement that will allow it to make the maps used in CRS products available electronically. I believe we can work out an equitable solution to resolve any copyright concerns that would prevent any CRS Report, Issue Brief, or Authorization or Appropriations product from being electronically disseminated to the public.

Another concern has been raised about the 30 day delay between the release of CRS material to Members of Congress and their staff and its release to the public on the web site. This delay will make sure that CRS has carried out its primary statutory duty of informing Congress before releasing information the public. Also, it will allow CRS to verify that its products are accurate and prepare them for public release in order to protect CRS from liability problems and the American people from being misinformed.

I would like to stress that opening up these select CRS products to the public will in no way compete with existing commercial information services. The public will have access to selected CRS products that are currently available only to Members of Congress and their staff. I firmly believe that the federal government should not be involved in competing with legitimate private industry.

This bill has received popular support from across the country, and I am including in the RECORD a letter of support from many concerned industries and groups including America On-Line, IBM, Public Citizen, and the League of Women Voters of the United States. I hope that my colleagues will join them

in supporting this legislation and opening up a useful source of information to the American people.

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1578

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

SECTION 1. AVAILABILITY OF CERTAIN CRS WEB SITE INFORMATION.

(a) AVAILABILITY OF INFORMATION.—

(1) IN GENERAL.—The Director of the Congressional Research Service shall make available on the Internet, for purposes of access and retrieval by the public, all information that—

(A) is available through the Congressional Research Service web site;

(B) is described in paragraph (2); and

(C) is not confidential as determined by—

(i) the Director; or

(ii) the head of a Federal department or agency that provided the information to the Congressional Research Service.

(2) INFORMATION.—The information referred to in paragraph (1)(B) is as follows:

(A) All Congressional Research Service Issue Briefs.

(B) All Congressional Research Service Reports that are available to Members of Congress through the Congressional Research Service web site.

(C) All Congressional Research Service Authorization of Appropriations Products or Appropriations Products.

(b) TIME.—The information shall be so made available not earlier than 30 days after the first day the information is available to Members of Congress through the Congressional Research Service web site.

(c) REQUIREMENTS.—The Director of the Congressional Research Service shall make the information available in a manner that the Director determines—

(1) is practical and reasonable; and

(2) does not permit the submission of comments from the public.

CONGRESSIONAL ACCOUNTABILITY PROJECT,
Washington, DC, January 26, 1998.

Hon. JOHN MCCAIN and DANIEL COATS,
Russell Senate Office Building, U.S. Senate, Washington, DC.

DEAR SENATORS MCCAIN AND COATS: We happily endorse your draft legislation to put Congressional Research Service (CRS) reports and products on the Internet, including CRS Issue and Legislative Briefs, and Authorization and Appropriation products.

CRS products are some of the finest research prepared by the federal government. They are a precious source of government information on a huge range of topics. In a recent editorial, Roll Call described CRS reports as ''often the most trenchant and useful monographs available on a subject.'' Citizens, scholars, journalists, librarians, businesses, and many others have long wanted access to CRS reports via the Internet.

We believe that taxpayers ought to be able to read the research that we pay for. But citizens cannot obtain most CRS products directly. Instead, we must purchase them from private vendors, or engage in the burdensome and time-consuming process of requesting a member of Congress to send CRS products to us. Often, citizens must wait for weeks or even months before such a request is filled. This barrier to obtaining CRS products serves no useful purpose, and damages citizens' ability to participate in the congressional legislative process.

James Madison aptly described why the public needs reliable, accurate information about current events: ''A popular Government, without popular information, or the means of acquiring it, is but a Prologue to a Farce or a Tragedy; or, perhaps both. Knowledge will forever govern ignorance: And a people who mean to be their own Governors, must arm themselves with the power which knowledge gives.''

Your bill falls squarely within the spirit of Madison's honorable words. Thanks for your efforts in making CRS products available on the Internet.

Sincerely,

American Conservative Union.
American Protestant Health Alliance.
America Online Corp.
Danielle Brian, Executive Director, Project on Government Oversight.
Business Software Alliance.
California Budget Project (CA).
Center for Media Education.
Center for Science in the Public Interest.
Citizen Advocacy Center (IL).
Timothy J. Coleman, Director, Kettle Range Conservation Group (WA).
Computer Communications Industry Association.
Computer Professionals for Social Responsibility.
Congressional Accountability Project.
Consumer Project on Technology.
Decision Matrix Inc. (OR).
George Draffan, Director, Public Information Network (WA).
Electronic Frontier Foundation.
Fairness and Accuracy in Reporting.
Federation of American Scientists.
Ray Fenner, President, Superior Wilderness Action Network (MI).
Darlene Flowers, Executive Director, Foster Parents Association of Washington State (WA).
Forest Service Employees for Environmental Ethics.
Government Purchasing Project.
IBM.
Impact Voters of America.
Information Technology Association of America.
Institute for Local Self-Reliance.
Intel Corp.
League of Women Voters of the United States.
Marin Democratic Club (CA).
Halsey Minor, Chief Executive Officer, CNET.
Barbara J. Moore, Ph.D., President and CEO, Shape Up America!
National Association of Manufacturers.
National Citizens Communications Lobby.
Native Forest Council (OR).
NetAction.
Netscape Communications Corp.
OMB Watch.
Public Citizen.
Public Interest Projects.
Amy Ridenour, President, The National Center for Public Policy Research.
Greg Schuckman, Director of Public Affairs, American Association of Engineering Societies.
Peter J. Sepp, Vice-President for Communications, National Taxpayers Union.
Taxpayers for Common Sense.
TenantNet (NY).
Triad Healthcare Technologies, LLC (TX).
United Democratic Clubs, Orange County, CA; Larry Trullinger, President.
United Seniors Association.
U.S. Public Interest Research Group (PIRG).
U.S. Term Limits.
Russell Verney, Chairman, Reform Party.
Virginia Journal of Law and Technology.
Western Land Exchange Project (WA).

BRAND, LOWELL & RYAN,
Washington, DC, January 27, 1998.

Hon. JOHN MCCAIN,
U.S. Senate, Russell Senate Office Building, Washington, DC.

DEAR SENATOR MCCAIN: I am writing to amplify the comments that I recently made to the press concerning applicability of the Speech or Debate Clause, U.S. Const. art. I, §6, cl. 1, to certain CRS products which your bill would, if enacted, make available on the Internet. Juliet Eilperin, Memo Claims That McCain Legislation to Put CRS Reports Online Could Have Constitutional Problems, Roll Call, January 15, 1998, p. 8.

First, as General Counsel to the House of Representatives I litigated virtually scores of cases involving the Speech or Debate Clause, including a landmark case before the Supreme Court reaffirming the central function of the clause in protecting the legislative branch from judicial and executive branch interference, *United States* v. *Helstoski;* 442 U.S. 477, *Helstoski* v. *Meanor*, 442 U.S. 500 (1979); *see also*, *Vander Jagt* v. *O'Neill*, 699 F.2d 1166 (D.C. Cir. 1983); *In Re Grand Jury Investigation*, 587 F.2d 589 (3d Cir. 1978); *United States* v. *Eilberg*, 507 F. Supp. 267 (E.D. Pa. 1980); *Benford* v. *American Broadcasting Co.*, 98 F.R.D. 42 (D. Md. 1983), *rev'd sub nom. In Re: Guthrie*, 735 F.2d 634 (4th Cir. 1984). Many of these cases which I litigated were cited in the CRS memorandum as supporting their conclusion that publication on the Internet would adversely affect the Speech or Debate Clause privilege.

I believe that the concerns expressed in the CRS memorandum are either overstated, or the extent they are not, provide no basis for arguing that protection of CRS works will be weakened by your bill. I also want you to know that I was, and remain, a strong advocate for vigorous assertion and protection of the Speech or Debate Clause privilege as a great bulwark of the separation of powers doctrine that protects the Congress from Executive and Judicial branch encroachment.

The CRS memorandum states ''extensive involvement by CRS in the informing function might cause the judiciary and administrative agencies to reassess their perception of CRS as playing a substantial role in the legislative process, and thereby might endanger a claim of immunity even in an instance in which CRS was fulfilling its legislative mission.''

This fear is simply unfounded. While the courts have consistently relegated the so-called ''informing function'' to non-constitutionally protected status, they have also steadfastly refused to permit litigants to pierce the privilege for activities that are cognate to the legislative process despite later dissemination outside the Congress. So, for example, in *McSurely* v. *McClellan*, 553 F.2d 1277, 1286 n. 3 (D.C. Cir. 1976) (en banc), the Court refused to allow a litigant to question Senate aides about acts taken within the Committee, even though acts of dissemination outside the Congress were subject to discovery. Publication of a CRS product on the Internet would no more subject CRS employees to questioning about the basis for their work, consultations with colleagues or the sources of that work, than would be the case if the same CRS product were obtained by means other than the Internet. Indeed, the fact that House and Senate proceedings are televised does not alter the applicability of the clause to floor speeches, committee deliberations, staff consultation, or other legislative activities. Even certain consultations concerning press relations are protected though dissemination to the media is not protected. Mary Jacoby, Hill Press Releases Protected Speech, Roll Call, April 17,

1995, p. 1 (the Senate Legal Counsel argued that because a legislative discussion is embedded in a press release doesn't entitle a litigant to question staff about the substance of the legislation); *see also Tavoulareas* v. *Piro*, 527 F. Supp. 676, 682 (D.D.C. 1981) (court ordered congressional deponents to merely identify documents disseminated outside of Congress but did not permit questions regarding preparation of the documents, the basis of conclusions contained therein, or the sources who provided evidence relied upon in the documents), *Peroff* v. *Manual*, 421 F. Supp. 570, 574 (D.D.C. 1976) (preparation of a Committee witness by a congressional investigator is protected because ''facially legislative in character''). Under this line of caselaw, it is difficult to foresee how the mere dissemination of a CRS product could subject any CRS employee to inquiry concerning the preparation of such a product. In short, because ''discovery into alleged conduct of [legislative aides] not protected by the Speech or Debate Clause can infringe the [legislative aides'] right to be free from inquiry into legislative acts which are so protected,'' *McSurely* v. *McClellan*, 521 F.2d 1024, 1033 (D.C. Cir. 1975), *aff'd en banc by an equally divided court*, 553 F.2d 1277 (1976) courts have imposed the Clause as a bar to any inquiry into acts unrelated to dissemination of the congressional reports.

In *Tavaulareas* v. *Piro*, 527 F. Supp. at 682, the court ruled ''[t]he fact that the documents were ultimately disseminated outside the Congress does not provide any justification'' for piercing the privilege as to the staff's internal use of the document. *Accord McSurely* v. *McClellan*, 553 F.2d at 1296–1298 (use and retention of illegally seized documents by Committee not actionable); *United States* v. *Helstoski*, 442 U.S. 477, 489 (1979) (clause bars introduction into evidence of even non-contemporaneous discussions and correspondence which merely describe and refer to legislative acts in bribery prosecution of Member); *Eastland* v. *United States Serviceman's Fund*, 421 U.S. at 499 n. 13 (subpoena to Senate staff aide for documents and testimony quashed because ''received by [the employee] pursuant to his official duties as a staff employee of the Senate'' and therefore ''. . . within the privilege of the Senate''). *See also United States* v. *Hoffa*, 205 F. Supp. 710, 723 (S.D. Fla 1962), *cert. denied sub nom Hoffa* v. *Lieb*, 371 U.S. 892 (wiretap withheld by defendant by ''invocation of legislative privilege by the United States Senate'').

In the *Tavoulareas* case, in which I represented the House deponents, part of the theory of plaintiff's case against the *Post* was the reporter ''laundered'' the story through the committee ''as a means of lending legitimacy'' to the stories and information provided by other sources, *Tavoulareas* v. *Piro*, 93 F.R.D. at 18. In pursuance of validating this theory, the plaintiff sought to prove that the committee never formally authorized the investigation, but rather that the staff merely served as a conduit and engaged in no *bona fide* investigation activity. The court ruled that ''although plaintiffs have repeatedly suggested that the subject investigation was not actually aimed at uncovering information of valid legislative interest . . . it is clear that such assertions, even if true, do not pierce the legislative privilege.''

As a practical matter, therefore, a litigant suing or seeking to take testimony from a CRS employee based on dissemination of a report alleged to be libelous or actionable may be unable to obtain the collateral evidence needed to prove such a claim—a serious impediment to bringing such a case in the first place.

Even in the case of *Doe* v. *McMillan*, 412 U.S.C. 306 (1973) relied on by the CRS memorandum to support its narrow view of the Clause's protection, the Court of Appeals on remand stated: ''Restricting distribution of committee hearings and reports to Members of Congress and the federal agencies would be unthinkable.'' 566 F.2d 713, 718 (D.C. Cir. 1977). It would be similarly unthinkable to subject CRS to broad ranging discovery simply because its work product was made available on the Internet.

The CRS memorandum raises the specter that litigants might even seek ''the files of CRS analysts'' in actions challenging the privilege. It is beyond peradventure of doubt, however, that publication of even alleged defamatory or actionable congressional committee reports does not entitle a litigant to legislative flies used to created in preparing such a report. *United States* v. *Peoples Temple of the Disciples of Christ*, 515 F. Supp. 246, 248–49 (D.D.C. 1981) *In re: Guthrie, Clerk, U.S. House of Representatives*, 773 F.2d 634 (4th Cir. 1984), *Eastland* v. *United States Servicemen's Fund*, 421 U.S. at 499, n. 13. Given the foregoing caselaw, I fail to see a realistic threat that CFS employees will be subjected to any increased risk of liability, or discovery of their files. Of course, nothing can prevent litigants from filing frivolous or ill-founded suits, but their successful prosecution or ability to obtain evidence from legislative files seems remote and nothing in your bill would change that.

The CRS memoranda even goes so far as to suggest that claims of speech or debate immunity for CRS products might lead to *in camera* inspection of material, itself an incursion into legislative branch discretion. Yet in the very case cited to by CRS memo, *no court* ordered *in camera* inspection of House documents. *In Re: Guthrie, supra*, involved no *camera* inspection of legislation documents. These cases are typically litigated on the basis of the facial validity of the privilege and few, if any, courts of which I am aware have even gone so far as to order *in camera* inspection. *See United States* v. *Dowdy*, 479 F. 2d 213, 226 (4th Cir. 1973)(''Once it was determined, as here, that the legislative function. . .was *apparently* being performed, the proprietary and motivation for the action taken as well as the detail of the acts performed, are immune from judicial inquiry''). Under the Clause, courts simply do not routinely resort to *in camera* review to resolve privilege disputes. Given the now highly developed judicial analysis of the applicability of the Clause to modern legislative practices it rarely occurs. In one recent celebrated case cited to by the CRS, the Court upheld a claim of privilege for tobacco company documents obtained by Congress even though they were alleged to have been stolen, without ever seeking *in camera* review. *Brown & Williamson Tobacco Corp.* v. *Williams*, 62 F.3d 408, 417 (D.C. Cir. 1995) (''Once the documents were received by Congress for legislative use—at least so long as congressmen were not involved in the alleged theft—an absolute constitutional ban of privilege drops like a steel curtain to prevent B&W from seeking discovery'').

In an abundance of caution, and to address CRS' concerns, you might consider adding the following language to the bill: ''Nothing herein shall be deemed or considered to diminish, qualify, condition, waive or otherwide affect applicability of the Constitution's Speech or Debate Clause, or any other privilege available to Congress, its agencies or their employees, to any CRS product made available on the Internet under this bill.''

I appreciate the CRS sensitivity to subjecting its employees, or their work product, to searching discovery by litigants. Based on the very good caselaw protecting their performance of legislative duties and the strong institutional precedent in both the House and Senate in defending CRS against such intrusions, I do not believe your bill creates any greater exposure to such risks that already exists.

I hope my views are helpful in your deliberations on this issue.

Sincerely,

STANLEY M. BRAND.

Mr. COATS. Mr. President, I am pleased to join the distinguished Senator from Arizona in introducing legislation directing the Congressional Research Service to make available, online, CRS Reports, Issue Briefs, and more comprehensive CRS reports on federal authorizations and appropriations.

CRS is funded with over $64 million in taxpayer money every year and produces perhaps the most prolific and quality research available on policy and legislative issues. In making available information and materials that are used every day by Members and their staffs in developing policy initiatives and legislation, we will be opening a more informed relationship between the American people and the Congress that serves them.

Beyond the tremendous value of informing the American people on the issues before their Congress, this legislation will help to shine some light on the federal government, allowing the American people to see the documents which influence the decision-making process.

Mr. President, FDR once said that, ''The only bulwark of continuing liberty is a government strong enough to protect the interest of the people, and people strong enough and well enough informed to maintain its sovereign control over its government.'' At a time when public cynicism about government is at an all-time high, when government has encroached upon virtually every aspect of our daily lives, this statement is particularly poignant.

As I have stated, CRS information briefs play a critical role in assisting Members of Congress in policy development and the legislative process. By making these products readily available to the American people, who pay for them, we hold out the promise of demystifying a legislative process that has become so complex and arcane that many Americans have simply tuned out.

Mr. President, more than ever, information is power. It is my hope that the effect of this legislation will be to give a better informed public more power over their government.

My intention today is to keep my remarks short. As this legislation moves through the process, I will ask my colleagues to indulge me with more time to discuss the bill in detail. I would like to commend Senator MCCAIN for his leadership on this issue, and to ask my colleagues for their support in this effort to make the Congress more accessible to the people. I yield the floor.

By Mr. DEWINE (for himself, Mr. JEFFORDS, Mr. KENNEDY, Mr. WELLSTONE, Mr. HARKIN, Mr. FRIST, Ms. COLLINS, Mr. DODD, Mr. REED, Mr. CHAFEE, and Mr. BINGAMAN):

S. 1579. A bill to amend the Rehabilitation Act of 1973 to extend the authorizations of appropriations for such Act, and for other purposes; to the Committee on Labor and Human Resources.

THE REHABILITATION ACT AMENDMENTS OF 1998

Mr. DEWINE. Mr. President, on September 17, 1997, as a member of the Senate Labor and Human Resources Committee and as Chairman of the Subcommittee on Employment and Training, I introduced S. 1186, the Workforce Investment Partnership Act. This legislation represents a tremendous effort to reshape our country's job training system, eliminate its fragmented and ineffective programs, and prepare it for the new demands of the next century.

Today, in the same spirit, I introduce the reauthorized Rehabilitation Act and am very pleased to be joined by Senators JEFFORDS, KENNEDY, WELLSTONE, HARKIN, FRIST, COLLINS, REED, and CHAFEE.

The Rehabilitation Act is the country's only Federally funded job training program for individuals with disabilities. If we are to truly reshape the country's job training programs—and begin to create a seamless system—we must bring all the programs, including vocational rehabilitation, in line with each other. We must link their efforts to train and place individuals. And we must ensure cooperation and awareness among their personnel.

Reauthorizing the Rehabilitation Act of 1973 gives us the perfect opportunity to ensure that the vocational rehabilitation (VR) system does just that.

It links the VR system to the states' new job training systems under the Workforce Investment Partnership Act.

It streamlines the VR system, and eliminates unnecessary and wasteful requirements on state agencies.

It improves the provision of services that lead to more jobs and better jobs for individuals with disabilities.

And it reauthorizes the Rehabilitation Act for 7 years, to mirror the reauthorization schedule of the Workforce Investment Partnership Act.

Linking the VR system to states' new workforce systems should not be confused with compromising the integrity of the VR system. Under no circumstances, proposed either in this reauthorization or in S. 1186, will funding for VR be jeopardized or diluted. However, no one should underestimate the importance of cooperation and awareness between the two systems, and the strong statutory links that are necessary to ensure such cooperation.

Mr. President, let me elaborate on some of the links included in this reauthorization.

First, one member of a state's State Partnership, under S. 1186, would also be a member of a state's State Rehabilitation Council. State Rehabilitation Councils are responsible for advising state VR agencies and helping them develop the state plan for implementing rehabilitation services. Input from a State Partnership will help assure that the programs do not duplicate each other's efforts.

Second, a state's VR agency is required to develop cooperative agreements with other components of the state's workforce investment system. These agreements should include: Arrangements for interagency staff training; arrangements to share data electronically regarding labor market information and information on specific job vacancies; arrangements to use common intake procedures, forms, and referral procedures; agreements to share client databases; and arrangements for resolving interagency disputes.

Third, the Rehabilitation Services Agency Commissioner, who is required to submit a report to Congress and the President on the activities carried out under the Rehabilitation Act for a fiscal year, must now include in his report the same information required in the Workforce Investment Partnership Act.

Linking the reporting requirements helps assure that VR and the state workforce systems will be evaluated on the same results, including statistics on job placement, job retention six and twelve months after placement, and on how many did or did not complete their training.

Finally, the bill clearly states that its purpose is to ''assist states in operating statewide comprehensive, coordinated, effective, efficient, and accountable programs of vocational rehabilitation, each of which is an integral part of a statewide workforce investment system.''

After establishing significant links between state workforce systems and state vocational rehabilitation systems, my second objective in this bill is to streamline the existing VR system. For example:

First, the duplicative and wasteful requirements to develop state plans were removed. For example, the entire concept of a ''strategic plan'' requiring states to develop already existing or required goals and standards elsewhere is eliminated. In addition to saving time for state administrators, this means that states would no longer have to spend 1.5% of their Federal allotment on the ''strategic plan.'' In Ohio, this means a savings of close to 3 million dollars—savings the state of Ohio could now spend on providing services and getting people jobs.

Second, eligibility procedures also have been simplified. Under this reauthorization bill, an individual could demonstrate eligibility for VR services based on information attained from another program with either the same or higher eligibility criteria. Therefore, state agencies would not longer have to reinvent the wheel to determine eligibility for individuals who can already demonstrate it.

Mr. President, in addition to linkages and streamlining, we have vastly improved the VR system in several ways.

First, all individuals eligible for VR programming would now receive at least basic services. Current law allows states under an ''order of selection'' to ignore eligible individuals who have come for job assistance if they do not meet the state's definition of ''most severely disabled.'' Now, even those disabled individuals who would not otherwise be served must receive at least evaluative services, job placement information, and referral services. A state may opt to provide additional services to these individuals, but not everyone will have access to basic assistance and information.

Second, individuals' roles in developing their own ''Individualized Rehabilitation Employment Plans'' have been strengthened. Individuals with disabilities, who will always have the opportunity of working as a team with a VR counselor, will also have more choice as to what their plan will provide.

Third, the dispute resolution process between clients and state agencies has been vastly improved, ensuring real due process for all parties. No longer will a state VR administrator be allowed to review decisions in which the state agency is always a party. Under this reauthorization bill, it is a state's option to have an administrative review of an initial decision, but this review must be conducted by someone not affiliated with the state VR agency.

If a state does not have such a review, any appeals from an initial hearing proceed directly to civil court.

Furthermore, assuming both parties agree, mediation is now an option for either the state VR agency or the individual.

Finally, one of the most positive changes emphasizes the value of self-employment as a possibility for individuals with disabilities. Individuals with disabilities, together with their VR counselors, can develop plans in which their goal is to be self-employed. It is a step that gives VR clients more choice in how they will live their lives and become more independent members of their communities.

Before I conclude, Mr. President, I would like to point out the broad bipartisan support for this bill and its link to the Workforce Investment Partnership Act enjoys. Members from both sides of the aisle, the Department of

Education, and many interest groups worked together in a very open negotiation to produce this legislation—one that will truly improve the lives of millions of people.

I thank the Chairman of the Labor Committee, Senator JEFFORDS; the Ranking Member of the Committee, Senator KENNEDY; the Ranking Member of the Employment and Training Subcommittee, Senator WELLSTONE, and my colleague from Iowa, Senator HARKIN for all the work they and their staffs put into this process. I also would like to thank my colleague from Tennessee, Senator FRIST and his staff for his contribution not only in the 105th Congress, but also for his contributions to developing links to our previous workforce bill in the 104th Congress.

Mr. President, I am hopeful the Senate will approve this legislation soon. Passage of this bill will create a system that will improve the lives of individuals with disabilities and provide opportunities for more jobs. This bill would streamline the VR system, making it more efficient and effective, and couple the vocational rehabilitation system's job training efforts with states' workforce systems' efforts to develop a seamless system of job training.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1579

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Rehabilitation Act Amendments of 1998''.

SEC. 2. TITLE.

The title of the Rehabilitation Act of 1973 is amended by striking ''to establish special responsibilities'' and all that follows and inserting the following: ''to create linkage between State vocational rehabilitation programs and workforce investment activities carried out under the Workforce Investment Partnership Act of 1998, to establish special responsibilities for the Secretary of Education for coordination of all activities with respect to individuals with disabilities within and across programs administered by the Federal Government, and for other purposes.''.

SEC. 3. GENERAL PROVISIONS.

The Rehabilitation Act of 1973 is amended by striking the matter preceding title I and inserting the following:

''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 activities carried out under the Workforce Investment Partnership Act of 1998 that provide meaningful and effective participation for individuals with disabilities in workforce investment activities and activities carried out under the vocational rehabilitation program established under title I, and through the provision of independent living services, support services, and meaningful opportunities for employment in integrated work settings through the provision of reasonable accommodations;

''(5) individuals with disabilities continually encounter various forms of discrimination in such critical areas as employment, housing, public accommodations, education, transportation, communication, recreation, institutionalization, health services, voting, and public services; and

''(6) the goals of the Nation properly include the goal of providing individuals with disabilities with the tools necessary to—

''(A) make informed choices and decisions; and

''(B) achieve equality of opportunity, full inclusion and integration in society, employment, independent living, and economic and social self-sufficiency, for such individuals.

''(b) PURPOSE.—The purposes of this Act are—

''(1) to empower individuals with disabilities to maximize employment, economic self-sufficiency, independence, and inclusion and integration into society, through—

''(A) statewide activities carried out in accordance with the Workforce Investment Partnership Act of 1998 that include, as integral components, comprehensive and coordinated state-of-the-art programs of vocational rehabilitation;

''(B) independent living centers and services;

''(C) research;

''(D) training;

''(E) demonstration projects; and

''(F) the guarantee of equal opportunity; and

''(2) to ensure that the Federal Government plays a leadership role in promoting the employment of individuals with disabilities, especially individuals with significant disabilities, and in assisting States and providers of services in fulfilling the aspirations of such individuals with disabilities for meaningful and gainful employment and independent living.

''(c) POLICY.—It is the policy of the United States that all programs, projects, and activities receiving assistance under this Act shall be carried out in a manner consistent with the principles of—

''(1) respect for individual dignity, personal responsibility, self-determination, and pursuit of meaningful careers, based on informed choice, of individuals with disabilities;

''(2) respect for the privacy, rights, and equal access (including the use of accessible formats), of the individuals;

''(3) inclusion, integration, and full participation of the individuals;

''(4) support for the involvement of an individual's representative if an individual with a disability requests, desires, or needs such support; and

''(5) support for individual and systemic advocacy and community involvement.

''REHABILITATION SERVICES ADMINISTRATION

''SEC. 3. (a) There is established in the Office of the Secretary a Rehabilitation Services Administration which shall be headed by a Commissioner (hereinafter in this Act referred to as the 'Commissioner') appointed by the President by and with the advice and consent of the Senate. Except for titles IV and V and part A of title VI and as otherwise specifically provided in this Act, such Administration shall be the principal agency, and the Commissioner shall be the principal officer, of such Department for carrying out this Act. The Commissioner shall be an individual with substantial experience in rehabilitation and in rehabilitation program management. In the performance of the functions of the office, the Commissioner shall be directly responsible to the Secretary or to the Under Secretary or an appropriate Assistant Secretary of such Department, as designated by the Secretary. The functions of the Commissioner shall not be delegated to any officer not directly responsible, both with respect to program operation and administration, to the Commissioner. Any reference in this Act to duties to be carried out by the Commissioner shall be considered to be a reference to duties to be carried out by the Secretary acting through the Commissioner. In carrying out any of the functions of the office under this Act, the Commissioner shall be guided by general policies of the National Council on Disability established under title IV of this Act.

''(b) The Secretary shall take whatever action is necessary to insure that funds appropriated pursuant to this Act, as well as unexpended appropriations for carrying out the Vocational Rehabilitation Act (29 U.S.C. 31–42), are expended only for the programs, personnel, and administration of programs carried out under this Act.

''(c) The Secretary shall take such action as necessary to ensure that—

''(1) the staffing of the Rehabilitation Services Administration shall be in sufficient numbers to meet program needs and at levels which will attract and maintain the most qualified personnel; and

''(2) such staff includes individuals who have training and experience in the provision of rehabilitation services and that staff competencies meet professional standards.

''ADVANCE FUNDING

''SEC. 4. (a) For the purpose of affording adequate notice of funding available under this Act, appropriations under this Act are authorized to be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

''(b) In order to effect a transition to the advance funding method of timing appropriation action, the authority provided by subsection (a) of this section shall apply notwithstanding that its initial application will result in the enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

''JOINT FUNDING

''SEC. 5. Pursuant to regulations prescribed by the President, and to the extent consistent with the other provisions of this Act, where funds are provided for a single project by more than one Federal agency to an agency or organization assisted under this Act, the Federal agency principally involved may be designated to act for all in administering the funds provided, and, in such cases, a single non-Federal share requirement may be established according to the proportion of funds advanced by each agency. When the principal agency involved is the Rehabilitation Services Administration, it may waive any grant or contract requirement (as defined by such regulations) under or pursuant to any law other than this Act, which requirement is inconsistent with the similar requirements of the administering agency under or pursuant to this Act.

''SEC. 7. DEFINITIONS.

''For the purposes of this Act:

''(1) ADMINISTRATIVE COSTS.—The term 'administrative costs' means expenditures incurred by the designated State unit in the performance of administrative functions under the vocational rehabilitation program carried out under title I, including expenses related to program planning, development, monitoring, and evaluation, including—

''(A) expenses for—

''(i) quality assurance;

''(ii) budgeting, accounting, financial management, information systems, and related data processing;

''(iii) provision of information about the program to the public;

''(iv) technical assistance and related support services to other State agencies, private nonprofit organizations, and businesses and industries, except for technical assistance and support services described in section 103(b)(5);

''(v) the State Rehabilitation Council and other entities that advise the designated State unit with regard to the provision of vocational rehabilitation services;

''(vi) removal of architectural barriers in State vocational rehabilitation agency offices and State operated rehabilitation facilities;

''(vii) operation and maintenance of designated State unit facilities, equipment, and grounds;

''(viii) supplies; and

''(ix)(I) administration of the comprehensive system of personnel development described in section 101(a)(7), including personnel administration, and administration of affirmative action plans;

''(II) training and staff development; and

''(III) administrative salaries, including clerical and other support staff salaries, in support of the administrative functions;

''(B) travel costs related to carrying out the program, other than travel costs related to the provision of services;

''(C) costs incurred in conducting reviews of rehabilitation counselor or coordinator determinations; and

''(D) legal expenses required in the administration of the program.

''(2) ASSESSMENT FOR DETERMINING ELIGIBILITY AND VOCATIONAL REHABILITATION NEEDS.—The term 'assessment for determining eligibility and vocational rehabilitation needs' means, as appropriate in each case—

''(A)(i) a review of existing data—

''(I) to determine whether an individual is eligible for vocational rehabilitation services; and

''(II) to assign priority for an order of selection described in section 101(a)(5)(A) in the States that use an order of selection pursuant to section 101(a)(5)(A); and

''(ii) to the extent necessary, the provision of appropriate assessment activities to obtain necessary additional data to make such determination and assignment;

''(B) to the extent additional data is necessary to make a determination of the employment outcomes, and the objectives, nature, and scope of vocational rehabilitation

services, to be included in the individualized rehabilitation employment plan of an eligible individual,, a comprehensive assessment to determine the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, including the need for supported employment, of the eligible individual, which comprehensive assessment—

''(i) is limited to information that is necessary to identify the rehabilitation needs of the individual and to develop the individualized rehabilitation employment plan of the eligible individual;

''(ii) uses, as a primary source of such information, to the maximum extent possible and appropriate and in accordance with confidentiality requirements—

''(I) existing information obtained for the purposes of determining the eligibility of the individual and assigning priority for an order of selection described in section 101(a)(5)(A) for the individual; and

''(II) such information as can be provided by the individual and, where appropriate, by the family of the individual;

''(iii) may include, to the degree needed to make such a determination, an assessment of the personality, interests, interpersonal skills, intelligence and related functional capacities, educational achievements, work experience, vocational aptitudes, personal and social adjustments, and employment opportunities of the individual, and the medical, psychiatric, psychological, and other pertinent vocational, educational, cultural, social, recreational, and environmental factors, that affect the employment and rehabilitation needs of the individual; and

''(iv) may include, to the degree needed, an appraisal of the patterns of work behavior of the individual and services needed for the individual to acquire occupational skills, and to develop work attitudes, work habits, work tolerance, and social and behavior patterns necessary for successful job performance, including the utilization of work in real job situations to assess and develop the capacities of the individual to perform adequately in a work environment;

''(C) referral, for the provision of rehabilitation technology services to the individual, to assess and develop the capacities of the individual to perform in a work environment; and

''(D) an exploration of the individual's abilities, capabilities, and capacity to perform in work situations, through the use of trial work experiences, including experiences in which the individual is provided appropriate supports and training.

''(3) ASSISTIVE TECHNOLOGY DEVICE.—The term 'assistive technology device' has the meaning given such term in section 3(2) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2202(2)), except that the reference in such section to the term 'individuals with disabilities' shall be deemed to mean more than one individual with a disability as defined in paragraph (20)(A).

''(4) ASSISTIVE TECHNOLOGY SERVICE.—The term 'assistive technology service' has the meaning given such term in section 3(3) of the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2202(3)), except that the reference in such section—

''(A) to the term 'individual with a disability' shall be deemed to mean an individual with a disability, as defined in paragraph (20)(A); and

''(B) to the term 'individuals with disabilities' shall be deemed to mean more than one such individual.

''(5) COMMUNITY REHABILITATION PROGRAM.—The term 'community rehabilitation program' means a program that provides directly or facilitates the provision of vocational rehabilitation services to individuals with disabilities, and that provides, singly or in combination, for an individual with a disability to enable the individual to maximize opportunities for employment, including career advancement—

''(A) medical, psychiatric, psychological, social, and vocational services that are provided under one management;

''(B) testing, fitting, or training in the use of prosthetic and orthotic devices;

''(C) recreational therapy;

''(D) physical and occupational therapy;

''(E) speech, language, and hearing therapy;

''(F) psychiatric, psychological, and social services, including positive behavior management;

''(G) assessment for determining eligibility and vocational rehabilitation needs;

''(H) rehabilitation technology;

''(I) job development, placement, and retention services;

''(J) evaluation or control of specific disabilities;

''(K) orientation and mobility services for individuals who are blind;

''(L) extended employment;

''(M) psychosocial rehabilitation services;

''(N) supported employment services and extended services;

''(O) services to family members when necessary to the vocational rehabilitation of the individual;

''(P) personal assistance services; or

''(Q) services similar to the services described in one of subparagraphs (A) through (P).

''(6) CRIMINAL ACT.—The term 'criminal act' means any crime, including an act, omission, or possession under the laws of the United States or a State or unit of general local government, which poses a substantial threat of personal injury, notwithstanding that by reason of age, insanity, or intoxication or otherwise the person engaging in the act, omission, or possession was legally incapable of committing a crime.

''(7) DESIGNATED STATE AGENCY.—The term 'designated State agency' means an agency designated under section 101(a)(2)(A).

''(8) DESIGNATED STATE UNIT.—The term 'designated State unit' means—

''(A) any State agency unit required under section 101(a)(2)(B)(ii); or

''(B) in cases in which no such unit is so required, the State agency described in section 101(a)(2)(B)(i).

''(9) DISABILITY.—The term 'disability' means—

''(A) except as otherwise provided in subparagraph (B), a physical or mental 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 or business ownership),

in a manner consistent with this Act.

''(12) ESTABLISHMENT OF A COMMUNITY REHABILITATION PROGRAM.—The term 'establishment of a community rehabilitation program' includes the acquisition, expansion, remodeling, or alteration of existing buildings necessary to adapt them to community rehabilitation program purposes or to increase their effectiveness for such purposes (subject, however, to such limitations as the Secretary may determine, in accordance with regulations the Secretary shall prescribe, in order to prevent impairment of the objectives of, or duplication of, other Federal laws providing Federal assistance in the construction of facilities for community rehabilitation programs), and may include such additional equipment and staffing as the Commissioner considers appropriate.

''(13) EXTENDED SERVICES.—The term 'extended services' means ongoing support services and other appropriate services, needed to support and maintain an individual with a most significant disability in supported employment, that—

''(A) are provided singly or in combination and are organized and made available in such a way as to assist an eligible individual in maintaining supported employment;

''(B) are based on a determination of the needs of an eligible individual, as specified in an individualized rehabilitation employment plan; and

''(C) are provided by a State agency, a nonprofit private organization, employer, or any other appropriate resource, after an individual has made the transition from support provided by the designated State unit.

''(14) FEDERAL SHARE.—

''(A) IN GENERAL.—Subject to subparagraph (B), the term 'Federal share' means 78.7 percent.

''(B) RELATIONSHIP TO EXPENDITURES BY A POLITICAL SUBDIVISION.—For the purpose of determining the non-Federal share with respect to a State, expenditures by a political subdivision thereof or by a local agency shall be regarded as expenditures by such State, subject to such limitations and conditions as the Secretary shall by regulation prescribe.

''(15) IMPARTIAL HEARING OFFICER.—

''(A) IN GENERAL.—The term 'impartial hearing officer' means an individual—

''(i) who is not an employee of a public agency (other than an administrative law judge, hearing examiner, or employee of an institution of higher education);

''(ii) who is not a member of the State Rehabilitation Council described in section 105;

''(iii) who has not been involved previously in the vocational rehabilitation of the applicant or client;

''(iv) who has knowledge of the delivery of vocational rehabilitation services, the State plan under section 101, and the Federal and State rules governing the provision of such services and training with respect to the performance of official duties; and

''(v) who has no personal or financial interest that would be in conflict with the objectivity of the individual.

''(B) CONSTRUCTION.—An individual shall not be considered to be an employee of a public agency for purposes of subparagraph (A)(i) solely because the individual is paid by the agency to serve as a hearing officer.

''(16) 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.

''(17) INDEPENDENT LIVING SERVICES.—The term 'independent living services' includes—

''(A) independent living core services; and

''(B)(i) counseling services, including psychological, psychotherapeutic, and related services;

''(ii) services related to securing housing or shelter, including services related to community group living, and supportive of the purposes of this Act and of the titles of this Act, and adaptive housing services (including appropriate accommodations to and modifications of any space used to serve, or occupied by, individuals with disabilities);

''(iii) rehabilitation technology;

''(iv) mobility training;

''(v) services and training for individuals with cognitive and sensory disabilities, including life skills training, and interpreter and reader services;

''(vi) personal assistance services, including attendant care and the training of personnel providing such services;

''(vii) surveys, directories, and other activities to identify appropriate housing, recreation opportunities, and accessible transportation, and other support services;

''(viii) consumer information programs on rehabilitation and independent living services available under this Act, especially for minorities and other individuals with disabilities who have traditionally been unserved or underserved by programs under this Act;

''(ix) education and training necessary for living in a community and participating in community activities;

''(x) supported living;

''(xi) transportation, including referral and assistance for such transportation and training in the use of public transportation vehicles and systems;

''(xii) physical rehabilitation;

''(xiii) therapeutic treatment;

''(xiv) provision of needed prostheses and other appliances and devices;

''(xv) individual and group social and recreational services;

''(xvi) training to develop skills specifically designed for youths who are individuals with disabilities to promote self-awareness and esteem, develop advocacy and self-empowerment skills, and explore career options;

''(xvii) services for children;

''(xviii) services under other Federal, State, or local programs designed to provide resources, training, counseling, or other assistance, of substantial benefit in enhancing the independence, productivity, and quality of life of individuals with disabilities;

''(xix) appropriate preventive services to decrease the need of individuals assisted under this Act for similar services in the future;

''(xx) community awareness programs to enhance the understanding and integration into society of individuals with disabilities; and

''(xxi) such other services as may be necessary and not inconsistent with the provisions of this Act.

''(18) INDIAN; AMERICAN INDIAN; INDIAN AMERICAN.—The terms 'Indian', 'American Indian', and 'Indian American' mean an individual who is a member of an Indian tribe.

''(19) 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 with a disability' does not include an individual who is currently engaging in the illegal use of drugs, when a covered entity acts on the basis of such use.

''(ii) EXCEPTION FOR INDIVIDUALS NO LONGER ENGAGING IN DRUG USE.—Nothing in clause (i) shall be construed to exclude as an individual with a disability an individual who—

''(I) has successfully completed a supervised drug rehabilitation program and is no longer engaging in the illegal use of drugs, or has otherwise been rehabilitated successfully and is no longer engaging in such use;

''(II) is participating in a supervised rehabilitation program and is no longer engaging in such use; or

''(III) is erroneously regarded as engaging in such use, but is not engaging in such use;

except that it shall not be a violation of this Act for a covered entity to adopt or administer reasonable policies or procedures, including but not limited to drug testing, designed to ensure that an individual described in subclause (I) or (II) is no longer engaging in the illegal use of drugs.

''(iii) EXCLUSION FOR CERTAIN SERVICES.—Notwithstanding clause (i), for purposes of programs and activities providing health services and services provided under titles I, II and III, an individual shall not be excluded from the benefits of such programs or activities on the basis of his or her current illegal use of drugs if he or she is otherwise entitled to such services.

''(iv) DISCIPLINARY ACTION.—For purposes of programs and activities providing educational services, local educational agencies may take disciplinary action pertaining to the use or possession of illegal drugs or alcohol against any student who is an individual with a disability and who currently is engaging in the illegal use of drugs or in the use of alcohol to the same extent that such disciplinary action is taken against students who are not individuals with disabilities. Furthermore, the due process procedures at section 104.36 of title 34, Code of Federal Regulations (or any corresponding similar regulation or ruling) shall not apply to such disciplinary actions.

''(v) EMPLOYMENT; EXCLUSION OF ALCOHOLICS.—For purposes of sections 503 and 504 as such sections relate to employment, the term 'individual with a disability' does not include any individual who is an alcoholic whose current use of alcohol prevents such individual from performing the duties of the job in question or whose employment, by reason of such current 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' does not include an individual on the basis of—

''(i) transvestism, transsexualism, pedophilia, exhibitionism, voyeurism, gender identity disorders not resulting from physical impairments, or other sexual behavior disorders;

''(ii) compulsive gambling, kleptomania, or pyromania; or

''(iii) psychoactive substance use disorders resulting from current illegal use of drugs.

''(G) INDIVIDUALS WITH DISABILITIES.—The term 'individuals with disabilities' means more than one individual with a disability.

''(21) INDIVIDUAL WITH A SIGNIFICANT DISABILITY.—

''(A) IN GENERAL.—Except as provided in subparagraph (B) or (C), the term 'individual with a significant disability' means an individual with a disability—

''(i) who has a severe physical or mental impairment which seriously limits one or more functional capacities (such as mobility, communication, self-care, self-direction, interpersonal skills, work tolerance, or work skills) in terms of an employment outcome;

''(ii) whose vocational rehabilitation can be expected to require multiple vocational rehabilitation services over an extended period of time; and

''(iii) who has one or more physical or mental disabilities resulting from amputation, arthritis, autism, blindness, burn injury, cancer, cerebral palsy, cystic fibrosis, deafness, head injury, heart disease, hemiplegia, hemophilia, respiratory or pulmonary dysfunction, mental retardation, mental illness, multiple sclerosis, muscular dystrophy, musculo-skeletal disorders, neurological disorders (including stroke and epilepsy), paraplegia, quadriplegia, and other spinal cord conditions, sickle cell anemia, specific learning disability, end-stage renal disease, or another disability or 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 towards functioning independently in the family or community or to continue in employment, respectively.

''(C) RESEARCH AND TRAINING.—For purposes of title II, the term 'individual with a significant disability' includes an individual described in subparagraph (A) or (B).

''(D) INDIVIDUALS WITH SIGNIFICANT DISABILITIES.—The term 'individuals with significant disabilities' means more than one individual with a significant disability.

''(E) INDIVIDUAL WITH A MOST SIGNIFICANT DISABILITY.—

''(i) IN GENERAL.—The term 'individual with a most significant disability', used with respect to an individual in a State, means an individual with a significant disability who meets criteria established by the State under section 101(a)(5)(C).

''(ii) INDIVIDUALS WITH THE MOST SIGNIFICANT DISABILITIES.—The term 'individuals with the most significant disabilities' means more than one individual with a most significant disability.

''(22) INDIVIDUAL'S REPRESENTATIVE; APPLICANT'S REPRESENTATIVE.—

''(A) INDIVIDUAL'S REPRESENTATIVE.—The term 'individual's representative' used with respect to an eligible individual or other individual with a disability, means—

''(i) any representative chosen by the eligible individual or other individual with a disability, including a parent, guardian, other family member, or advocate; or

''(ii) if a representative or legal guardian has been appointed by a court to represent the eligible individual or other individual with a disability, the court-appointed representative or legal guardian.

''(B) APPLICANT'S REPRESENTATIVE.—The term 'applicant's representative' means—

''(i) any representative described in subparagraph (A)(i) chosen by the applicant; or

''(ii) if a representative or legal guardian has been appointed by a court to represent the applicant, the court-appointed representative or legal guardian.

''(23) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

''(24) LOCAL AGENCY.—The term 'local agency' means an agency of a unit of general local government or of an Indian tribe (or combination of such units or tribes) which has an agreement with the designated State agency to conduct a vocational 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 PARTNERSHIP.—The term 'local workforce investment partnership' means a local workforce investment partnership established under section 308 of the Workforce Investment Partnership Act of 1998.

''(26) NONPROFIT.—The term 'nonprofit', when used with respect to a community rehabilitation program, means a community rehabilitation program carried out by a corporation or association, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual and the income of which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986.

''(27) ONGOING SUPPORT SERVICES.—The term 'ongoing support services' means services—

''(A) provided to individuals with the most significant disabilities;

''(B) provided, at a minimum, twice monthly—

''(i) to make an assessment, regarding the employment situation, at the worksite of each such individual in supported employment, or, under special circumstances, especially at the request of the client, off site; and

''(ii) based on the assessment, to provide for the coordination or provision of specific intensive services, at or away from the worksite, that are needed to maintain employment stability; and

''(C) consisting of—

''(i) a particularized assessment supplementary to the comprehensive assessment described in paragraph (2)(B);

''(ii) the provision of skilled job trainers who accompany the individual for intensive job skill training at the work site;

''(iii) job development, job retention, and placement services;

''(iv) social skills training;

''(v) regular observation or supervision of the individual;

''(vi) followup services such as regular contact with the employers, the individuals, the individuals' representatives, and other appropriate individuals, in order to reinforce and stabilize the job placement;

''(vii) facilitation of natural supports at the worksite;

''(viii) any other service identified in section 103; or

''(ix) a service similar to another service described in this subparagraph.

''(28) PERSONAL ASSISTANCE SERVICES.—The term 'personal assistance services' means a range of services, provided by one or more persons, designed to assist an individual with a disability to perform daily living activities on or off the job that the individual would typically perform if the individual did not have a disability. Such services shall be designed to increase the individual's control in life and ability to perform everyday activities on or off the job.

''(29) PUBLIC OR NONPROFIT.—The term 'public or nonprofit', used with respect to an agency or organization, includes an Indian tribe.

''(30) REHABILITATION TECHNOLOGY.—The term 'rehabilitation technology' means the systematic application of technologies, engineering methodologies, or scientific principles to meet the needs of and address the barriers confronted by individuals with disabilities in areas which include education, rehabilitation, employment, transportation, independent living, and recreation. The term includes rehabilitation engineering, assistive technology devices, and assistive technology services.

''(31) REQUIRES VOCATIONAL REHABILITATION SERVICES.—The term 'requires vocational rehabilitation services', used with respect to an individual with a disability as defined in paragraph (20)(A), means that the individual is unable to prepare for, secure, retain, or regain employment consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual without vocational rehabilitation services, because the individual—

''(A) has never been employed;

''(B) has lost employment;

''(C) is underemployed;

''(D) is at immediate risk of losing employment; or

''(E) receives benefits on the basis of disability or blindness pursuant to title II or XVI of the Social Security Act (42 U.S.C. 401 et seq. or 1381 et seq.), in a case in which the individual intends to achieve an employment outcome consistent with the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual.

''(32) SECRETARY.—The term 'Secretary', except when the context otherwise requires, means the Secretary of Education.

''(33) STATE.—The term 'State' includes, in addition to each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

''(34) STATEWIDE WORKFORCE INVESTMENT PARTNERSHIP.—The term 'statewide workforce investment partnership' means a partnership established under section 303 of the Workforce Investment Partnership Act of 1998.

''(35) STATEWIDE WORKFORCE INVESTMENT SYSTEM.—The term 'statewide workforce investment system' means a system described in section 301 of the Workforce Investment Partnership Act of 1998.

''(36) SUPPORTED EMPLOYMENT.—

''(A) IN GENERAL.—The term 'supported employment' means competitive work in integrated work settings, or employment in integrated work settings in which individuals are working toward competitive work, consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individuals, for individuals with the most significant disabilities—

''(i)(I) for whom competitive employment has not traditionally occurred; or

''(II) for whom competitive employment has been interrupted or intermittent as a result of a significant disability; and

''(ii) who, because of the nature and severity of their disability, need intensive supported employment services for the period, and any extension, described in paragraph (37)(C) and extended services after the transition described in paragraph (13)(C) in order to perform such work.

''(B) CERTAIN TRANSITIONAL EMPLOYMENT.—Such term includes transitional employment for persons who are individuals with the most significant disabilities due to mental illness.

''(37) SUPPORTED EMPLOYMENT SERVICES.—The term 'supported employment services' means ongoing support services and other appropriate services needed to support and maintain an individual with a most significant disability in supported employment, that—

''(A) are provided singly or in combination and are organized and made available in such a way as to assist an eligible individual to achieve competitive employment;

''(B) are based on a determination of the needs of an eligible individual, as specified in an individualized rehabilitation employment plan; and

''(C) are provided by the designated State unit for a period of time not to extend beyond 18 months, unless under special circumstances the eligible individual and the rehabilitation counselor or coordinator jointly agree to extend the time in order to achieve the rehabilitation objectives identified in the individualized rehabilitation employment plan.

''(38) TRANSITION SERVICES.—The term 'transition services' means a coordinated set of activities for a student, designed within an outcome-oriented process, that promotes

movement from school to post school activities, including postsecondary education, vocational training, integrated employment (including supported employment), continuing and adult education, adult services, independent living, or community participation. The coordinated set of activities shall be based upon the individual student's needs, taking into account the student's preferences and interests, and shall include instruction, community experiences, the development of employment and other post school adult living objectives, and, when appropriate, acquisition of daily living skills and functional vocational evaluation.

''(39) UNDEREMPLOYED.—The term 'underemployed', used with respect to an individual with a disability, as defined in paragraph (20)(A), means a situation in which the individual is employed in a job that is not consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual.

''(40) VOCATIONAL REHABILITATION SERVICES.—The term 'vocational rehabilitation services' means those services identified in section 103 which are provided to individuals with disabilities under this Act.

''(41) WORKFORCE INVESTMENT ACTIVITIES.—The term 'workforce investment activities' has the meaning given the term in section 2 of the Workforce Investment Partnership Act of 1998 carried out under that Act.

''ALLOTMENT PERCENTAGE

''SEC. 8. (a)(1) For purposes of section 110, the allotment percentage for any State shall be 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the United States, except that—

''(A) the allotment percentage shall in no case be more than 75 per centum or less than 33⅓ per centum; and

''(B) the allotment percentage for the District of Columbia, Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands shall be 75 per centum.

''(2) The allotment percentages shall be promulgated by the Secretary between October 1 and December 31 of each even-numbered year, on the basis of the average of the per capita incomes of the States and of the United States for the three most recent consecutive years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning on the October 1 next succeeding such promulgation.

''(3) The term 'United States' means (but only for purposes of this subsection) the fifty States and the District of Columbia.

''(b) The population of the several States and of the United States shall be determined on the basis of the most recent data available, to be furnished by the Department of Commerce by October 1 of the year preceding the fiscal year for which funds are appropriated pursuant to statutory authorizations.

''NONDUPLICATION

''SEC. 10. In determining the amount of any State's Federal share of expenditures for planning, administration, and services incurred by it under a State plan approved in accordance with section 101, there shall be disregarded (1) any portion of such expenditures which are financed by Federal funds provided under any other provision of law, and (2) the amount of any non-Federal funds required to be expended as a condition of receipt of such Federal funds. No payment may be made from funds provided under one provision of this Act relating to any cost with respect to which any payment is made under any other 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. 11. The provisions of the Act of December 5, 1974 (Public Law 93–510) and of title V of the Act of October 15, 1977 (Public Law 95–134) shall not apply to the administration of the provisions of this Act or to the administration of any program or activity under this Act.

''ADMINISTRATION OF THE ACT

''SEC. 12. (a) In carrying out the purposes of this Act, the Commissioner may—

''(1) provide consultative services and technical assistance to public or nonprofit private agencies and organizations, including assistance to enable such agencies and organizations to facilitate meaningful and effective participation by individuals with disabilities in workforce investment activities;

''(2) provide short-term training and technical instruction, including training for the personnel of community rehabilitation programs, centers for independent living, and other providers of services (including job coaches);

''(3) conduct special projects and demonstrations;

''(4) collect, prepare, publish, and disseminate special educational or informational materials, 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. 13. (a) Not later than one hundred and eighty days after the close of each fiscal year, the Commissioner shall prepare and submit to the President and to the Congress a full and complete report on the activities carried out under this Act, including the activities and staffing of the information clearinghouse under section 15.

''(b) The Commissioner shall collect information to determine whether the purposes of this Act are being met and to assess the performance of programs carried out under this Act. The Commissioner shall take whatever action is necessary to assure that the identity of each individual for which information is supplied under this section is kept confidential, except as otherwise required by law (including regulation).

''(c) In preparing the report, the Commissioner shall annually collect and include in the report information based on the information submitted by States in accordance with section 101(a)(10). The Commissioner shall, to the maximum extent appropriate, include in the report all information that is required to be submitted in the reports described in section 321(d) of the Workforce Investment Partnership Act of 1998 and that pertains to the employment of individuals with disabilities.

''EVALUATION

''SEC. 14. (a) For the purpose of improving program management and effectiveness, the Secretary, in consultation with the Commissioner, shall evaluate all the programs authorized by this Act, their general effectiveness in relation to their cost, their impact on related programs, and their structure and mechanisms for delivery of services, using appropriate methodology and evaluative research designs. The Secretary shall establish and use standards for the evaluations required by this subsection. Such an evaluation shall be conducted by a person not immediately involved in the administration of the program evaluated.

''(b) In carrying out evaluations under this section, the Secretary shall obtain the opinions of program and project participants about the strengths and weaknesses of the programs and projects.

''(c) The Secretary shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with Federal funds under this Act shall become the property of the United States.

''(d) Such information as the Secretary may determine to be necessary for purposes of the evaluations conducted under this section shall be made available upon request of the Secretary, by the departments and agencies of the executive branch.

''(e)(1) To assess the linkages between vocational rehabilitation services and economic and noneconomic outcomes, the Secretary shall continue to conduct a longitudinal study of a national sample of applicants for the services.

''(2) The study shall address factors related to attrition and completion of the program through which the services are provided and factors within and outside the program affecting results. Appropriate comparisons shall be used to contrast the experiences of similar persons who do not obtain the services.

''(3) The study shall be planned to cover the period beginning on the application of individuals with disabilities for the services, through the eligibility determination and provision of services for the individuals, and a further period of not less than 2 years after the termination of services.

''(f)(1) The Commissioner shall identify and disseminate information on exemplary practices concerning vocational rehabilitation.

''(2) To facilitate compliance with paragraph (1), the Commissioner shall conduct studies and analyses that identify exemplary practices concerning vocational rehabilitation, including studies in areas relating to providing informed choice in the rehabilitation process, promoting consumer satisfaction, promoting job placement and retention,

providing supported employment, providing services to particular disability populations, financing personal assistance services, providing assistive technology devices and assistive technology services, entering into cooperative agreements, establishing standards and certification for community rehabilitation programs, converting from non-integrated to integrated employment, and providing caseload management.

''(g) There are authorized to be appropriated to carry out this section such sums as may be necessary.

''INFORMATION CLEARINGHOUSE

''SEC. 15. (a) The Secretary shall establish a central clearinghouse for information and resource availability for individuals with disabilities which shall provide information and data regarding—

''(1) the location, provision, and availability of services and programs for individuals with disabilities, including such information and data provided by statewide partnerships established under section 303 of the Workforce Investment Partnership Act of 1998 regarding such services and programs authorized under such Act;

''(2) research and recent medical and scientific developments bearing on disabilities (and their prevention, amelioration, causes, and cures); and

''(3) the current numbers of individuals with disabilities and their needs.

The clearinghouse shall also provide any other relevant information and data which the Secretary considers appropriate.

''(b) The Commissioner may assist the Secretary to develop within the Department of Education a coordinated system of information and data retrieval, which will have the capacity and responsibility to provide information regarding the information and data referred to in subsection (a) of this section to the Congress, public and private agencies and organizations, individuals with disabilities and their families, professionals in fields serving such individuals, and the general public.

''(c) The office established to carry out the provisions of this section shall be known as the 'Office of Information and Resources for Individuals with Disabilities'.

''(d) There are authorized to be appropriated to carry out this section such sums as may be necessary.

''TRANSFER OF FUNDS

''SEC. 16. (a) Except as provided in subsection (b) of this section, no funds appropriated under this Act for any research program or activity may be used for any purpose other than that for which the funds were specifically authorized.

''(b) No more than 1 percent of funds appropriated for discretionary grants, contracts, or cooperative agreements authorized by this Act may be used for the purpose of providing non-Federal panels of experts to review applications for such grants, contracts, or cooperative agreements.

''STATE ADMINISTRATION

''SEC. 17. The application of any State rule or policy relating to the administration or operation of programs funded by this Act (including any rule or policy based on State interpretation of any Federal law, regulation, or guideline) shall be identified as a State imposed requirement.

''REVIEW OF APPLICATIONS

''SEC. 18. Applications for grants in excess of $100,000 in the aggregate authorized to be funded under this Act, other than grants primarily for the purpose of conducting dissemination or conferences, shall be reviewed by panels of experts which shall include a majority of non-Federal members. Non-Federal members may be provided travel, per diem, and consultant fees not to exceed the daily equivalent of the rate of pay for level 4 of the Senior Executive Service Schedule under section 5382 of title 5, United States Code.

''SEC. 19. CARRYOVER.

''(a) IN GENERAL.—Except as provided in subsection (b), and notwithstanding any other provision of law—

''(1) any funds appropriated for a fiscal year to carry out any grant program under part B of title I, section 509 (except as provided in section 509(b)), part C of title VI, part B or C of chapter 1 of title VII, or chapter 2 of title VII (except as provided in section 752(b)), including any funds reallotted under any such grant program, that are not obligated and expended by recipients prior to the beginning of the succeeding fiscal year; or

''(2) any amounts of program income, including reimbursement payments under the Social Security Act (42 U.S.C. 301 et seq.), received by recipients under any grant program specified in paragraph (1) that are not obligated and expended by recipients prior to the beginning of the fiscal year succeeding the fiscal year in which such amounts were received,

shall remain available for obligation and expenditure by such recipients during such succeeding fiscal year.

''(b) NON-FEDERAL SHARE.—Such funds shall remain available for obligation and expenditure by a recipient as provided in subsection (a) only to the extent that the recipient complied with any Federal share requirements applicable to the program for the fiscal year for which the funds were appropriated.

''SEC. 20. CLIENT ASSISTANCE INFORMATION.

''All programs, including community rehabilitation programs, and projects, that provide services to individuals with disabilities under this Act shall advise such individuals who are applicants for or recipients of the services, or the applicants' representatives or individuals' representatives, of the availability and purposes of the client assistance program under section 112, including information on means of seeking assistance under such program.

''SEC. 21. TRADITIONALLY UNDERSERVED POPULATIONS.

''(a) FINDINGS.—With respect to the programs authorized in titles II through VII, the Congress finds as follows:

''(1) RACIAL PROFILE.—The racial profile of America is rapidly changing. While the rate of increase for white Americans is 3.2 percent, the rate of increase for racial and ethnic minorities is much higher: 38.6 percent for Latinos, 14.6 percent for African-Americans, and 40.1 percent for Asian-Americans and other ethnic groups. By the year 2000, the Nation will have 260,000,000 people, one of every three of whom will be either African-American, Latino, or Asian-American.

''(2) RATE OF DISABILITY.—Ethnic and racial minorities tend to have disabling conditions at a disproportionately high rate. The rate of work-related disability for American Indians is about one and one-half times that of the general population. African-Americans are also one and one-half times more likely to be disabled than whites and twice as likely to be significantly disabled.

''(3) INEQUITABLE TREATMENT.—Patterns of inequitable treatment of minorities have been documented in all major junctures of the vocational rehabilitation process. As compared to white Americans, a larger percentage of African-American applicants to the vocational rehabilitation system is denied acceptance. Of applicants accepted for service, a larger percentage of African-American cases is closed without being rehabilitated. Minorities are provided less training than their white counterparts. Consistently, less money is spent on minorities than on their white counterparts.

''(4) RECRUITMENT.—Recruitment efforts within vocational rehabilitation at the level of pre-service training, continuing education, and in-service training must focus on bringing larger numbers of minorities into the profession in order to provide appropriate practitioner knowledge, role models, and sufficient manpower to address the clearly changing demography of vocational rehabilitation.

''(b) OUTREACH TO MINORITIES.—

''(1) IN GENERAL.—For each fiscal year, the Commissioner and the Director of the National Institute on Disability and Rehabilitation Research (referred to in this subsection as the 'Director') shall reserve 1 percent of the funds appropriated for the fiscal year for programs authorized under titles II, III, VI, and VII to carry out this subsection. The Commissioner and the Director shall use the reserved funds to carry out 1 or more of the activities described in paragraph (2) through a grant, contract, or cooperative agreement.

''(2) ACTIVITIES.—The activities carried out by the Commissioner and the Director shall include 1 or more of the following:

''(A) Making awards to minority entities and Indian tribes to carry out activities under the programs authorized under title 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 a 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. 4. VOCATIONAL REHABILITATION SERVICES.

Title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.) is amended to read as follows:

"TITLE I—VOCATIONAL REHABILITATION SERVICES

"PART A—GENERAL PROVISIONS

"SEC. 100. DECLARATION OF POLICY; AUTHORIZATION OF APPROPRIATIONS.

''(a) FINDINGS; PURPOSE; POLICY.—

''(1) FINDINGS.—Congress finds that—

''(A) work—

''(i) is a valued activity, both for individuals and society; and

''(ii) fulfills the need of an individual to be productive, promotes independence, enhances self-esteem, and allows for participation in the mainstream of life in the United States;

''(B) as a group, individuals with disabilities experience staggering levels of unemployment and poverty;

''(C) individuals with disabilities, including individuals with the most significant disabilities, have demonstrated their ability to achieve gainful employment in integrated settings if appropriate services and supports are provided;

''(D) reasons for significant numbers of individuals with disabilities not working, or working at levels not commensurate with their abilities and capabilities, include—

''(i) discrimination;

''(ii) lack of accessible and available transportation;

''(iii) fear of losing health coverage under the medicare and medicaid programs carried out under titles XVIII and XIX of the Social Security Act (42 U.S.C. 1395 et seq. and 1396 et seq.) or fear of losing private health insurance; and

''(iv) lack of education, training, and supports to meet job qualification standards necessary to secure, retain, regain, or advance in employment;

''(E) enforcement of title V and of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) holds the promise of ending discrimination for individuals with disabilities;

''(F) the provision of workforce investment activities and vocational rehabilitation services can enable individuals with disabilities, including individuals with the most significant disabilities, to pursue meaningful careers by securing gainful employment commensurate with their abilities and capabilities; and

''(G) linkages between the vocational rehabilitation programs established under this title and other components of the statewide workforce investment system are critical to ensure effective and meaningful participation by individuals with disabilities in workforce investment activities.

''(2) PURPOSE.—The purpose of this title is to assist States in operating statewide comprehensive, coordinated, effective, efficient, and accountable programs of vocational rehabilitation, each of which is—

''(A) an integral part of a statewide workforce investment system; and

''(B) designed to assess, plan, develop, and provide vocational rehabilitation services for individuals with disabilities, consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, so that such individuals may prepare for and engage in gainful employment.

''(3) POLICY.—It is the policy of the United States that such a program shall be carried out in a manner consistent with the following principles:

''(A) Individuals with disabilities, including individuals with the most significant disabilities, are generally presumed to be capable of engaging in gainful employment and the provision of individualized vocational rehabilitation 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 collaboration with qualified vocational rehabilitation professionals, in the vocational rehabilitation process, making meaningful and informed choices—

''(i) during assessments for determining eligibility and vocational rehabilitation needs; and

''(ii) in the selection of employment outcomes for the individuals, services needed to achieve the outcomes, entities providing such services, and the methods used to secure such services.

''(D) Families and other natural supports can play important roles in the success of a vocational rehabilitation program, if the individual with a disability involved requests, desires, or needs such supports.

''(E) Vocational rehabilitation counselors that are trained and prepared in accordance with State policies and procedures as described in section 101(a)(7)(A)(iii) (referred to individually in this title as a 'qualified vocational rehabilitation counselor'), other qualified rehabilitation personnel, and other qualified personnel facilitate the accomplishment of the employment outcomes and objectives of an individual.

''(F) Individuals with disabilities and the individuals' representatives are full partners in a vocational rehabilitation program and must be involved on a regular basis and in a meaningful manner with respect to policy development and implementation.

''(G) Accountability measures must facilitate the accomplishment of the goals and objectives of the program, including providing vocational rehabilitation services to, among others, individuals with the most significant disabilities.

''(b) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—For the purpose of making grants to States under part B to assist States in meeting the costs of vocational rehabilitation services provided in accordance with State plans under section 101, there are authorized to be appropriated such sums as may be necessary for fiscal years 1998 through 2004, except that the amount to be appropriated for a fiscal year shall not be less than the amount of the appropriation under this paragraph for the immediately preceding fiscal year, increased by the percentage change in the Consumer Price Index determined under subsection (c) for the immediately preceding fiscal year.

''(2) REFERENCE.—The reference in paragraph (1) to grants to States under part B shall not be considered to refer to grants under section 112.

''(c) CONSUMER PRICE INDEX.—

''(1) PERCENTAGE CHANGE.—No later than November 15 of each fiscal year (beginning with fiscal year 1979), the Secretary of Labor shall publish in the Federal Register the percentage change in the Consumer Price Index published for October of the preceding fiscal year and October of the fiscal year in which such publication is made.

''(2) APPLICATION.—

''(A) INCREASE.—If in any fiscal year the percentage change published under paragraph (1) indicates an increase in the Consumer Price Index, then the amount to be appropriated under subsection (b)(1) for the subsequent fiscal year shall be at least the amount appropriated under subsection (b)(1) for the fiscal year in which the publication is made under paragraph (1) increased by such percentage change.

''(B) NO INCREASE OR DECREASE.—If in any fiscal year the percentage change published under paragraph (1) does not indicate an increase in the Consumer Price Index, then the amount to be appropriated under subsection (b)(1) for the subsequent fiscal year shall be at least the amount appropriated under subsection (b)(1) for the fiscal year in which the publication is made under paragraph (1).

''(3) DEFINITION.—For purposes of this section, the term 'Consumer Price Index' means the Consumer Price Index for All Urban Consumers, published monthly by the Bureau of Labor Statistics.

''(d) EXTENSION.—

''(1) IN GENERAL.—

''(A) AUTHORIZATION OR DURATION OF PROGRAM.—Unless the Congress in the regular session which ends prior to the beginning of the terminal fiscal year—

''(i) of the authorization of appropriations for the program authorized by the State grant program under part B of this title; or

''(ii) of the duration of the program authorized by the State grant program under part B of this title;

has passed legislation which would have the effect of extending the authorization or duration (as the case may be) of such program, such authorization or duration is automatically extended for 1 additional year for the program authorized by this title.

''(B) CALCULATION.—The amount authorized to be appropriated for the additional fiscal year described in subparagraph (A) shall be an amount equal to the amount appropriated for such program for fiscal year 2004, increased by the percentage change in the Consumer Price Index determined under subsection (c) for the immediately preceding fiscal year, if the percentage change indicates an increase.

''(2) CONSTRUCTION.—

''(A) PASSAGE OF LEGISLATION.—For the purposes of paragraph (1)(A), Congress shall not be deemed to have passed legislation unless such legislation becomes law.

''(B) ACTS OR DETERMINATIONS OF COMMISSIONER.—In any case where the Commissioner is required under an applicable statute to carry out certain acts or make certain determinations which are necessary for the continuation of the program authorized by this title, if such acts or determinations are required during the terminal year of such program, such acts and determinations shall be required during any fiscal year in which the extension described in that part of paragraph (1) that follows clause (ii) of paragraph (1)(A) is in effect.

"SEC. 101. STATE PLANS.

''(a) PLAN REQUIREMENTS.—

''(1) IN GENERAL.—

''(A) SUBMISSION.—To be eligible to participate in programs under this title, a State shall submit to the Commissioner a State plan for vocational rehabilitation services that meets the requirements of this section, on the same date that the State submits a State plan under section 304 of the Workforce Investment Partnership Act of 1998.

''(B) NONDUPLICATION.—The State shall not be required to submit, in the State plan for vocational rehabilitation services, policies, procedures, or descriptions required under this title that have been previously submitted to the Commissioner and that demonstrate that such State meets the requirements of this title, including any policies, procedures, or descriptions submitted under this title as in effect on the day before the effective date of the Rehabilitation Act Amendments of 1998.

''(C) DURATION.—The State plan shall remain in effect subject to the submission of such modifications as the State determines to be necessary or as the Commissioner may require based on a change in State policy, a change in Federal law (including regulations), an interpretation of this Act by a

Federal court or the highest court of the State, or a finding by the Commissioner of State noncompliance with the requirements of this Act, until the State submits and receives approval of a new State plan.

''(2) DESIGNATED STATE AGENCY; DESIGNATED STATE UNIT.—

''(A) DESIGNATED STATE AGENCY.—The State plan shall designate a State agency as the sole State agency to administer the plan, or to supervise the administration of the plan by a local agency, except that—

''(i) where, under State law, the State agency for individuals who are blind or another agency that provides assistance or services to adults who are blind is authorized to provide vocational rehabilitation services to individuals who are blind, that agency may be designated as the sole State agency to administer the part of the plan under which vocational rehabilitation services are provided for individuals who are blind (or to supervise the administration of such part by a local agency) and a separate State agency may be designated as the sole State agency to administer or supervise the administration of the rest of the State plan;

''(ii) the Commissioner, on the request of a State, may authorize the designated State agency to share funding and administrative responsibility with another agency of the State or with a local agency in order to permit the agencies to carry out a joint program to provide services to individuals with disabilities, and may waive compliance, with respect to vocational rehabilitation services furnished under the joint program, with the requirement of paragraph (4) that the plan be in effect in all political subdivisions of the State; and

''(iii) in the case of American Samoa, the appropriate State agency shall be the Governor of American Samoa.

''(B) DESIGNATED STATE UNIT.—The State agency designated under subparagraph (A) shall be—

''(i) a State agency primarily concerned with vocational rehabilitation, or vocational and other rehabilitation, of individuals with disabilities; or

''(ii) if not such an agency, the State agency (or each State agency if 2 are so designated) shall include a vocational rehabilitation bureau, division, or other organizational unit that—

''(I) is primarily concerned with vocational rehabilitation, or vocational and other rehabilitation, of individuals with disabilities, and is responsible for the vocational rehabilitation program of the designated State agency;

''(II) has a full-time director;

''(III) has a staff employed on the rehabilitation work of the organizational unit all or substantially all of whom are employed full time on such work; and

''(IV) is located at an organizational level and has an organizational status within the designated State agency comparable to that of other major organizational units of the designated State agency.

''(C) RESPONSIBILITY FOR SERVICES FOR THE BLIND.—If the State has designated only 1 State agency pursuant to subparagraph (A), the State may assign responsibility for the part of the plan under which vocational rehabilitation services are provided for individuals who are blind to an organizational unit of the designated State agency and assign responsibility for the rest of the plan to another organizational unit of the designated State agency, with the provisions of subparagraph (B) applying separately to each of the designated State units.

''(3) NON-FEDERAL SHARE.—The State plan shall provide for financial participation by the State, or if the State so elects, by the State and local agencies, to provide the amount of the non-Federal share of the cost of carrying out part B.

''(4) STATEWIDENESS.—The State plan shall provide that the plan shall be in effect in all political subdivisions of the State, except that in the case of any activity that, in the judgment of the Commissioner, is likely to assist in promoting the vocational rehabilitation of substantially larger numbers of individuals with disabilities or groups of individuals with disabilities, the Commissioner may waive compliance with the requirement that the plan be in effect in all political subdivisions of the State to the extent and for such period as may be provided in accordance with regulations prescribed by the Commissioner. The Commissioner may waive compliance with the requirement only if the non-Federal share of the cost of the vocational rehabilitation services is provided from funds made available by a local agency (including, to the extent permitted by such regulations, funds contributed to such agency by a private agency, organization, or individual).

''(5) ORDER OF SELECTION FOR VOCATIONAL REHABILITATION SERVICES.—In the event that vocational rehabilitation services cannot be provided to all eligible individuals with disabilities in the State who apply for the services, the State plan shall—

''(A) show the order to be followed in selecting eligible individuals to be provided vocational rehabilitation services;

''(B) provide the justification for the order of selection;

''(C) include an assurance that, in accordance with criteria established by the State for the order of selection, individuals with the most significant disabilities will be selected first for the provision of vocational rehabilitation services; and

''(D) provide that eligible individuals, who do not meet the order of selection criteria, shall have access to services provided through the information and referral system implemented under paragraph (20).

''(6) METHODS FOR ADMINISTRATION.—

''(A) IN GENERAL.—The State plan shall provide for such methods of administration as are found by the Commissioner to be necessary for the proper and efficient administration of the plan.

''(B) EMPLOYMENT OF INDIVIDUALS WITH DISABILITIES.—The State plan shall provide that the designated State agency, and entities carrying out community rehabilitation programs in the State, who are in receipt of assistance under this title shall take affirmative action to employ and advance in employment qualified individuals with disabilities covered under, and on the same terms and conditions as set forth in, section 503.

''(C) PERSONNEL AND PROGRAM STANDARDS FOR COMMUNITY REHABILITATION PROGRAMS.—The State plan shall provide that the designated State unit shall establish, maintain, and implement minimum standards for community rehabilitation programs providing services to individuals under this title, including—

''(i) standards—

''(I) governing community rehabilitation programs and qualified personnel utilized for the provision of vocational rehabilitation services through such programs; and

''(II) providing, to the extent that providers of vocational rehabilitation services utilize personnel who do not meet the highest requirements in the State applicable to a particular profession or discipline, that the providers shall take steps to ensure the retraining or hiring of personnel so that such personnel meet appropriate professional standards in the State; and

''(ii) minimum standards to ensure the availability of personnel, to the maximum extent feasible, trained to communicate in the native language or mode of communication of an individual receiving services through such programs.

''(D) FACILITIES.—The State plan shall provide that facilities used in connection with the delivery of services assisted under the State plan shall comply with the Act entitled 'An Act to insure that certain buildings financed with Federal funds are so designed and constructed as to be accessible to the physically handicapped', approved on August 12, 1968 (commonly known as the 'Architectural Barriers Act of 1968'), with section 504, and with the Americans with Disabilities Act of 1990.

''(7) COMPREHENSIVE SYSTEM OF PERSONNEL DEVELOPMENT.—The State plan shall include—

''(A) a description, consistent with the purposes of this Act, of a comprehensive system of personnel development for personnel involved in carrying out this title, which, at a minimum, shall consist of—

''(i) a description of the procedures and activities the designated State agency will implement and undertake to address the current and projected needs for personnel, and training needs of such personnel, in the designated State unit to ensure that the personnel are adequately trained and prepared;

''(ii) a plan to coordinate and facilitate efforts between the designated State unit and institutions of higher education and professional associations to recruit, prepare, and retain qualified personnel, including personnel from culturally or linguistically diverse backgrounds, and personnel that include individuals with disabilities;

''(iii) a description of policies and procedures on the establishment and maintenance of reasonable standards to ensure that personnel, including professionals and paraprofessionals, are adequately trained and prepared, including—

''(I) standards that are consistent with any national or State approved or recognized certification, licensing, registration, or other comparable requirements that apply to the area in which such personnel are providing vocational rehabilitation services; and

''(II) to the extent that such standards are not based on the highest requirements in the State applicable to a particular profession or discipline, the steps the State will take to ensure the retraining or hiring of personnel within the designated State unit so that such personnel meet appropriate professional standards in the State;

''(iv) a description of a system for evaluating the performance of vocational rehabilitation counselors, coordinators, and other personnel used in the State, including a description of how the system facilitates the accomplishment of the purpose and policy of this title, including the policy of serving individuals with the most significant disabilities;

''(v) a description of standards to ensure the availability of personnel within the designated State unit who are, to the maximum extent feasible, trained to communicate in the native language or mode of communication of an applicant or eligible individual; and

''(vi) a detailed description, including a budget, of how the funds reserved under subparagraph (B) will be expended to carry out the comprehensive system for personnel development, including the provision of in-service training for personnel of the designated State unit;

''(B) assurances that—

''(i) at a minimum, the State will reserve from the allotment made to the State under section 110 an amount to carry out the comprehensive system of personnel development, including the provision of in-service training for personnel of the designated State unit;

''(ii) for fiscal year 1999, the amount reserved will be equal to the amount of the funds the State received for fiscal year 1998 to provide in-service training under section 302, or for any State that did not receive those funds for fiscal year 1998, an amount determined by the Commissioner; and

''(iii) for each subsequent year, the amount reserved under this subparagraph will be equal to the amount reserved under this subparagraph for the previous fiscal year, increased by the percentage change in the Consumer Price Index published under section 100(c) in such previous fiscal year, if the percentage change indicates an increase; and

''(C) an assurance that the standards adopted by a State in accordance with subparagraph (A)(iii) shall not permit discrimination on the basis of disability with regard to training and hiring.

''(8) COMPARABLE SERVICES AND BENEFITS.—

''(A) DETERMINATION OF AVAILABILITY.—

''(i) IN GENERAL.—The State plan shall include an assurance that, prior to providing any vocational rehabilitation service to an eligible individual, except those services specified in paragraph (5)(D) and in paragraphs (1) through (4) and (14) of section 103(a), the designated State unit will determine whether comparable services and benefits are available under any other program (other than a program carried out under this title) unless such a determination would interrupt or delay—

''(I) the progress of the individual toward achieving the employment outcome identified in the individualized rehabilitation employment plan of the individual in accordance with section 102(b); or

''(II) the provision of such service to any individual at extreme medical risk.

''(ii) AWARDS AND SCHOLARSHIPS.—For purposes of clause (i), comparable benefits do not include awards and scholarships based on merit.

''(B) INTERAGENCY AGREEMENT.—The State plan shall include an assurance that the Chief Executive Officer of the State or the designee of such officer will ensure that an interagency agreement or other mechanism for interagency coordination takes effect between any appropriate public entity, including a component of the statewide workforce investment system, and the designated State unit, in order to ensure the provision of vocational rehabilitation services described in subparagraph (A) (other than those services specified in paragraph (5)(D), and in paragraphs (1) through (4) and (14) of section 103(a)), that are included in the individualized rehabilitation employment plan of an eligible individual, including the provision of such vocational rehabilitation services during the pendency of any 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 that the financial responsibility of such public entity for providing such services, including the financial responsibility of the State agency responsible for administering the medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), other public agencies, and public institutions of higher education, shall precede the financial responsibility of the designated State unit especially with regard to the provision of auxiliary aids and services to the maximum extent allowed by law.

''(ii) CONDITIONS, TERMS, AND PROCEDURES OF REIMBURSEMENT.—Information specifying the conditions, terms, and procedures under which a designated State unit shall pursue and obtain reimbursement by other public agencies for providing such services.

''(iii) INTERAGENCY DISPUTES.—Information specifying procedures for resolving interagency disputes under the agreement or other mechanism (including procedures under which the designated State unit may initiate proceedings to secure reimbursement from other agencies or otherwise implement the provisions of the agreement or mechanism).

''(iv) COORDINATION OF SERVICES PROCEDURES.—Information specifying policies and procedures for agencies to determine and identify the interagency coordination responsibilities of each agency to promote the coordination and timely delivery of vocational rehabilitation services (except those services specified in paragraph (5)(D) and in paragraphs (1) through (4) and (14) of section 103(a)).

''(C) RESPONSIBILITIES OF OTHER AGENCIES.—

''(i) RESPONSIBILITIES UNDER OTHER LAW.—Notwithstanding subparagraph (B), if any public agency other than a designated State unit is obligated under Federal or State law, or assigned responsibility under State policy or under this paragraph, to provide or pay for any services that are also considered to be vocational rehabilitation services (other than those specified in paragraph (5)(D) and in paragraphs (1) through (4) and (14) of section 103(a)), such public agency shall fulfill that obligation or responsibility, either directly or by contract or other arrangement.

''(ii) REIMBURSEMENT.—In a case in which a public agency other than the designated State unit fails to fulfill the financial responsibility of the agency described in this paragraph to provide services described in clause (i), the designated State unit may claim reimbursement from such public agency for such services. Such public agency shall reimburse the designated State unit pursuant to the terms of the interagency agreement or other mechanism in effect under this paragraph according to the procedures established pursuant to subparagraph (B)(ii).

''(D) METHODS.—The Chief Executive Officer of a State may meet the requirements of subparagraph (B) through—

''(i) a State statute or regulation;

''(ii) a signed agreement between the respective agency officials that clearly identifies the responsibilities of each agency relating to the provision of services; or

''(iii) another appropriate method, as determined by the designated State unit.

''(9) INDIVIDUALIZED REHABILITATION EMPLOYMENT PLAN.—

''(A) DEVELOPMENT AND IMPLEMENTATION.—The State plan shall include an assurance that an individualized rehabilitation employment plan meeting the requirements of section 102(b) will be developed and implemented in a timely manner for an individual subsequent to the determination of the eligibility of the individual for services under this title, except that in a State operating under an order of selection described in paragraph (5), the plan will be 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 rehabilitation employment plan.

''(10) REPORTING REQUIREMENTS.—

''(A) IN GENERAL.—The State plan shall include an assurance that the designated State agency will submit reports in the form and level of detail and at the time required by the Commissioner regarding applicants for, and eligible individuals receiving, services under this title.

''(B) ANNUAL REPORTING.—In specifying the information to be submitted in the reports, the Commissioner shall require annual reporting on the eligible individuals receiving the services, on those specific data elements described in section 321(d)(2) of the Workforce Investment Partnership Act of 1998 that are determined by the Secretary to be relevant in assessing the performance of designated State units in carrying out the vocational rehabilitation program established under this title.

''(C) ADDITIONAL DATA.—In specifying the information required to be submitted in the reports, the Commissioner shall require additional data with regard to applicants and eligible individuals related to—

''(i) the number of applicants and the number of individuals determined to be eligible or ineligible for the program carried out under this title, including—

''(I) the number of individuals determined to be ineligible because they did not require vocational rehabilitation services, as provided in section 102(a); and

''(II) the number of individuals determined, on the basis of clear and convincing evidence, to be too severely disabled to benefit in terms of an employment outcome from vocational rehabilitation services;

''(ii) the number of individuals who received vocational rehabilitation services through the program, including—

''(I) the number who received services under paragraph (5)(D), but not assistance under an individualized rehabilitation employment plan; and

''(II) the number who received assistance under an individualized rehabilitation employment plan consistent with section 102(b);

''(iii) the number of individuals receiving public assistance and the amount of the public assistance on the date of application and on the last date of participation in the program carried out under this title;

''(iv) the number of individuals with disabilities who ended their participation in the program and the number who achieved employment outcomes after receiving vocational rehabilitation services; and

''(v) the number of individuals who ended their participation in the program and who were employed 6 months and 12 months after securing or regaining employment, or, in the case of individuals whose employment outcome was to retain or advance in employment, who were employed 6 months and 12 months after achieving their employment outcome, including—

''(I) the number of such individuals who earned the minimum wage rate specified in section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) or another wage level set by the Commissioner, during such employment;

''(II) the number of such individuals who received employment benefits from an employer during such employment; and

''(III) the number of such individuals whose public assistance was terminated or reduced after such participation;

''(D) COSTS AND RESULTS.—The Commissioner shall also require that the designated State agency include in the reports information on—

''(i) the costs under this title of conducting administration, providing assessment services, counseling and guidance, and other direct services provided by designated State agency staff, providing services purchased under individualized rehabilitation employment plans, supporting small business enterprises, establishing, developing, and improving community rehabilitation programs, and providing other services to groups; and

''(ii) the results of annual evaluation by the State of program effectiveness under paragraph (15)(E).

''(E) ADDITIONAL INFORMATION.—The Commissioner shall require that each designated State unit include in the reports additional information related to the applicants and eligible individuals, obtained either through a complete count or sampling, including—

''(i) information on—

''(I) age, gender, race, ethnicity, education, type of impairment, severity of disability, and whether the individuals are students described in clause (i) or (ii)(II) of paragraph (11)(D);

''(II) dates of application, determination of eligibility or ineligibility, initiation of the individualized rehabilitation employment plan, and 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 321(b) of the Workforce Investment Partnership Act of 1998 to the extent the measures are applicable to individuals with disabilities; and

''(II) the standards and indicators established pursuant to section 106.

''(F) COMPLETENESS AND CONFIDENTIALITY.—The State plan shall include an assurance that the information submitted in the reports will include a complete count, except as provided in subparagraph (E), of the applicants and eligible individuals, in a manner permitting the greatest possible cross-classification of data and that the identity of each individual for which information is supplied under this paragraph will be kept confidential.

''(11) COOPERATION, COLLABORATION, AND COORDINATION.—

''(A) COOPERATIVE AGREEMENTS WITH OTHER COMPONENTS OF STATEWIDE WORKFORCE INVESTMENT SYSTEMS.—The State plan shall provide that the designated State unit or designated State agency shall enter into a cooperative agreement with other entities that are components of the statewide workforce investment system of the State, regarding the system, which agreement may provide for—

''(i) provision of intercomponent staff training and technical assistance with regard to—

''(I) the availability and benefits of, and eligibility standards for, vocational rehabilitation services; and

''(II) the promotion of equal, effective, and meaningful participation by individuals with disabilities in workforce investment activities in the State through the promotion of program accessibility, the use of nondiscriminatory policies and procedures, and the provision of reasonable accommodations, auxiliary aids and services, and rehabilitation technology, for individuals with disabilities;

''(ii) use of information and financial management systems that link all components of the statewide workforce investment system, that link the components to other electronic networks, including nonvisual electronic networks, and that relate to such subjects as labor market information, and information on job vacancies, career planning, and workforce investment activities;

''(iii) use of customer service features such as common intake and referral procedures, customer databases, resource information, and human services hotlines;

''(iv) establishment of cooperative efforts with employers to—

''(I) facilitate job placement; and

''(II) carry out any other activities that the designated State unit and the employers determine to be appropriate;

''(v) identification of staff roles, responsibilities, and available resources, and specification of the financial responsibility of each component of the statewide workforce investment system with regard to paying for necessary services (consistent with State law and Federal requirements); and

''(vi) specification of procedures for resolving disputes among such components.

''(B) REPLICATION OF COOPERATIVE AGREEMENTS.—The State plan shall provide for the replication of such cooperative agreements at the local level between individual offices of the designated State unit and local entities carrying out activities through the statewide workforce investment system.

''(C) INTERAGENCY COOPERATION WITH OTHER AGENCIES.—The State plan shall include descriptions of interagency cooperation with, and utilization of the services and facilities of, the Federal, State, and local agencies and programs that are not carrying out activities through the statewide workforce investment system.

''(D) COORDINATION WITH EDUCATION OFFICIALS.—The State plan shall contain plans, policies, and procedures for coordination between the designated State agency and education officials that are designed to facilitate the transition of students who are individuals with disabilities described in section 7(20)(B) from the receipt of educational services in school to the receipt of vocational rehabilitation services under this title, including information on a formal interagency agreement with the State educational agency that, at a minimum, provides for—

''(i) consultation and technical assistance to assist educational agencies in planning for the transition of students who are individuals with disabilities described in section 7(20)(B) from school to post-school activities, including vocational rehabilitation services;

''(ii)(I) transition planning by personnel of the designated State agency and educational agency personnel for students with disabilities described in clause (i) that facilitates the development and completion of their individualized education programs under section 614(d) of the Individuals with Disabilities Education Act (as added by section 101 of Public Law 105–17); and

''(II) transition planning and services for students who are eligible to receive services under this title and who will be exiting school in the school year in which the planning and services are provided;

''(iii) the roles and responsibilities, including financial responsibilities, of each agency, including provisions for determining State lead agencies and qualified personnel responsible for the transition services described in clause (ii)(II); and

''(iv) procedures for outreach to and identification of students with disabilities described in clause (ii)(II) who need the transition services.

''(E) COORDINATION WITH STATEWIDE INDEPENDENT LIVING COUNCILS AND INDEPENDENT LIVING CENTERS.—The State plan shall include an assurance that the designated State unit, the Statewide Independent Living Council established under section 705, and the independent living centers described in part C of title VII within the State have developed working relationships and coordinate their activities.

''(F) COOPERATIVE AGREEMENT WITH RECIPIENTS OF GRANTS FOR SERVICES TO AMERICAN INDIANS.—In applicable cases, the State plan shall include an assurance that the State has entered into a formal cooperative agreement with each grant recipient in the State that receives funds under part C. The agreement shall describe strategies for collaboration and coordination in providing vocational rehabilitation services to American Indians who are individuals with disabilities, including—

''(i) strategies for interagency referral and information sharing that will assist in eligibility determinations and the development of individualized rehabilitation employment plans;

''(ii) procedures for ensuring that American Indians who are individuals with disabilities and are living near a reservation or tribal service area are provided vocational rehabilitation services; and

''(iii) provisions for sharing resources in cooperative studies and assessments, joint training activities, and other collaborative activities designed to improve the provision of services to American Indians who are individuals with disabilities.

''(12) RESIDENCY.—The State plan shall include an assurance that the State will not impose a residence requirement that excludes from services provided under the plan any individual who is present in the State.

''(13) SERVICES TO AMERICAN INDIANS.—The State plan shall include an assurance that, except as otherwise provided in part C, the designated State agency will provide vocational rehabilitation services to American Indians who are individuals with disabilities residing in the State to the same extent as the designated State agency provides such services to other significant populations of individuals with disabilities residing in the State.

''(14) ANNUAL REVIEW OF INDIVIDUALS IN EXTENDED EMPLOYMENT OR OTHER EMPLOYMENT UNDER SPECIAL CERTIFICATE PROVISIONS OF THE FAIR LABOR STANDARDS ACT OF 1938.—The State plan shall provide for—

''(A) an annual review and reevaluation of the status of each individual with a disability served under this title who has achieved an employment outcome either in an extended employment setting in a community rehabilitation program or any other employment under section 14(c) of the Fair Labor Standards Act (29 U.S.C. 214(c)) for 2 years after the achievement of the outcome (and annually thereafter if requested by the individual or, if appropriate, the individual's representative), to determine the interests, priorities, and needs of the individual with respect to competitive employment or training for competitive employment;

''(B) input into the review and reevaluation, and a signed acknowledgement that such review and reevaluation have been conducted, by the individual with a disability, or, if appropriate, the individual's representative; and

''(C) maximum efforts, including the identification and provision of vocational rehabilitation services, reasonable accommodations, and other necessary support services, to assist the individuals described in subparagraph (A) in engaging in competitive employment.

''(15) ANNUAL STATE GOALS AND REPORTS OF PROGRESS.—

''(A) ASSESSMENTS AND ESTIMATES.—The State plan shall—

''(i) include the results of a comprehensive, statewide assessment, jointly conducted by the designated State unit and the State Rehabilitation Council (if the State has such a Council) every 3 years, describing the rehabilitation needs of individuals with disabilities residing within the State, particularly the vocational rehabilitation services needs of—

''(I) individuals with the most significant disabilities, including their need for supported employment services;

''(II) individuals with disabilities who are minorities and individuals with disabilities who have been unserved or underserved by the vocational rehabilitation program carried out under this title; and

''(III) individuals with disabilities served through other components of the statewide workforce investment system (other than the vocational rehabilitation program), as identified by such individuals and personnel assisting such individuals through the components;

''(ii) include an assessment of the need to establish, develop, or improve community rehabilitation programs within the State; and

''(iii) provide that the State shall submit to the Commissioner a report containing information regarding updates to the assessments, for any year in which the State updates the assessments.

''(B) ANNUAL ESTIMATES.—The State plan shall include, and shall provide that the State shall annually submit a report to the Commissioner that includes, State estimates of—

''(i) the number of individuals in the State who are eligible for services under this title;

''(ii) the number of such individuals who will receive services provided with funds provided under part B and under part C of title VI, including, if the designated State agency uses an order of selection in accordance with paragraph (5), estimates of the number of individuals to be served under each priority category within the order; and

''(iii) the costs of the services described in clause (i), including, if the designated State agency uses an order of selection in accordance with paragraph (5), the service costs for each priority category within the order.

''(C) GOALS AND PRIORITIES.—

''(i) IN GENERAL.—The State plan shall identify the goals and priorities of the State in carrying out the program. The goals and priorities shall be jointly developed, agreed to, and reviewed annually by the designated State unit and the State Rehabilitation Council, if the State has such a Council. Any revisions to the goals and priorities shall be jointly agreed to by the designated State unit and the State Rehabilitation Council, if the State has such a Council. The State plan shall provide that the State shall submit to the Commissioner a report containing information regarding revisions in the goals and priorities, for any year in which the State revises the goals and priorities.

''(ii) BASIS.—The State goals and priorities shall be based on an analysis of—

''(I) the comprehensive assessment described in subparagraph (A), including any updates to the assessment;

''(II) the performance of the State on the standards and indicators established under section 106; and

''(III) other available information on the operation and the effectiveness of the vocational rehabilitation program carried out in the State, including any reports received from the State Rehabilitation Council, under section 105(c) and the findings and recommendations from monitoring activities conducted under section 107.

''(iii) SERVICE AND OUTCOME GOALS FOR CATEGORIES IN ORDER OF SELECTION.—If the designated State agency uses an order of selection in accordance with paragraph (5), the State shall also identify in the State plan service and outcome goals and the time within which these goals may be achieved for individuals in each priority category within the order.

''(D) STRATEGIES.—The State plan shall contain a description of the strategies the State will use to address the needs identified in the assessment conducted under subparagraph (A) and achieve the goals and priorities identified in subparagraph (C), including—

''(i) the methods to be used to expand and improve services to individuals with disabilities, including how a broad range of assistive technology services and assistive technology devices will be provided to such individuals at each stage of the rehabilitation process and how such services and devices will be provided to such individuals on a statewide basis;

''(ii) outreach procedures to identify and serve individuals with disabilities who are minorities and individuals with disabilities who have been unserved or underserved by the vocational rehabilitation program;

''(iii) where necessary, the plan of the State for establishing, developing, or improving community rehabilitation programs;

''(iv) strategies to improve the performance of the State with respect to the evaluation standards and performance indicators established pursuant to section 106; and

''(v) strategies for assisting entities carrying out other components of the statewide workforce investment system (other than the vocational rehabilitation program) in assisting individuals with disabilities.

''(E) EVALUATION AND REPORTS OF PROGRESS.—The State plan shall—

''(i) include the results of an evaluation of the effectiveness of the vocational rehabilitation program, and a joint report by the designated State unit and the State Rehabilitation Council, if the State has such a Council, to the Commissioner on the progress made in improving the effectiveness from the previous year, which evaluation and report shall include—

''(I) an evaluation of the extent to which the goals identified in subparagraph (C) were achieved;

''(II) a description of strategies that contributed to achieving the goals;

''(III) to the extent to which the goals were not achieved, a description of the factors that impeded that achievement; and

''(IV) an assessment of the performance of the State on the standards and indicators established pursuant to section 106; and

''(ii) provide that the designated State unit and the State Rehabilitation Council, if the State has such a Council, shall jointly submit to the Commissioner an annual report that contains the information described in clause (i).

''(16) PUBLIC COMMENT.—The State plan shall—

''(A) provide that the designated State agency, prior to the adoption of any policies or procedures governing the provision of vocational rehabilitation services under the State plan (including making any amendment to such policies and procedures), shall conduct public meetings throughout the State, after providing adequate notice of the meetings, to provide the public, including individuals with disabilities, an opportunity to comment on the policies or procedures, and actively consult with the Director of the client assistance program carried out under section 112, and, as appropriate, Indian tribes, tribal organizations, and Native Hawaiian organizations on the policies or procedures; and

''(B) provide that the designated State agency (or each designated State agency if 2 agencies are designated) and any sole agency administering the plan in a political subdivision of the State, shall take into account, in connection with matters of general policy arising in the administration of the plan, the views of—

''(i) individuals and groups of individuals who are recipients of vocational rehabilitation services, or in appropriate cases, the individuals' representatives;

''(ii) personnel working in programs that provide vocational rehabilitation services to individuals with disabilities;

''(iii) providers of vocational rehabilitation services to individuals with disabilities;

''(iv) the director of the client assistance program; and

''(v) the State Rehabilitation Council, if the State has such a Council.

''(17) PROHIBITION ON USE OF FUNDS FOR CONSTRUCTION OF FACILITIES.—The State plan shall contain an assurance that the State will not use any funds made available under this title for the construction of facilities.

''(18) INNOVATION AND EXPANSION ACTIVITIES.—The State plan shall—

''(A) include an assurance that the State will reserve and use a portion of the funds allotted to the State under section 110—

''(i) for the development and implementation of innovative approaches to expand and improve the provision of vocational rehabilitation services to individuals with disabilities under this title, particularly individuals with the most significant disabilities, consistent with the findings of the statewide assessment and goals and priorities of the State as described in paragraph (15); and

''(ii) to support the funding of—

''(I) the State Rehabilitation Council, if the State has such a Council, consistent with the plan prepared under section 105(d)(1); and

''(II) the Statewide Independent Living Council, consistent with the plan prepared under section 705(e)(1);

''(B) include a description of how the reserved funds will be utilized; and

''(C) provide that the State shall submit to the Commissioner an annual report containing a description of how the reserved funds will be utilized.

''(19) CHOICE.—The State plan shall include an assurance that applicants and eligible individuals or, as appropriate, the applicants' representatives or individuals' representatives, will be provided information and support services to assist the applicants and individuals in exercising informed choice throughout the rehabilitation process, consistent with the provisions of section 102(d).

''(20) INFORMATION AND REFERRAL SERVICES.—

''(A) IN GENERAL.—The State plan shall include an assurance that the designated State agency will implement an information and referral system adequate to ensure that individuals with disabilities will be provided accurate vocational rehabilitation information, using appropriate modes of communication, to assist such individuals in preparing for, securing, retaining, or regaining employment, and will be appropriately referred to Federal and State programs (other than the vocational rehabilitation program carried out under this title), including other components of the statewide workforce investment system in the State.

''(B) SERVICES.—In providing activities through the system established under subparagraph (A), the State may include services consisting of the provision of individualized counseling and guidance, individualized vocational exploration, supervised job placement referrals, and assistance in securing reasonable accommodations for eligible individuals who do not meet the order of selection criteria used by the State, to the extent that such services are not purchased by the designated State unit.

''(21) STATE INDEPENDENT CONSUMER-CONTROLLED COMMISSION; STATE REHABILITATION COUNCIL.—

''(A) COMMISSION OR COUNCIL.—The State plan shall provide that either—

''(i) the designated State agency is an independent commission that—

''(I) is responsible under State law for operating, or overseeing the operation of, the vocational rehabilitation program in the State;

''(II) is consumer-controlled by persons who—

''(aa) are individuals with physical or mental impairments that substantially limit major life activities; and

''(bb) represent individuals with a broad range of disabilities, unless the designated State unit under the direction of the commission is the State agency for individuals who are blind;

''(III) includes family members, advocates, or other representatives, of individuals with mental impairments; and

''(IV) undertakes the functions set forth in section 105(c)(4); or

''(ii) the State has established a State Rehabilitation Council that meets the criteria set forth in section 105 and the designated State unit—

''(I) in accordance with paragraph (15), jointly develops, agrees to, and reviews annually State goals and priorities, and jointly submits annual reports of progress with the Council;

''(II) regularly consults with the Council regarding the development, implementation, and revision of State policies and procedures of general applicability pertaining to the provision of vocational rehabilitation services;

''(III) includes in the State plan and in any revision to the State plan, a summary of input provided by the Council, including recommendations from the annual report of the Council described in section 105(c)(5), the review and analysis of consumer satisfaction described in section 105(c)(4), and other reports prepared by the Council, and the response of the designated State unit to such input and recommendations, including explanations for rejecting any input or recommendation; and

''(IV) transmits to the Council—

''(aa) all plans, reports, and other information required under this title to be submitted to the Secretary;

''(bb) all policies, and information on all practices and procedures, of general applicability provided to or used by rehabilitation personnel in carrying out this title; and

''(cc) copies of due process hearing decisions issued under this title, which shall be transmitted in such a manner as to ensure that the identity of the participants in the hearings is kept confidential.

''(B) MORE THAN 1 DESIGNATED STATE AGENCY.—In the case of a State that, under section 101(a)(2), designates a State agency to administer the part of the State plan under which vocational rehabilitation services are provided for individuals who are blind (or to supervise the administration of such part by a local agency) and designates a separate State agency to administer the rest of the State plan, the State shall either establish a State Rehabilitation Council for each of the 2 agencies that does not meet the requirements in subparagraph (A)(i), or establish 1 State Rehabilitation Council for both agencies if neither agency meets the requirements of subparagraph (A)(i).

''(22) SUPPORTED EMPLOYMENT STATE PLAN SUPPLEMENT.—The State plan shall include an assurance that the State has an acceptable plan for carrying out part C of title VI, including the use of funds under that part to supplement funds made available under part B of this title to pay for the cost of services leading to supported employment.

''(23) ELECTRONIC AND INFORMATION TECHNOLOGY REGULATIONS.—The State plan shall include an assurance that the State, and any recipient or subrecipient of funds made available to the State under this title—

''(A) will comply with the requirements of section 508, including the regulations established under that section; and

''(B) will designate an employee to coordinate efforts to comply with section 508 and will adopt grievance procedures that incorporate due process standards and provide for the prompt and equitable resolution of complaints concerning such requirements.

''(24) ANNUAL UPDATES.—The plan shall include an assurance that the State will submit to the Commissioner reports containing annual updates of the information required under paragraph (7) (relating to a comprehensive system of personnel development) and any other updates of the information required under this section that are requested by the Commissioner, and annual reports as provided in paragraphs (15) (relating to assessments, estimates, goals and priorities, and reports of progress) and (18) (relating to innovation and expansion), at such time and in such manner as the Secretary may determine to be appropriate.

''(b) APPROVAL; DISAPPROVAL OF THE STATE PLAN.—

''(1) APPROVAL.—The Commissioner shall approve any plan that the Commissioner finds fulfills the conditions specified in this section, and shall disapprove any plan that does not fulfill such conditions.

''(2) DISAPPROVAL.—Prior to disapproval of the State plan, the Commissioner shall notify the State of the intention to disapprove the plan and shall afford the State reasonable notice and opportunity for a hearing.

''SEC. 102. ELIGIBILITY AND INDIVIDUALIZED REHABILITATION EMPLOYMENT PLAN.

''(a) ELIGIBILITY.—

''(1) CRITERION FOR ELIGIBILITY.—An individual is eligible for assistance under this title if the individual—

''(A) is an individual with a disability under section 7(20)(A); and

''(B) requires vocational rehabilitation services to prepare for, secure, retain, or regain employment.

''(2) PRESUMPTION OF BENEFIT.—

''(A) DEMONSTRATION.—For purposes of this section, an individual shall be presumed to be an individual that can benefit in terms of an employment outcome from vocational rehabilitation services under section 7(20)(A), unless the designated State unit involved can demonstrate by clear and convincing evidence that such individual is incapable of benefiting in terms of an employment outcome from vocational 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 can not take advantage of such experiences. Such experiences shall be of sufficient variety and over a sufficient period of time to determine the eligibility of the individual or to determine the existence of clear and convincing evidence that the individual is incapable of benefiting in terms of an employment outcome from vocational rehabilitation services due to the severity of the disability of the individual.

''(3) PRESUMPTION OF ELIGIBILITY.—For purposes of this section, an individual who has a disability or is blind as determined pursuant to title II or title XVI of the Social Security Act (42 U.S.C. 401 et seq. and 1381 et seq.) shall be—

''(A) considered to be an individual with a significant disability under section 7(21)(A); and

''(B) presumed to be eligible for vocational rehabilitation services under this title (provided that the individual intends to achieve an employment outcome consistent with the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual) unless the designated State unit involved can demonstrate by clear and convincing evidence that such individual is incapable of benefiting in terms of an employment outcome from vocational rehabilitation services due to the severity of the disability of the individual in accordance with paragraph (2).

''(4) USE OF EXISTING INFORMATION.—

''(A) IN GENERAL.—To the maximum extent appropriate and consistent with the requirements of this part, for purposes of determining the eligibility of an individual for vocational rehabilitation services under this title and developing the individualized rehabilitation employment plan described in subsection (b) for the individual, the designated State unit shall use information that is existing and current (as of the date of the determination of eligibility or of the development of the individualized rehabilitation employment plan), including information available from other programs and providers, particularly information used by education officials and the Social Security Administration, information provided by the individual and the family of the individual, and information obtained under the assessment for determining eligibility and vocational rehabilitation needs.

''(B) DETERMINATIONS BY OFFICIALS OF OTHER AGENCIES.—Determinations made by officials of other agencies, particularly education officials described in section 101(a)(11)(D), regarding whether an individual satisfies 1 or more factors relating to whether an individual is an individual with a disability under section 7(20)(A) or an individual with a significant disability under section 7(21)(A) shall be used, to the extent appropriate and consistent with the requirements of this part, in assisting the designated State unit in making such determinations.

''(C) BASIS.—The determination of eligibility for vocational rehabilitation services shall be based on—

''(i) the review of existing data described in section 7(2)(A)(i); and

''(ii) to the extent that such data is unavailable or insufficient for determining eligibility, the provision of assessment activities described in section 7(2)(A)(ii).

''(5) DETERMINATION OF INELIGIBILITY.—If an individual who applies for services under this title is determined, based on the review of existing data and, to the extent necessary, the assessment activities described in section 7(2)(A)(ii), not to be eligible for the services, or if an eligible individual receiving services under an individualized rehabilitation employment plan is determined to be no longer eligible for the services—

''(A) the ineligibility determination involved shall be made only after providing an opportunity for full consultation with the individual or, as appropriate, the individual's representative;

''(B) the individual or, as appropriate, the individual's representative, shall be informed in writing (supplemented as necessary by other appropriate modes of communication consistent with the informed choice of the individual) of the ineligibility determination, including—

''(i) the reasons for the determination; and

''(ii) a description of the means by which the individual may express, and seek a remedy for, any dissatisfaction with the determination, including the procedures for review by an impartial hearing officer under subsection (c);

''(C) the individual shall be provided with a description of services available from the client assistance program under section 112 and information on how to contact that program; and

''(D) any ineligibility determination that is based on a finding that the individual is incapable of benefiting in terms of an employment outcome shall be reviewed—

''(i) within 12 months; and

''(ii) annually thereafter, if such a review is requested by the individual or, if appropriate, by the individual's representative.

''(6) TIMEFRAME FOR MAKING AN ELIGIBILITY DETERMINATION.—The designated State unit shall determine whether an individual is eligible for vocational rehabilitation services under this title within a reasonable period of time, not to exceed 60 days, after the individual has submitted an application for the services unless—

''(A) exceptional and unforeseen circumstances beyond the control of the designated State unit preclude making an eligibility determination within 60 days and the designated State unit and the individual agree to a specific extension of time; or

''(B) the designated State unit is exploring an individual's abilities, capabilities, and capacity to perform in work situations under paragraph (2)(B).

''(b) DEVELOPMENT OF AN INDIVIDUALIZED REHABILITATION EMPLOYMENT PLAN.—

''(1) OPTIONS FOR DEVELOPING AN INDIVIDUALIZED REHABILITATION EMPLOYMENT PLAN.—If an individual is determined to be eligible for vocational rehabilitation services as described in subsection (a), the designated State unit shall complete the assessment for determining eligibility and vocational 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 rehabilitation employment plan, including—

''(A) information on the availability of assistance, to the extent determined to be appropriate by the eligible individual, from a qualified vocational rehabilitation counselor in developing all or part of the individualized rehabilitation employment plan for the individual, and the availability of technical assistance in developing all or part of the individualized rehabilitation employment plan for the individual;

''(B) a description of the full range of components that shall be included in an individualized rehabilitation employment plan;

''(C) as appropriate—

''(i) an explanation of agency guidelines and criteria associated with financial commitments concerning an individualized rehabilitation employment plan;

''(ii) additional information the eligible individual requests or the designated State unit determines to be necessary; and

''(iii) information on the availability of assistance in completing designated State agency forms required in developing an individualized rehabilitation employment plan; and

''(D)(i) a description of the rights and remedies available to such an individual including, if appropriate, recourse to the processes set forth in subsection (c); and

''(ii) a description of the availability of a client assistance program established pursuant to section 112 and information about how to contact the client assistance program.

''(2) MANDATORY PROCEDURES.—

''(A) WRITTEN DOCUMENT.—An individualized rehabilitation employment plan shall be a written document prepared on forms provided by the designated State unit.

''(B) INFORMED CHOICE.—An individualized rehabilitation employment plan shall be developed and implemented in a manner that affords eligible individuals the opportunity to 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 rehabilitation employment plan shall be—

''(i) agreed to, and signed by, such eligible individual or, as appropriate, the individual's representative; and

''(ii) approved and signed by a qualified vocational rehabilitation counselor employed by the designated State unit.

''(D) COPY.—A copy of the individualized rehabilitation employment plan for an eligible individual shall be provided to the individual or, as appropriate, to the individual's representative, in writing and, if appropriate, in the native language or mode of communication of the individual or, as appropriate, of the individual's representative.

''(E) REVIEW AND AMENDMENT.—The individualized rehabilitation employment plan shall be—

''(i) reviewed at least annually by—

''(I) a qualified vocational rehabilitation counselor; and

''(II) the eligible individual or, as appropriate, the individual's representative; and

''(ii) amended, as necessary, by the individual or, as appropriate, the individual's representative, in collaboration with a representative of the designated State agency or a qualified vocational rehabilitation counselor, 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).

''(3) MANDATORY COMPONENTS OF AN INDIVIDUALIZED REHABILITATION EMPLOYMENT PLAN.—Regardless of the approach selected by an eligible individual to develop an individualized rehabilitation employment plan, an individualized rehabilitation employment plan shall, at a minimum, contain mandatory components consisting of—

''(A) a description of the specific employment outcome that is chosen by the eligible individual, consistent with the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the eligible individual, and, to the maximum extent appropriate, results in employment in an integrated setting;

''(B)(i) a description of the specific vocational rehabilitation services that are—

''(I) needed to achieve the employment outcome, including, as appropriate, the provision of assistive technology devices and assistive technology services, and personal assistance services, including training in the management of such services; and

''(II) provided in the most integrated setting that is appropriate for the service involved and is consistent with the informed choice of the eligible individual; and

''(ii) timelines for the achievement of the employment outcome and for the initiation of the services;

''(C) a description of the entity chosen by the eligible individual or, as appropriate, the individual's representative, that will provide the vocational rehabilitation services, and the methods used to procure such services;

''(D) a description of criteria to evaluate progress toward achievement of the employment outcome;

''(E) the terms and conditions of the individualized rehabilitation employment plan, including, as appropriate, information describing—

''(i) the responsibilities of the designated State unit;

''(ii) the responsibilities of the eligible individual, including—

''(I) the responsibilities the eligible individual will assume in relation to the employment outcome of the individual;

''(II) if applicable, the participation of the eligible individual in paying for the costs of the plan; and

''(III) the responsibility of the eligible individual with regard to applying for and securing comparable benefits as described in section 101(a)(8);

''(iii) the responsibilities of other entities as the result of arrangements made pursuant to comparable services or benefits requirements as described in section 101(a)(8);

''(F) for an eligible individual with the most significant disabilities for whom an employment outcome in a supported employment setting has been determined to be appropriate, information identifying—

''(i) the extended services needed by the eligible individual; and

''(ii) the source of extended services or, to the extent that the source of the extended services cannot be identified at the time of the development of the individualized rehabilitation employment plan, a description of the basis for concluding that there is a reasonable expectation that such source will become available; and

''(G) as determined to be necessary, a statement of projected need for post-employment services.

''(c) PROCEDURES.—

''(1) IN GENERAL.—Each State shall establish procedures for mediation of, and procedures for review through an impartial due process hearing of, determinations made by personnel of the designated State unit that affect the provision of vocational rehabilitation services to applicants or eligible individuals.

''(2) NOTIFICATION.—

''(A) RIGHTS AND ASSISTANCE.—The procedures shall provide that an applicant or an eligible individual or, as appropriate, the applicant's representative or individual's representative shall be notified of—

''(i) the right to obtain review of determinations described in paragraph (1) in an impartial due process hearing under paragraph (5);

''(ii) the right to pursue mediation with respect to the determinations under paragraph (4); and

''(iii) the availability of assistance from the client assistance program under section 112.

''(B) TIMING.—Such notification shall be provided in writing—

''(i) at the time an individual applies for vocational rehabilitation services provided under this title;

''(ii) at the time the individualized rehabilitation employment plan for the individual is developed; and

''(iii) upon reduction, suspension, or cessation of vocational rehabilitation services for the individual.

''(3) EVIDENCE AND REPRESENTATION.—The procedures required under this subsection shall, at a minimum—

''(A) provide an opportunity for an applicant or an eligible individual, or, as appropriate, the applicant's representative or individual's representative, to submit at the mediation session or hearing evidence and information to support the position of the applicant or eligible individual; and

''(B) include provisions to allow an applicant or an eligible individual to be represented in the mediation session or hearing

by a person selected by the applicant or eligible individual.

''(4) MEDIATION.—

''(A) PROCEDURES.—Each State shall ensure that procedures are established and implemented under this subsection to allow parties described in paragraph (1) to disputes involving any determination described in paragraph (1) to resolve such disputes through a mediation process that, at a minimum, shall be available whenever a hearing is requested under this subsection.

''(B) REQUIREMENTS.—Such procedures shall ensure that the mediation process—

''(i) is voluntary on the part of the parties;

''(ii) is not used to deny or delay the right of an individual to a hearing under this subsection, or to deny any other right afforded under this title; and

''(iii) is conducted by a qualified and impartial mediator who is trained in effective mediation techniques.

''(C) LIST OF MEDIATORS.—The State shall maintain a list of individuals who are qualified mediators and knowledgeable in laws (including regulations) relating to the provision of vocational rehabilitation services under this title, from which the mediators described in subparagraph (B) shall be selected.

''(D) COST.—The State shall bear the cost of the mediation process.

''(E) SCHEDULING.—Each session in the mediation process shall be scheduled in a timely manner and shall be held in a location that is convenient to the parties to the dispute.

''(F) AGREEMENT.—An agreement reached by the parties to the dispute in the mediation process shall be set forth in a written mediation agreement.

''(G) CONFIDENTIALITY.—Discussions that occur during the mediation process shall be confidential and may not be used as evidence in any subsequent due process hearing or civil proceeding. The parties to the mediation process may be required to sign a confidentiality pledge prior to the commencement of such process.

''(H) CONSTRUCTION.—Nothing in this subsection shall be construed to preclude the parties to such a dispute from informally resolving the dispute prior to proceedings under this paragraph or paragraph (5), if the informal process used is not used to deny or delay the right of the applicant or eligible individual to a hearing under this subsection or to deny any other right afforded under this title.

''(5) HEARINGS.—

''(A) OFFICER.—A due process hearing described in paragraph (2) shall be conducted by an impartial hearing officer who shall issue a decision based on the provisions of the approved State plan, this Act (including regulations implementing this Act), and State regulations and policies that are consistent with the Federal requirements specified in this title. The officer shall provide the decision in writing to the applicant or eligible individual, or, as appropriate, the applicant's representative or individual's representative, and to the designated State unit.

''(B) LIST.—The designated State unit shall maintain a list of qualified impartial hearing officers who are knowledgeable in laws (including regulations) relating to the provision of vocational rehabilitation services under this title from which the officer described in subparagraph (A) shall be selected. For the purposes of maintaining such list, impartial hearing officers shall be identified jointly by—

''(i) the designated State unit; and

''(ii) members of the Council or commission, as appropriate, described in section 101(a)(21).

''(C) SELECTION.—Such an impartial hearing officer shall be selected to hear a particular case relating to a determination—

''(i) on a random basis; or

''(ii) by agreement between—

''(I) the Director of the designated State unit and the individual with a disability; or

''(II) in appropriate cases, the Director and the individual's representative.

''(D) PROCEDURES FOR SEEKING REVIEW.—A State may establish procedures to enable a party involved in a hearing under this paragraph to seek an impartial review of the decision of the hearing officer under subparagraph (A) by—

''(i) the chief official of the designated State agency if the State has established both a designated State agency and a designated State unit under section 101(a)(2); or

''(ii) an official from the office of the Governor or the chief official of another State office or agency that has supervisory authority over the designated State agency.

''(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 described in section 101(a)(11)(D)(ii)(II) who are making the transition from programs under the responsibility of an educational agency to programs under the responsibility of the designated State unit), through appropriate modes of communication, about the availability of, and opportunities to exercise, informed choice, including the availability of support services for individuals with cognitive or other disabilities who require assistance in exercising informed choice, throughout the vocational rehabilitation process;

''(2) to assist applicants and eligible individuals in exercising informed choice in decisions related to the provision of assessment services under this title;

''(3) to develop and implement flexible procurement policies and methods that facilitate the provision of services, and that afford eligible individuals meaningful choices among the methods used to procure services, under this title;

''(4) to provide or assist eligible individuals in acquiring information that enables those individuals to exercise informed choice under this title in the selection of—

''(A) the employment outcome;

''(B) the specific vocational rehabilitation services needed to achieve the employment outcome;

''(C) the entity that will provide the services;

''(D) the employment setting and the settings in which the services will be provided; and

''(E) the methods available for procuring the services; and

''(5) to ensure that the availability and scope of informed choice provided under this section is consistent with the obligations of the designated State agency under this title.

''SEC. 103. VOCATIONAL REHABILITATION SERVICES.

''(a) VOCATIONAL REHABILITATION SERVICES FOR INDIVIDUALS.—Vocational rehabilitation services provided under this title are any services described in an individualized rehabilitation employment plan necessary to assist an individual with a disability in preparing for, securing, retaining, or regaining an employment outcome that is consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual, including—

''(1) an assessment for determining eligibility and vocational rehabilitation needs by qualified personnel, including, if appropriate, an assessment by personnel skilled in rehabilitation technology;

''(2) counseling and guidance, including information and support services to assist an individual in exercising informed choice consistent with the provisions of section 102(d);

''(3) referral and other services to secure needed services from other agencies through agreements developed under section 101(b)(11), if such services are not available under this title;

''(4) job-related services, including job search and placement assistance, job retention services, followup services, and follow-along services;

''(5) vocational and other training services, including the provision of personal and vocational adjustment services, books, tools, and other training materials, except that no training services provided at an institution of higher education shall be paid for with funds under this title unless maximum efforts have been made by the designated State unit and the individual to secure grant assistance, in whole or in part, from other sources to pay for such training;

''(6) to the extent that financial support is not readily available from a source (such as through health insurance of the individual or through comparable services and benefits consistent with section 101(a)(8)(A)), other than the designated State unit, diagnosis and treatment of physical and mental impairments, including—

''(A) corrective surgery or therapeutic treatment necessary to correct or substantially modify a physical or mental condition that constitutes a substantial impediment to employment, but is of such a nature that such correction or modification may reasonably be expected to eliminate or reduce such impediment to employment within a reasonable length of time;

''(B) necessary hospitalization in connection with surgery or treatment;

''(C) prosthetic and orthotic devices;

''(D) eyeglasses and visual services as prescribed by qualified personnel who meet State 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 rehabilitation employment plan;

''(8) transportation, including adequate training in the use of public transportation vehicles and systems, that is provided in connection with the provision of any other service described in this section and needed by the individual to achieve an employment outcome;

''(9) on-the-job or other related personal assistance services provided while an individual is receiving other services described in this section;

''(10) interpreter services provided by qualified personnel for individuals who are deaf or hard of hearing, and reader services for individuals who are determined to be blind, after an examination by qualified personnel who meet State licensure laws;

''(11) rehabilitation teaching services, and orientation and mobility services, for individuals who are blind;

''(12) occupational licenses, tools, equipment, and initial stocks and supplies;

''(13) technical assistance and other consultation services to conduct market analyses, develop business plans, and otherwise provide resources, to the extent such resources are authorized to be provided under the statewide workforce investment system, to eligible individuals who are pursuing self-employment or establishing a small business operation as an employment outcome;

''(14) rehabilitation technology, including telecommunications, sensory, and other technological aids and devices;

''(15) transition services for students with disabilities described in section 101(a)(11)(D)(ii)(II), that facilitate the achievement of the employment outcome identified in the individualized rehabilitation employment plan;

''(16) supported employment services;

''(17) services to the family of an individual with a disability necessary to assist the individual to achieve an employment outcome; and

''(18) specific post-employment services necessary to assist an individual with a disability to, retain, regain, or advance in employment.

''(b) VOCATIONAL REHABILITATION SERVICES FOR GROUPS OF INDIVIDUALS.—Vocational rehabilitation services provided for the benefit of groups of individuals with disabilities may also include the following:

''(1) In the case of any type of small business operated by individuals with significant disabilities the operation of which can be improved by management services and supervision provided by the designated State agency, the provision of such services and supervision, along or together with the acquisition by the designated State agency of vending facilities or other equipment and initial stocks and supplies.

''(2) The establishment, development, or improvement of community rehabilitation programs, that promise to contribute substantially to the rehabilitation of a group of individuals but that are not related directly to the individualized rehabilitation employment plan of any 1 individual with a disability. Such programs shall be used to provide services that promote integration and competitive employment.

''(3) The use of telecommunications systems (including telephone, television, satellite, radio, and other similar systems) that have the potential for substantially improving delivery methods of activities described in this section and developing appropriate programming to meet the particular needs of individuals with disabilities.

''(4)(A) Special services to provide nonvisual access to information for individuals who are blind, including the use of telecommunications, Braille, sound recordings, or other appropriate media.

''(B) Captioned television, films, or video cassettes for individuals who are deaf or hard of hearing.

''(C) Tactile materials for individuals who are deaf-blind.

''(D) Other special services that provide information through tactile, vibratory, auditory, and visual media.

''(5) Technical assistance and support services to businesses that are not subject to title I of the Americans with Disabilities Act of 1990 (42 U.S.C. 12111 et seq.) and that are seeking to employ individuals with disabilities.

''(6) Consultative and technical assistance services to assist educational agencies in planning for the transition of students with disabilities described in section 101(a)(11)(D)(i) from school to post-school activities, including employment.

''SEC. 104. NON-FEDERAL SHARE FOR ESTABLISHMENT OF PROGRAM.

''For the purpose of determining the amount of payments to States for carrying out part B of this title (or to an Indian tribe under part C), the non-Federal share, subject to such limitations and conditions as may be prescribed in regulations by the Commissioner, shall include contributions of funds made by any private agency, organization, or individual to a State or local agency to assist in meeting the costs of establishment of a community rehabilitation program, which would be regarded as State or local funds except for the condition, imposed by the contributor, limiting use of such funds to establishment of such a program.''.

''SEC. 105. STATE REHABILITATION COUNCIL.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—Except as provided in section 101(a)(21)(A)(i), to be eligible to receive financial assistance under this title a State shall establish a State Rehabilitation Council (referred to in this section as the 'Council') in accordance with this section.

''(2) SEPARATE AGENCY FOR INDIVIDUALS WHO ARE BLIND.—A State that designates a State agency to administer the part of the State plan under which vocational rehabilitation services are provided for individuals who are blind under section 101(a)(2)(A)(i) may establish a separate Council in accordance with this section to perform the duties of such a Council with respect to such State agency.

''(b) COMPOSITION AND APPOINTMENT.—

''(1) COMPOSITION.—

''(A) IN GENERAL.—Except in the case of a separate Council established under subsection (a)(2), the Council shall be composed of—

''(i) at least one representative of the Statewide Independent Living Council established under section 705, which representative may be the chairperson or other designee of the Council;

''(ii) at least one representative of a parent training and information center established pursuant to section 682(a) of the Individuals with Disabilities Education Act (as added by section 101 of the Individuals with Disabilities Education Act Amendments of 1997; Public Law 105–17);

''(iii) at least one representative of the client assistance program established under section 112;

''(iv) at least one vocational rehabilitation counselor, with knowledge of and experience with vocational rehabilitation programs, who shall serve as an ex officio, nonvoting member of the Council if the counselor is an employee of the designated State agency;

''(v) at least one representative of community rehabilitation program service providers;

''(vi) four representatives of business, industry, and labor;

''(vii) representatives of disability advocacy groups representing a cross section of—

''(I) individuals with physical, cognitive, sensory, and mental disabilities; and

''(II) individuals' representatives of individuals with disabilities who have difficulty in representing themselves or are unable due to their disabilities to represent themselves;

''(viii) current or former applicants for, or recipients of, vocational rehabilitation services;

''(ix) in a State in which one or more projects are carried out under section 121, at least one representative of the directors of the projects;

''(x) at least one representative of the State educational agency responsible for the public education of students with disabilities who are eligible to receive services under this title and part B of the Individuals with Disabilities Education Act; and

''(xi) at least one representative of the statewide workforce investment partnership.

''(B) SEPARATE COUNCIL.—In the case of a separate Council established under subsection (a)(2), the Council shall be composed of—

''(i) at least one representative described in subparagraph (A)(i);

''(ii) at least one representative described in subparagraph (A)(ii);

''(iii) at least one representative described in subparagraph (A)(iii);

''(iv) at least one vocational rehabilitation counselor described in subparagraph (A)(iv), who shall serve as described in such subparagraph;

''(v) at least one representative described in subparagraph (A)(v);

''(vi) four representatives described in subparagraph (A)(vi);

''(vii) at least one representative of a disability advocacy group representing individuals who are blind;

''(viii) at least one individual's representative, of an individual who—

''(I) is an individual who is blind and has multiple disabilities; and

''(II) has difficulty in representing himself or herself or is unable due to disabilities to represent himself or herself;

''(ix) applicants or recipients described in subparagraph (A)(viii);

''(x) in a State described in subparagraph (A)(ix), at least one representative described in such subparagraph;

''(xi) at least one representative described in subparagraph (A)(x); and

''(xii) at least one representative described in subparagraph (A)(xi).

''(C) EXCEPTION.—In the case of a separate Council established under subsection (a)(2), any Council that is required by State law, as in effect on the date of enactment of the Rehabilitation Act Amendments of 1992, to have fewer than 15 members shall be deemed to be in compliance with subparagraph (B) if the Council—

''(i) meets the requirements of subparagraph (B), other than the requirements of clauses (vi) and (ix) of such subparagraph; and

''(ii) includes at least—

''(I) one representative described in subparagraph (B)(vi); and

''(II) one applicant or recipient described in subparagraph (B)(ix).

''(2) EX OFFICIO MEMBER.—The Director of the designated State unit shall be an ex officio, nonvoting member of the Council.

''(3) APPOINTMENT.—Members of the Council shall be appointed by the Governor. In the case of a State that, under State law, vests appointment authority in an entity in lieu of, or in conjunction with, the Governor, such as one or more houses of the State legislature, or an independent board that has general appointment authority, that entity shall make the appointments. The appointing authority 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 appointing authority shall consider, to the greatest extent practicable, the extent to which minority populations are represented on the Council.

''(4) QUALIFICATIONS.—A majority of Council members shall be persons who are—

''(A) individuals with disabilities described in section 7(20)(A); and

''(B) not employed by the designated State unit.

''(5) CHAIRPERSON.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the Council shall select a chairperson from among the membership of the Council.

''(B) DESIGNATION BY GOVERNOR.—In States in which the Governor 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 appointing authority) 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 (including an entity described in paragraph (3)) may delegate the authority to fill such a vacancy to the remaining members of the Council after making the original appointment.

''(c) FUNCTIONS OF COUNCIL.—The Council shall, after consulting with the statewide workforce investment partnership—

''(1) review, analyze, and advise the designated State unit regarding the performance of the responsibilities of the unit under this title, particularly responsibilities relating to—

''(A) eligibility (including order of selection);

''(B) the extent, scope, and effectiveness of services provided; and

''(C) functions performed by State agencies that affect or that potentially affect the ability of individuals with disabilities in achieving employment outcomes under this title;

''(2) in partnership with the designated State unit—

''(A) develop, agree to, and review State goals and priorities in accordance with section 101(a)(15)(C); and

''(B) evaluate the effectiveness of the vocational rehabilitation program and submit reports of progress to the Commissioner in accordance with section 101(a)(15)(E);

''(3) advise the designated State agency and the designated State unit regarding activities authorized to be carried out under this title, and assist in the preparation of the State plan and amendments to the plan, applications, reports, needs assessments, and evaluations required by this title;

''(4) to the extent feasible, conduct a review and analysis of the effectiveness of, and consumer satisfaction with—

''(A) the functions performed by the designated State agency;

''(B) vocational rehabilitation services provided by State agencies and other public and private entities responsible for providing vocational rehabilitation services to individuals with disabilities under this Act; and

''(C) employment outcomes achieved by eligible individuals receiving services under this title, including the availability of health and other employment benefits in connection with such employment outcomes;

''(5) prepare and submit an annual report to the Governor or appropriate State entity and the Commissioner on the status of vocational rehabilitation programs operated within the State, and make the report available to the public;

''(6) to avoid duplication of efforts and enhance the number of individuals served, coordinate activities with the activities of other councils within the State, including the Statewide Independent Living Council established under section 705, the advisory panel established under section 612(a)(21) of the Individual with Disabilities Education Act (as amended by section 101 of the Individuals with Disabilities Education Act Amendments of 1997; Public Law 105–17), the State Developmental Disabilities Council described in section 124 of the Developmental

Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6024), the State mental health planning council established under section 1914(a) of the Public Health Service Act (42 U.S.C. 300x–4(a)), and the statewide workforce investment partnership;

''(7) provide for coordination and the establishment of working relationships between the designated State agency and the Statewide Independent Living Council and centers for independent living within the State; and

''(8) perform such other functions, consistent with the purpose of this title, as the State Rehabilitation Council determines to be appropriate, that are comparable to the other functions performed by the Council.

''(d) RESOURCES.—

''(1) PLAN.—The Council shall prepare, in conjunction with the designated State unit, a plan for the provision of such resources, including such staff and other personnel, as may be necessary and sufficient to carry out the functions of the Council under this section. The resource plan shall, to the maximum extent possible, rely on the use of resources in existence during the period of implementation of the plan.

''(2) RESOLUTION OF DISAGREEMENTS.—To the extent that there is a disagreement between the Council and the designated State unit in regard to the resources necessary to carry out the functions of the Council as set forth in this section, the disagreement shall be resolved by the Governor or appointing agency consistent with paragraph (1).

''(3) SUPERVISION AND EVALUATION.—Each Council shall, consistent with State law, supervise and evaluate such staff and other personnel as may be necessary to carry out its functions under this section.

''(4) PERSONNEL CONFLICT OF INTEREST.—While assisting the Council in carrying out its duties, staff and other personnel shall not be assigned duties by the designated State unit or any other agency or office of the State, that would create a conflict of interest.

''(e) CONFLICT OF INTEREST.—No member of the Council shall cast a vote on any matter that would provide direct financial benefit to the member or otherwise give the appearance of a conflict of interest under State law.

''(f) MEETINGS.—The Council shall convene at least 4 meetings a year in such places as it determines to be necessary to conduct Council business and conduct such forums or hearings as the Council considers appropriate. The meetings, hearings, and forums shall be publicly announced. The meetings shall be open and accessible to the general public unless there is a valid reason for an executive session.

''(g) COMPENSATION AND EXPENSES.—The Council may use funds allocated to the Council by the designated State unit under this title (except for funds appropriated to carry out the client assistance program under section 112 and funds reserved pursuant to section 110(c) to carry out part C) to reimburse members of the Council for reasonable and necessary expenses of attending Council meetings and performing Council duties (including child care and personal assistance services), and to pay compensation to a member of the Council, if such member is not employed or must forfeit wages from other employment, for each day the member is engaged in performing the duties of the Council.

''(h) HEARINGS AND FORUMS.—The Council is authorized to hold such hearings and forums as the Council may determine to be necessary to carry out the duties of the Council.

''SEC. 106. EVALUATION STANDARDS AND PERFORMANCE INDICATORS.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—

''(A) ESTABLISHMENT OF STANDARDS AND INDICATORS.—The Commissioner shall, not later than September 30, 1998, establish and publish evaluation standards and performance indicators for the vocational rehabilitation program carried out under this title.

''(B) REVIEW AND REVISION.—Effective September 30, 1998, the Commissioner shall review and, if necessary, revise the evaluation standards and performance indicators every 3 years. Any revisions of the standards and indicators shall be developed with input from State vocational rehabilitation agencies, related professional and consumer organizations, recipients of vocational rehabilitation services, and other interested parties. Any revisions of the standards and indicators shall be subject to the publication, review, and comment provisions of paragraph (3).

''(C) BASES.—Effective July 1, 1999, to the maximum extent practicable, the standards and indicators shall be consistent with the core indicators of performance established under section 321(b) of the Workforce Investment Partnership Act of 1998.

''(2) MEASURES.—The standards and indicators shall include outcome and related measures of program performance that facilitate the accomplishment of the purpose and policy of this title.

''(3) COMMENT.—The standards and indicators shall be developed with input from State vocational rehabilitation agencies, related professional and consumer organizations, recipients of vocational rehabilitation services, and other interested parties. The Commissioner shall publish in the Federal Register a notice of intent to regulate regarding the development of proposed standards and indicators. Proposed standards and indicators shall be published in the Federal Register for review and comment. Final standards and indicators shall be published in the Federal Register.

''(b) COMPLIANCE.—

''(1) STATE REPORTS.—In accordance with regulations established by the Secretary, each State shall report to the Commissioner after the end of each fiscal year the extent to which the State is in compliance with the standards and indicators.

''(2) PROGRAM IMPROVEMENT.—

''(A) PLAN.—If the Commissioner determines that the performance of any State is below established standards, the Commissioner shall provide technical assistance to the State and the State and the Commissioner shall jointly develop a program improvement plan outlining the 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;

''(D) reviews of individual case files, including individualized rehabilitation employment plans and ineligibility determinations; and

''(E) meetings with rehabilitation counselors and other personnel.

''(4) AREAS OF INQUIRY.—In conducting the review and monitoring, the Commissioner shall examine—

''(A) the eligibility process;

''(B) the provision of services, including, if applicable, the order of selection;

''(C) whether the personnel evaluation system described in section 101(a)(7)(A)(iv) facilitates the accomplishments of the program;

''(D) such other areas as may be identified by the public or through meetings with the State Rehabilitation Council, if the State has such a Council or with the commission described in section 101(a)(21)(A)(i), if the State has such a commission; and

''(E) such other areas of inquiry as the Commissioner may consider appropriate.

''(5) REPORTS.—If the Commissioner issues a report detailing the findings of an annual review or onsite monitoring conducted under

this section, the report shall be made available to the State Rehabilitation Council, if the State has such a Council.

''(b) TECHNICAL ASSISTANCE.—The Commissioner shall—

''(1) provide technical assistance to programs under this title regarding improving the quality of vocational rehabilitation services provided; and

''(2) provide technical assistance and establish a corrective action plan for a program under this title if the Commissioner finds that the program fails to comply substantially with the provisions of the State plan, or with evaluation standards or performance indicators established under section 106, in order to ensure that such failure is corrected as soon as practicable.

''(c) FAILURE TO COMPLY WITH PLAN.—

''(1) WITHHOLDING PAYMENTS.—Whenever the Commissioner, after providing reasonable notice and an opportunity for a hearing to the State agency 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 C of title VI, or under title VII.

''(b) AMOUNTS.—The amounts referred to in subsection (a) are amounts provided to a State under the Social Security Act (42 U.S.C. 301 et seq.) as reimbursement for the expenditure of payments received by the State from allotments under section 110 of this Act.

''SEC. 109. TRAINING OF EMPLOYERS WITH RESPECT TO AMERICANS WITH DISABILITIES ACT OF 1990.

''A State may expend payments received under section 111—

''(1) to carry out a program to train employers with respect to compliance with the requirements of title I of the Americans with Disabilities Act of 1990 (42 U.S.C. 12111 et seq.); and

''(2) to inform employers of the existence of the program and the availability of the services of the program.

''PART B—BASIC VOCATIONAL REHABILITATION SERVICES

''STATE ALLOTMENTS

''SEC. 110. (a)(1) Subject to the provisions of subsection (c), for each fiscal year beginning before October 1, 1978, each State shall be entitled to an allotment of an amount bearing the same ratio to the amount authorized to be appropriated under section 100(b)(1) for allotment under this section as the product of—

''(A) the population of the State; and

''(B) the square of its allotment percentage,

bears to the sum of the corresponding products for all the States.

''(2)(A) For each fiscal year beginning on or after October 1, 1978, each State shall be entitled to an allotment in an amount equal to the amount such State received under paragraph (1) for the fiscal year ending September 30, 1978, and an additional amount determined pursuant to subparagraph (B) of this paragraph.

''(B) For each fiscal year beginning on or after October 1, 1978, each State shall be entitled to an allotment, from any amount authorized to be appropriated for such fiscal year under section 100(b)(1) for allotment under this 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 one-third of 1 percent of the amount appropriated under section 100(b)(1), or $3,000,000, whichever is greater, shall be increased to that amount, the total of the increases thereby required being derived by proportionately reducing the allotment to each of the remaining such States under this subsection, but with such adjustments as may be necessary to prevent the sum of the allotments made under this subsection to any such remaining State from being thereby reduced to less than that amount.

''(b)(1) Not later than forty-five days prior to the end of the fiscal year, the Commissioner shall determine, after reasonable opportunity for the submission to the Commissioner of comments by the State agency administering or supervising the program established under this title, that any payment of an allotment to a State under section 111(a) for any fiscal year will not be utilized by such State in carrying out the purposes of this title.

''(2) As soon as practicable but not later than the end of the fiscal year, the Commissioner shall make such amount available for carrying out the purposes of this title to one or more other States to the extent the Commissioner determines such other State will be able to use such additional amount during that fiscal year or the subsequent fiscal year for carrying out such purposes. The Commissioner shall make such amount available only if such other State will be able to make sufficient payments from non-Federal sources to pay for the non-Federal share of the cost of vocational rehabilitation services under the State plan for the fiscal year for which the amount was appropriated.

''(3) For the purposes of this part, any amount made available to a State for any fiscal year pursuant to this subsection shall be regarded as an increase of such State's allotment (as determined under the preceding provisions of this section) for such year.

''(c)(1) For fiscal year 1987 and for each subsequent fiscal year, the Commissioner

shall reserve from the amount appropriated under section 100(b)(1) for allotment under this section a sum, determined under paragraph (2), to carry out the purposes of part C.

''(2) The sum referred to in paragraph (1) shall be, as determined by the Secretary—

''(A) not less than three-quarters of 1 percent and not more than 1.5 percent of the amount referred to in paragraph (1), for fiscal year 1998; and

''(B) not less than 1 percent and not more than 1.5 percent of the amount referred to in paragraph (1), for each of fiscal years 1999 through 2004.

''PAYMENTS TO STATES

''SEC. 111. (a)(1) Except as provided in paragraph (2), from each State's allotment under this part for any fiscal year, the Commissioner shall pay to a State an amount equal to the Federal share of the cost of vocational rehabilitation services under the plan for that State approved under section 101, including expenditures for the administration of the State plan.

''(2)(A) The total of payments under paragraph (1) to a State for a fiscal year may not exceed its allotment under subsection (a) of section 110 for such year.

''(B) For fiscal year 1994 and each fiscal year thereafter, the amount otherwise payable to a State for a fiscal year under this section shall be reduced by the amount by which expenditures from non-Federal sources under the State plan under this title for the previous fiscal year are less than the total of such expenditures for the second fiscal year preceding the previous fiscal year.

''(C) The Commissioner may waive or modify any requirement or limitation under paragraphs (A) and (B) if the Commissioner determines that a waiver or modification is an equitable response to exceptional or uncontrollable circumstances affecting the State.

''(b) The method of computing and paying amounts pursuant to subsection (a) shall be as follows:

''(1) The Commissioner shall, prior to the beginning of each calendar quarter or other period prescribed by the Commissioner, estimate the amount to be paid to each State under the provisions of such subsection for such period, such estimate to be based on such records of the State and information furnished by it, and such other investigation as the Commissioner may find necessary.

''(2) The Commissioner shall pay, from the allotment available therefor, the amount so estimated by the Commissioner for such period, reduced or 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.

''CLIENT ASSISTANCE PROGRAM

''SEC. 112. (a) From funds appropriated under subsection (h), the Secretary shall, in accordance with this section, make grants to States to establish and carry out client assistance programs to provide assistance in informing and advising all clients and client applicants of all available benefits under this Act, and, upon request of such clients or client applicants, to assist and advocate for such clients or applicants in their relationships with projects, programs, and services provided under this Act, including assistance and advocacy in pursuing legal, administrative, or other appropriate remedies to ensure the protection of the rights of such individuals under this Act and to facilitate access to the services funded under this Act through individual and systemic advocacy. The client assistance program shall provide information on the available services and benefits under this Act and title I of the Americans with Disabilities Act of 1990 (42 U.S.C. 12111 et seq.) to individuals with disabilities in the State, especially with regard to individuals with disabilities who have traditionally been unserved or underserved by vocational rehabilitation programs. In providing assistance and advocacy under this subsection with respect to services under this title, a client assistance program may provide the assistance and advocacy with respect to services that are directly related to facilitating the employment of the individual.

''(b) No State may receive payments from its allotment under this Act in any fiscal year unless the State has in effect not later than October 1, 1984, a client assistance program which—

''(1) has the authority to pursue legal, administrative, and other appropriate remedies to ensure the protection of rights of individuals with disabilities who are receiving treatments, services, or rehabilitation under this Act within the State; and

''(2) meets the requirements of designation under subsection (c).

''(c)(1)(A) The Governor shall designate a public or private agency to conduct the client assistance program under this section. Except as provided in the last sentence of this subparagraph, the Governor shall designate an agency which is independent of any agency which provides treatment, services, or rehabilitation to individuals under this Act. If there is an agency in the State which has, or had, prior to the date of enactment of the Rehabilitation Amendments of 1984, served as a client assistance agency under this section and which received Federal financial assistance under this Act, the Governor may, in the initial designation, designate an agency which provides treatment, services, or rehabilitation to individuals with disabilities under this Act.

''(B)(i) The Governor may not redesignate the agency designated under subparagraph (A) without good cause and unless—

''(I) the Governor has given the agency 30 days notice of the intention to make such redesignation, including specification of the good cause for such redesignation and an opportunity to respond to the assertion that good cause has been shown;

''(II) individuals with disabilities or the individuals' representatives have timely notice of the redesignation and opportunity for public comment; and

''(III) the agency has the opportunity to appeal to the Commissioner on the basis that the redesignation was not for good cause.

''(ii) If, after the date of enactment of the Rehabilitation Act Amendments of 1998—

''(I) a designated State agency undergoes any change in the organizational structure of the agency that results in the creation of 1 or more new State agencies or departments or results in the merger of the designated State agency with 1 or more other State agencies or departments; and

''(II) an agency (including an office or other unit) within the designated State agency was conducting a client assistance program before the change under the last sentence of subparagraph (A),

the Governor shall redesignate the agency conducting the program. In conducting the redesignation, the Governor shall designate to conduct the program an agency that is independent of any agency that provides treatment, services, or rehabilitation to individuals with disabilities under this Act.

''(2) In carrying out the provisions of this section, the Governor shall consult with the director of the State vocational rehabilitation agency, the head of the developmental disability protection and advocacy agency, and with 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.

''(4) For the purpose of this subsection, the term 'Governor' means the chief executive of the State.

''(d) The agency designated under subsection (c) of this section may not bring any class action in carrying out its responsibilities under this section.

''(e)(1)(A) The Secretary shall allot the sums appropriated for each fiscal year under this section among the States on the basis of relative population of each State, except that no State shall receive less than $50,000.

''(B) The Secretary shall allot $30,000 each to American Samoa, Guam, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

''(C) For the purpose of this paragraph, the term 'State' does not include American Samoa, Guam, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

''(D)(i) In any fiscal year that the funds appropriated for such fiscal year exceed $7,500,000, the minimum allotment shall be $100,000 for States and $45,000 for territories.

''(ii) For any fiscal year in which the total amount appropriated under subsection (h) exceeds the total amount appropriated under such subsection for the preceding fiscal year, the Secretary shall increase each of the minimum allotments under clause (i) by a percentage that shall not exceed the percentage increase in the total amount appropriated under such subsection between the preceding fiscal year and the fiscal year involved.

''(2) The amount of an allotment to a State for a fiscal year which the Secretary determines will not be required by the State during the period for which it is available for the purpose for which allotted shall be available for reallotment by the Secretary at appropriate times to other States with respect to which such a determination has not been made, in proportion to the original allotments of such States for such fiscal year, but with such proportionate amount for any of such other States being reduced to the extent it exceeds the sum the Secretary estimates such State needs and will be able to use during such period, and the total of such reduction shall be similarly reallotted among the States whose proportionate amounts were not so reduced. Any such amount so reallotted to a State for a fiscal year shall be deemed to be a part of its allotment for such fiscal year.

''(3) Except as specifically prohibited by or as otherwise provided in State law, the Secretary shall pay to the agency designated under subsection (c) the amount specified in the application approved under subsection (f).

''(f) No grant may be made under this section unless the State submits an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary deems necessary to meet the requirements of this section.

''(g) The Secretary shall prescribe regulations applicable to the client assistance program which shall include the following requirements:

''(1) No employees of such programs shall, while so employed, serve as staff or consultants of any rehabilitation project, program,

or facility receiving assistance under this Act in the State.

''(2) Each program shall be afforded reasonable access to policymaking and administrative personnel in the State and local rehabilitation programs, projects, or facilities.

''(3)(A) Each program shall contain provisions designed to assure that to the maximum extent possible alternative means of dispute resolution are available for use at the discretion of an applicant or client of the program prior to resorting to litigation or formal adjudication to resolve a dispute arising under this section.

''(B) In subparagraph (A), the term 'alternative means of dispute resolution' means any procedure, including good faith negotiation, conciliation, facilitation, mediation, fact finding, and arbitration, and any combination of procedures, that is used in lieu of litigation in a court or formal adjudication in an administrative forum, to resolve a dispute arising under this section.

''(4) For purposes of any periodic audit, report, or evaluation of the performance of a client assistance program under this section, the Secretary shall not require such a program to disclose the identity of, or any other personally identifiable information related to, any individual requesting assistance under such program.

''(h) There are authorized to be appropriated such sums as may be necessary for fiscal years 1998 through 2004 to carry out the provisions of this section.

''PART C—AMERICAN INDIAN VOCATIONAL REHABILITATION SERVICES

''VOCATIONAL REHABILITATION SERVICES GRANTS

''SEC. 121. (a) The Commissioner, in accordance with the provisions of this part, may make grants to the governing bodies of Indian tribes located on Federal and State reservations (and consortia of such governing bodies) to pay 90 percent of the costs of vocational rehabilitation services for American Indians who are individuals with disabilities residing on such reservations. The non-Federal share of such costs may be in cash or in kind, fairly valued, and the Commissioner may waive such non-Federal share requirement in order to carry out the purposes of this Act.

''(b)(1) No grant may be made under this part for any fiscal year unless an application therefor has been submitted to and approved by the Commissioner. The Commissioner may not approve an application unless the application—

''(A) is made at such time, in such manner, and contains such information as the Commissioner may require;

''(B) contains assurances that the rehabilitation services provided under this part to American Indians who are individuals with disabilities residing on a reservation in a State shall be, to the maximum extent feasible, comparable to rehabilitation services provided under this title to other individuals with disabilities residing in the State and that, where appropriate, may include services traditionally used by Indian tribes; and

''(C) contains assurances that the application was developed in consultation with the designated State unit of the State.

''(2) The provisions of sections 5, 6, 7, and 102(a) of the Indian Self-Determination and Education Assistance Act shall be applicable to any application submitted under this part. For purposes of this paragraph, any reference in any such provision to the Secretary of Education or to the Secretary of the Interior shall be considered to be a reference to the Commissioner.

''(3) Any application approved under this part shall be effective for not more than 60 months, except as determined otherwise by the Commissioner pursuant to prescribed regulations. The State shall continue to provide vocational rehabilitation services under its State plan to American Indians residing on a reservation whenever such State includes any such American Indians in its State population under section 110(a)(1).

''(4) In making grants under this part, the Secretary shall give priority consideration to applications for the continuation of programs which have been funded under this part.

''(5) Nothing in this section may be construed to authorize a separate service delivery system for Indian residents of a State who reside in non-reservation areas.

''(c) The term 'reservation' includes Indian reservations, public domain Indian allotments, former Indian reservations in Oklahoma, and land held by incorporated Native groups, regional corporations, and village corporations under the provisions of the Alaska Native Claims Settlement Act.

''PART D—VOCATIONAL REHABILITATION SERVICES CLIENT INFORMATION

''SEC. 131. DATA SHARING.

''(a) IN GENERAL.—

''(1) MEMORANDUM OF UNDERSTANDING.—The Secretary of Education and the Secretary of Health and Human Services shall enter into a memorandum of understanding for the purposes of exchanging data of mutual importance—

''(A) that concern clients of designated State agencies; and

''(B) that are data maintained either by—

''(i) the Rehabilitation Services Administration, as required by section 13; or

''(ii) the Social Security Administration, from its Summary Earnings and Records and Master Beneficiary Records.

''(2) LABOR MARKET INFORMATION.—The Secretary of Labor shall provide the Commissioner with labor market information that facilitates evaluation by the Commissioner of the program carried out under part B, and allows the Commissioner to compare the progress of individuals with disabilities who are assisted under the program in securing, retaining, regaining, and advancing in employment with the progress made by individuals who are assisted under title III of the Workforce Investment Partnership Act of 1998.

''(b) TREATMENT OF INFORMATION.—For purposes of the exchange described in subsection (a)(1), the data described in subsection (a)(1)(B)(ii) shall not be considered return information (as defined in section 6103(b)(2) of the Internal Revenue Code of 1986) and, as appropriate, the confidentiality of all client information shall be maintained by the Rehabilitation Services Administration and the Social Security Administration.''.

SEC. 5. RESEARCH AND TRAINING.

Title II of the Rehabilitation Act of 1973 (29 U.S.C. 760 et seq.) is amended to read as follows:

''TITLE II—RESEARCH AND TRAINING

''DECLARATION OF PURPOSE

''SEC. 200. The purpose of this title is to—

''(1) provide for research, demonstration projects, training, and related activities to maximize the full inclusion and integration into society, employment, independent living, family support, and economic and social self-sufficiency of individuals with disabilities of all ages, with particular emphasis on improving the effectiveness of services authorized under this Act;

''(2) provide for a comprehensive and coordinated approach to the support and conduct of such research, demonstration projects, training, and related activities and to ensure that the approach is in accordance with the 5-year plan developed under section 202(h);

''(3) promote the transfer of rehabilitation technology to individuals with disabilities through research and demonstration projects relating to—

''(A) the procurement process for the purchase of rehabilitation technology;

''(B) the utilization of rehabilitation technology on a national basis;

''(C) specific adaptations or customizations of products to enable individuals with disabilities to live more independently; and

''(D) the development or transfer of assistive technology;

''(4) ensure the widespread distribution, in usable formats, of practical scientific and technological information—

''(A) generated by research, demonstration projects, training, and related activities; and

''(B) regarding state-of-the-art practices, improvements in the services authorized under this Act, rehabilitation technology, and new knowledge regarding disabilities,

to rehabilitation professionals, individuals with disabilities, and other interested parties, including the general public;

''(5) identify effective strategies that enhance the opportunities of individuals with disabilities to engage in employment, including employment involving telecommuting and self-employment; and

''(6) increase opportunities for researchers who are members of traditionally underserved populations, including researchers who are members of minority groups and researchers who are individuals with disabilities.

''AUTHORIZATION OF APPROPRIATIONS

''SEC. 201. (a) There are authorized to be appropriated—

''(1) for the purpose of providing for the expenses of the National Institute on Disability and 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 1998 through 2004; and

''(2) to carry out section 204, such sums as may be necessary for each of fiscal years 1998 through 2004.

''(b) Funds appropriated under this title shall remain available until expended.

''NATIONAL INSTITUTE ON DISABILITY AND REHABILITATION RESEARCH

''SEC. 202. (a)(1) There is established within the Department of Education a National Institute on Disability and Rehabilitation Research (hereinafter in this title referred to as the 'Institute'), which shall be headed by a Director (hereinafter in this title referred to as the 'Director'), in order to—

''(A) promote, coordinate, and provide for—

''(i) research;

''(ii) demonstration projects and training; and

''(iii) related activities,

with respect to individuals with disabilities;

''(B) more effectively carry out activities through the programs under section 204 and activities under this section;

''(C) widely disseminate information from the activities described in subparagraphs (A) and (B); and

''(D) provide leadership in advancing the quality of life of individuals with disabilities.

''(2) In the performance of the functions of the office, the Director shall be directly responsible to the Secretary or to the same Under Secretary or Assistant Secretary of the Department of Education to whom the Commissioner is responsible under section 3(a).

''(b) The Director, through the Institute, shall be responsible for—

''(1) administering the programs described in section 204 and activities under this section;

''(2) widely disseminating findings, conclusions, and recommendations, resulting from research, demonstration projects, training, and related activities (referred to in this title as 'covered activities') funded by the Institute, to—

''(A) other Federal, State, tribal, and local public agencies;

''(B) private organizations engaged in research relating to rehabilitation or providing rehabilitation services;

''(C) rehabilitation practitioners; and

''(D) individuals with disabilities and the individuals' representatives;

''(3) coordinating, through the Interagency Committee established by section 203 of this Act, all Federal programs and policies relating to research in rehabilitation;

''(4) widely disseminating educational materials and research results, concerning ways to maximize the full inclusion and integration into society, employment, independent living, family support, and economic and social self-sufficiency of individuals with disabilities, to—

''(A) public and private entities, including—

''(i) elementary and secondary schools (as defined in section 14101 of the Elementary and Secondary Education Act of 1965; and

''(ii) institutions of higher education;

''(B) rehabilitation practitioners;

''(C) individuals with disabilities (especially such individuals who are members of minority groups or of populations that are unserved or underserved by programs under this Act); and

''(D) the individuals' representatives for the individuals described in subparagraph (C);

''(5)(A) conducting an education program to inform the public about ways of providing for the rehabilitation of individuals with disabilities, including information relating to—

''(i) family care;

''(ii) self-care; and

''(iii) assistive technology devices and assistive technology services; and

''(B) as part of the program, disseminating engineering information about assistive technology devices;

''(6) conducting conferences, seminars, and workshops (including in-service training programs and programs for individuals with disabilities) concerning advances in rehabilitation research and rehabilitation technology (including advances concerning the selection and use of assistive technology devices and assistive technology services), pertinent to the full inclusion and integration into society, employment, independent living, family support, and economic and social self-sufficiency of individuals with disabilities;

''(7) taking whatever action is necessary to keep the Congress fully and currently informed with respect to the implementation and conduct of programs and activities carried out under this title, including dissemination activities;

''(8) producing, in conjunction with the Department of Labor, the National Center for Health Statistics, the Bureau of the Census, the Health Care Financing Administration, the Social Security Administration, the Bureau of Indian Affairs, the Indian Health Service, and other Federal departments and agencies, as may be appropriate, statistical reports and studies on the employment, health, income, and other demographic characteristics of individuals with disabilities, including information on individuals with disabilities who live in rural or inner-city settings, with particular attention given to underserved populations, and widely disseminating such reports and studies to rehabilitation professionals, individuals with disabilities, the individuals' representatives, and others to assist in the planning, assessment, and evaluation of vocational and other rehabilitation services for individuals with disabilities;

''(9) conducting research on consumer satisfaction with vocational rehabilitation services for the purpose of identifying effective rehabilitation programs and policies that promote the independence of individuals with disabilities and achievement of long-term vocational goals;

''(10) conducting research to examine the relationship between the provision of specific services and successful, sustained employment outcomes, including employment outcomes involving self-employment; and

''(11) coordinating activities with the Attorney General regarding the provision of information, training, or technical assistance regarding the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) to ensure consistency with the plan for technical assistance required under section 506 of such Act (42 U.S.C. 12206).

''(c)(1) The Director, acting through the Institute or 1 or more entities funded by the Institute, shall provide for the development and dissemination of models to address consumer-driven information needs related to assistive technology devices and assistive technology services.

''(2) The development and dissemination of models may include—

''(A) convening groups of individuals with disabilities, family members and advocates of such individuals, commercial producers of assistive technology, and entities funded by the Institute to develop, assess, and disseminate knowledge about information needs related to assistive technology;

''(B) identifying the types of information regarding assistive technology devices and assistive technology services that individuals with disabilities find especially useful;

''(C) evaluating current models, and developing new models, for transmitting the information described in subparagraph (B) to consumers and to commercial producers of assistive technology; and

''(D) disseminating through 1 or more entities funded by the Institute, the models described in subparagraph (C) and findings regarding the information described in subparagraph (B) to consumers and commercial producers of assistive technology.

''(d)(1) The Director of the Institute shall be appointed by the Secretary. The Director shall be an individual with substantial experience in rehabilitation and in research administration. The Director shall be compensated at the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code. The Director shall not delegate any of his functions to any officer who is not directly responsible to the Director.

''(2) There shall be a Deputy Director of the Institute (referred to in this section as the 'Deputy Director') who shall be appointed by the Secretary. The Deputy Director shall be an individual with substantial experience in rehabilitation and in research administration. The Deputy Director shall be compensated at the rate of pay for level 4 of the Senior Executive Service Schedule under section 5382 of title 5, United States Code, and shall act for the Director during the absence of the Director or the inability of the Director to perform the essential functions of the job, exercising such powers as the Director may prescribe. In the case of any vacancy in the office of the Director, the Deputy Director shall serve as Director until a Director is appointed under paragraph (1). The position created by this paragraph shall be a Senior Executive Service position, as defined in section 3132 of title 5, United States Code.

''(3) The Director, subject to the approval of the President, may appoint, for terms not to exceed three years, without regard to the provisions of title 5, United States Code, governing appointment in the competitive service, and may compensate, without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, such technical and professional employees of the Institute as the Director determines to be necessary to accomplish the functions of the Institute and also appoint and compensate without regard to such provisions, in a number not to exceed one-fifth of the number of full-time, regular technical and professional employees of the Institute.

''(4) The Director may obtain the services of consultants, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service.

''(e) The Director, pursuant to regulations which the Secretary shall prescribe, may establish and maintain fellowships with such stipends and allowances, including travel and subsistence expenses provided for under title 5, United States Code, as the Director considers necessary to procure the assistance of highly qualified research fellows, including individuals with disabilities, from the United States and foreign countries.

''(f)(1) The Director shall, pursuant to regulations that the Secretary shall prescribe, provide for scientific peer review of all applications for financial assistance for research, training, and demonstration projects over which the Director has authority. The Director shall provide for the review by utilizing, to the maximum extent possible, appropriate peer review panels established within the Institute. The panels shall be standing panels if the grant period involved or the duration of the program involved is not more than 3 years. The panels shall be composed of individuals who are not Federal employees, who are scientists or other experts in the rehabilitation field (including the independent living field), including knowledgeable individuals with disabilities, and the individuals' representatives, and who are competent to review applications for the financial assistance.

''(2) The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the panels.

''(3) The Director shall solicit nominations for such panels from the public and shall publish the names of the individuals selected. Individuals comprising each panel shall be selected from a pool of qualified individuals to facilitate knowledgeable, cost-effective review.

''(4) In providing for such scientific peer review, the Secretary shall provide for training, as necessary and appropriate, to facilitate the effective participation of those individuals selected to participate in such review.

''(g) Not less than 90 percent of the funds appropriated under this title for any fiscal year shall be expended by the Director to carry out activities under this title through grants, contracts, or cooperative agreements. Up to 10 percent of the funds appropriated under this title for any fiscal year may be expended directly for the purpose of carrying out the functions of the Director under this section.

''(h)(1) The Director shall—

''(A) by October 1, 1998 and every fifth October 1 thereafter, prepare and publish in the Federal Register for public comment a draft of a 5-year plan that outlines priorities for rehabilitation research, demonstration projects, training, and related activities and explains the basis for such priorities;

''(B) by June 1, 1999, and every fifth June 1 thereafter, after considering public comments, submit the plan in final form to the appropriate committees of Congress;

''(C) at appropriate intervals, prepare and submit revisions in the plan to the appropriate committees of Congress; and

''(D) annually prepare and submit progress reports on the plan to the appropriate committees of Congress.

''(2) Such plan shall—

''(A) identify any covered activity that should be conducted under this section and section 204 respecting the full inclusion and integration into society of individuals with disabilities, especially in the area of employment;

''(B) determine the funding priorities for covered activities to be conducted under this section and section 204;

''(C) specify appropriate goals and timetables for covered activities to be conducted under this section and section 204;

''(D) be developed by the Director—

''(i) after consultation with the Rehabilitation Research Advisory Council established under section 205;

''(ii) in coordination with the Commissioner;

''(iii) after consultation with the National Council on Disability established under title IV, the Secretary of Education, officials responsible for the administration of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6000 et seq.), and the Interagency Committee on Disability Research established under section 203; and

''(iv) after full consideration of the input of individuals with disabilities and the individuals' representatives, organizations representing 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.

''(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 State and Federal law; and

''(ii) demonstrate the ability to carry out the training activities either directly or through another entity that can provide such training.

''(L) The Director shall make grants under this paragraph for periods of 5 years, except that the Director may make a grant for a period of less than 5 years if—

''(i) the grant is made to a new recipient; or

''(ii) the grant supports new or innovative research.

''(M) Grants made under this paragraph shall be made on a competitive basis. To be eligible to receive a grant under this paragraph, a prospective grant recipient shall submit an application to the Director at such time, in such manner, and containing such information as the Director may require.

''(N) In conducting scientific peer review under section 202(f) of an application for the renewal of a grant made under this paragraph, the peer review panel shall take into account the past performance of the applicant in carrying out the grant and input from individuals with disabilities and the individuals' representatives.

''(O) An institution or provider that receives a grant under this paragraph to establish such a Center may not collect more than 15 percent of the amount of the grant received by the Center in indirect cost charges.

''(3)(A) Research grants may be used for the establishment and support of Rehabilitation Engineering Research Centers, operated by or in collaboration with institutions of higher education or nonprofit organizations, to conduct research or demonstration activities, and training activities, regarding rehabilitation technology, including rehabilitation engineering, assistive technology devices, and assistive technology services, for the purposes of enhancing opportunities for better meeting the needs of, and addressing the barriers confronted by, individuals with disabilities in all aspects of their lives.

''(B) In order to carry out the purposes set forth in subparagraph (A), such a Center shall carry out the research or demonstration activities by—

''(i) developing and disseminating innovative methods of applying advanced technology, scientific achievement, and psychological and social knowledge to—

''(I) solve rehabilitation problems and remove environmental barriers through planning and conducting research, including cooperative research with public or private agencies and organizations, designed to produce new scientific knowledge, and new or improved methods, equipment, and devices; and

''(II) study new or emerging technologies, products, or environments, and the effectiveness and benefits of such technologies, products, or environments;

''(ii) demonstrating and disseminating—

''(I) innovative models for the delivery, to rural and urban areas, of cost-effective rehabilitation technology services that promote utilization of assistive technology devices; and

''(II) other scientific research to assist in meeting the employment and independent living needs of individuals with significant disabilities; or

''(iii) conducting research or demonstration activities that facilitate service delivery systems change by demonstrating, evaluating, documenting, and disseminating—

''(I) consumer responsive and individual and family-centered innovative models for the delivery to both rural and urban areas, of innovative cost-effective rehabilitation technology services that promote utilization of rehabilitation technology; and

''(II) other scientific research to assist in meeting the employment and independent living needs of, and addressing the barriers confronted by, individuals with disabilities, including individuals with significant disabilities.

''(C) To the extent consistent with the nature and type of research or demonstration activities described in subparagraph (B), each Center established or supported through a grant made available under this paragraph shall—

''(i) cooperate with programs established under the Technology-Related Assistance for Individuals With Disabilities Act of 1988 (29 U.S.C. 2201 et seq.) and other regional and local programs to provide information to individuals with disabilities and the individuals' representatives to—

''(I) increase awareness and understanding of how rehabilitation technology can address their needs; and

''(II) increase awareness and understanding of the range of options, programs, services, and resources available, including financing options for the technology and services covered by the area of focus of the Center;

''(ii) provide training opportunities to individuals, including individuals with disabilities, to become researchers of rehabilitation technology and practitioners of rehabilitation technology in conjunction with institutions of higher education and nonprofit organizations; and

''(iii) respond, through research or demonstration activities, to the needs of individuals with all types of disabilities who may benefit from the application of technology within the area of focus of the Center.

''(D)(i) In establishing Centers to conduct the research or demonstration activities described in subparagraph (B)(iii), the Director may establish one Center in each of the following areas of focus:

''(I) Early childhood services, including early intervention and family support.

''(II) Education at the elementary and secondary levels, including transition from school to postschool activities.

''(III) Employment, including supported employment, and reasonable accommodations and the reduction of environmental barriers as required by the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) and title V.

''(IV) Independent living, including transition from institutional to community living, maintenance of community living on leaving the work force, self-help skills, and activities of daily living.

''(ii) Each Center conducting the research or demonstration activities described in subparagraph (B)(iii) shall have an advisory committee, of which the majority of members are individuals with disabilities who are users of rehabilitation technology, and the individuals' representatives.

''(E) Grants made under this paragraph shall be made on a competitive basis and shall be for a period of 5 years, except that the Director may make a grant for a period of less than 5 years if—

''(i) the grant is made to a new recipient; or

''(ii) the grant supports new or innovative research.

''(F) To be eligible to receive a grant under this paragraph, a prospective grant recipient shall submit an 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) insure 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 programing to meet the particular needs of individuals with disabilities.

''(8) Research grants may be used to conduct a program of joint projects with the National Institutes of Health, the National Institute of Mental Health, the Health Services Administration, the Administration on Aging, the National Science Foundation, the Veterans' Administration, the Department of Health and Human Services, the National Aeronautics and Space Administration, other Federal agencies, and private industry in areas of joint interest involving rehabilitation.

''(9) Research grants may be used to conduct a program of research related to the rehabilitation of children, or older individuals, who are individuals with disabilities, including older American Indians who are individuals with disabilities. Such research program may include projects designed to assist the adjustment of, or maintain as residents in the community, older workers who are individuals with disabilities on leaving the work force.

''(10) Research grants may be used to conduct a research program to develop and demonstrate innovative methods to attract and retain professionals to serve in rural areas in the rehabilitation of individuals with disabilities, including individuals with significant disabilities.

''(11) Research grants may be used to conduct a model research and demonstration project designed to assess the feasibility of establishing a center for producing and distributing to individuals who are deaf or hard of hearing captioned video cassettes providing a broad range of educational, cultural, scientific, and vocational programing.

''(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 the—

''(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 which—

''(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 decision-making about rehabilitation technology products and services.

''(C) The Director shall develop the quality assurance research program after consultation with representatives of all types of organizations interested in rehabilitation technology quality assurance.

''(18) Research grants may be used to provide for research and demonstration projects and related activities that explore the use and effectiveness of specific alternative or complementary medical practices for individuals with disabilities. Such projects and activities may include projects and activities designed to—

''(A) determine the use of specific alternative or complementary medical practices

among individuals with disabilities and the perceived effectiveness of the practices;

''(B) determine the specific information sources, decisionmaking methods, and methods of payment used by individuals with disabilities who access alternative or complementary medical services;

''(C) develop criteria to screen and assess the validity of research studies of such practices for individuals with disabilities; and

''(D) determine the effectiveness of specific alternative or complementary medical practices that show promise for promoting increased functioning, prevention of secondary disabilities, or other positive outcomes for individuals with certain types of disabilities, by conducting controlled research studies.

''(c)(1) In carrying out evaluations of covered activities under this section, the Director is authorized to make arrangements for site visits to obtain information on the accomplishments of the projects.

''(2) The Director shall not make a grant under this section which exceeds $499,999 unless the peer review of the grant application has included a site visit.

''REHABILITATION RESEARCH ADVISORY COUNCIL

''SEC. 205. (a) ESTABLISHMENT.—Subject to the availability of appropriations, the Secretary shall establish in the Department of Education a Rehabilitation Research Advisory Council (referred to in this section as the 'Council') composed of 12 members appointed by the Secretary.

''(b) DUTIES.—The Council shall advise the Director with respect to research priorities and the development and revision of the 5-year plan required by section 202(h).

''(c) QUALIFICATIONS.—Members of the Council shall be generally representative of the community of rehabilitation professionals, the community of rehabilitation researchers, the community of individuals with disabilities, and the individuals' representatives. At least one-half of the members shall be individuals with disabilities or the individuals' representatives.

''(d) TERMS OF APPOINTMENT.—

''(1) LENGTH OF TERM.—Each member of the Council shall serve for a term of up to 3 years, determined by the Secretary, except that—

''(A) a member appointed to fill a vacancy occurring prior to the expiration of the term for which a predecessor was appointed, shall be appointed for the remainder of such term; and

''(B) the terms of service of the members initially appointed shall be (as specified by the Secretary) for such fewer number of years as will provide for the expiration of terms on a staggered basis.

''(2) NUMBER OF TERMS.—No member of the Council may serve more than two consecutive full terms. Members may serve after the expiration of their terms until their successors have taken office.

''(e) VACANCIES.—Any vacancy occurring in the membership of the Council shall be filled in the same manner as the original appointment for the position being vacated. The vacancy shall not affect the power of the remaining members to execute the duties of the Council.

''(f) PAYMENT AND EXPENSES.—

''(1) PAYMENT.—Each member of the Council who is not an officer or full-time employee of the Federal Government shall receive a payment of $150 for each day (including travel time) during which the member is engaged in the performance of duties for the Council. All members of the Council who are officers or full-time employees of the United States shall serve without compensation in addition to compensation received for their services as officers or employees of the United States.

''(2) TRAVEL EXPENSES.—Each member of the Council may receive travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for employees serving intermittently in the Government service, for each day the member is engaged in the performance of duties away from the home or regular place of business of the member.

''(g) DETAIL OF FEDERAL EMPLOYEES.—On the request of the Council, the Secretary may detail, with or without reimbursement, any of the personnel of the Department of Education to the Council to assist the Council in carrying out its duties. Any detail shall not interrupt or otherwise affect the civil service status or privileges of the Federal employee.

''(h) TECHNICAL ASSISTANCE.—On the request of the Council, the Secretary shall provide such technical assistance to the Council as the Council determines to be necessary to carry out its duties.

''(i) TERMINATION.—Section 14 of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply with respect to the Council.''.

SEC. 6. PROFESSIONAL DEVELOPMENT AND SPECIAL PROJECTS AND DEMONSTRATIONS.

Title III of the Rehabilitation Act of 1973 (29 U.S.C. 770 et seq.) is amended to read as follows:

''TITLE III—PROFESSIONAL DEVELOPMENT AND SPECIAL PROJECTS AND DEMONSTRATIONS

''SEC. 301. DECLARATION OF PURPOSE AND COMPETITIVE BASIS OF GRANTS AND CONTRACTS.

''(a) PURPOSE.—It is the purpose of this title to authorize grants and contracts to—

''(1)(A) provide academic training to ensure that skilled personnel are available to provide rehabilitation services to individuals with disabilities through vocational, medical, social, and psychological rehabilitation programs (including supported employment programs), through independent living services programs, and through client assistance programs; and

''(B) provide training to maintain and upgrade basic skills and knowledge of personnel employed to provide state-of-the-art service delivery and rehabilitation technology services;

''(2) conduct special projects and demonstrations that expand and improve the provision of rehabilitation and other services authorized under this Act, or that otherwise further the purposes of this Act, including related research and evaluation;

''(3) provide vocational rehabilitation services to individuals with disabilities who are migrant or seasonal farmworkers;

''(4) initiate recreational programs to provide recreational activities and related experiences for individuals with disabilities to aid such individuals in employment, mobility, socialization, independence, and community integration; and

''(5) provide training and information to individuals with disabilities and the individuals' representatives, and other appropriate parties to develop the skills necessary for individuals with disabilities to gain access to the rehabilitation system and workforce investment system and to become active 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;

''(F) personnel providing vocational rehabilitation services specifically trained in the use of braille, the importance of braille literacy, and in methods of teaching braille; and

''(G) personnel trained in performing other functions necessary to the provision of vocational, medical, social, and psychological rehabilitation services, and other services provided under this Act.

''(2) AUTHORITY TO PROVIDE SCHOLARSHIPS.—Grants and contracts under paragraph (1) may be expended for scholarships and may include necessary stipends and allowances.

''(3) RELATED FEDERAL STATUTES.—In carrying out this subsection, the Commissioner may make grants to and enter into contracts with States and public or nonprofit agencies and organizations, including institutions of higher education, to furnish training regarding related Federal statutes (other than this Act).

''(4) TRAINING FOR STATEWIDE WORKFORCE SYSTEMS PERSONNEL.—The Commissioner may make grants to and enter into contracts under this subsection with States and public or nonprofit agencies and organizations, including institutions of higher education, to furnish training to personnel providing services to individuals with disabilities under the Workforce Investment Partnership Act of 1998. Under this paragraph, personnel may be trained—

''(A) in evaluative skills to determine whether an individual with a disability may be served by the State vocational rehabilitation program or another component of the statewide workforce investment system; or

''(B) to assist individuals with disabilities seeking assistance through one-stop customer service centers established under section 315 of the Workforce Investment Partnership Act of 1998.

''(5) JOINT FUNDING.—Training and other activities provided under paragraph (4) for personnel may be jointly funded with the Department of Labor, using funds made available under title III of the Workforce Investment Partnership Act of 1998.

''(b) GRANTS AND CONTRACTS FOR ACADEMIC DEGREES AND ACADEMIC CERTIFICATE GRANTING TRAINING PROJECTS.—

''(1) AUTHORITY.—

''(A) IN GENERAL.—The Commissioner may make grants to, and enter into contracts with, States and public or nonprofit agencies and organizations (including institutions of higher education) to pay part of the costs of academic training projects to provide training that leads to an academic degree or academic certificate. In making such grants or entering into such contracts, the Commissioner shall target funds to areas determined under subsection (e) to have shortages of qualified personnel.

''(B) TYPES OF PROJECTS.—Academic training projects described in this subsection may include—

''(i) projects to train personnel in the areas of vocational rehabilitation counseling, rehabilitation technology, rehabilitation medicine, rehabilitation nursing, rehabilitation social work, rehabilitation psychiatry, rehabilitation psychology, rehabilitation dentistry, physical therapy, occupational therapy, speech pathology and audiology, physical education, therapeutic recreation, community rehabilitation programs, or prosthetics and orthotics;

''(ii) projects to train personnel to provide—

''(I) services to individuals with specific disabilities or individuals with disabilities who have specific impediments to rehabilitation, including individuals who are members of populations that are unserved or underserved by programs under this Act;

''(II) job development and job placement services to individuals with disabilities;

''(III) supported employment services, including services of employment specialists for individuals with disabilities;

''(IV) specialized services for individuals with significant disabilities; or

''(V) recreation for individuals with disabilities;

''(iii) projects to train personnel in other fields contributing to the rehabilitation of individuals with disabilities; and

''(iv) projects to train personnel in the use, applications, and benefits of rehabilitation technology.

''(2) APPLICATION.—No grant shall be awarded or contract entered into under this subsection unless the applicant has submitted to the Commissioner an application at such time, in such form, in accordance with such procedures, and including such information as the Secretary may require, including—

''(A) a description of how the designated State unit or units will participate in the project to be funded under the grant or contract, including, as appropriate, participation on advisory committees, as practicum sites, in curriculum development, and in other ways so as to build closer relationships between the applicant and the designated State unit and to encourage students to pursue careers in public vocational rehabilitation programs;

''(B) the identification of potential employers that would meet the requirements of paragraph (4)(A)(i); and

''(C) an assurance that data on the employment of graduates or trainees who participate in the project is accurate.

''(3) LIMITATION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), no grant or contract under this subsection may be used to provide any one course of study to an individual for a period of more than 4 years.

''(B) EXCEPTION.—If a grant or contract recipient under this subsection determines that an individual has a disability which seriously affects the completion of training under this subsection, the grant or contract recipient may extend the period referred to in subparagraph (A).

''(4) REQUIRED AGREEMENTS.—

''(A) IN GENERAL.—A recipient of a grant or contract under this subsection shall provide assurances to the Commissioner that each individual who receives a scholarship, for the first academic year after the date of enactment of the Rehabilitation Act Amendments of 1998, utilizing funds provided under such grant or contract shall enter into an agreement with the recipient under which the individual shall—

''(i) maintain employment—

''(I) with an employer that is a State rehabilitation or other agency or organization (including a professional corporation or practice group) that provides services to individuals with disabilities under this Act, or with an institution of higher education or other organization that conducts rehabilitation education, training, or research under this Act;

''(II) on a full- or part-time basis; and

''(III) for a period of not less than the full-time equivalent of 2 years for each year for which assistance under this subsection was received by the individual, within a period, beginning after the recipient completes the training for which the scholarship was awarded, of not more than the sum of the number of years in the period described in this subclause and 2 additional years;

''(ii) directly provide or administer services, conduct research, or furnish training, funded under this Act; and

''(iii) repay all or part of the amount of any scholarship received under the grant or contract, plus interest, if the individual does not fulfill the requirements of clauses (i) and (ii), except that the Commissioner may by regulation provide for repayment exceptions and deferrals.

''(B) ENFORCEMENT.—The Commissioner shall be responsible for the enforcement of each agreement entered into under subparagraph (A) upon the completion of the training involved with respect to such agreement.

''(c) GRANTS TO HISTORICALLY BLACK COLLEGES AND UNIVERSITIES.—The Commissioner, in carrying out this section, shall make grants to Historically Black Colleges and Universities and other institutions of higher education whose minority student enrollment is at least 50 percent of the total enrollment of the institution.

''(d) APPLICATION.—A grant may not be awarded to a State or other organization under this section unless the State or organization has submitted an application to the Commissioner at such time, in such form, in accordance with such procedures, and containing such information as the Commissioner may require, including a detailed description of strategies that will be utilized to recruit and train individuals so as to reflect the diverse populations of the United States as part of the effort to increase the number of individuals with disabilities, and individuals who are from linguistically and culturally diverse backgrounds, who are available to provide rehabilitation services.

''(e) EVALUATION AND COLLECTION OF DATA.—The Commissioner shall evaluate the impact of the training programs conducted under this section, and collect information on the training needs of, and data on shortages of qualified personnel necessary to provide services to individuals with disabilities.

''(f) GRANTS FOR THE TRAINING OF INTERPRETERS.—

''(1) AUTHORITY.—

''(A) IN GENERAL.—For the purpose of training a sufficient number of qualified interpreters to meet the communications needs of individuals who are deaf or hard of hearing, and individuals who are deaf-blind, the Commissioner, acting through a Federal office responsible for deafness and communicative disorders, may award grants to public or private nonprofit agencies or organizations to pay part of the costs—

''(i) for the establishment of interpreter training programs; or

''(ii) to enable such agencies or organizations to provide financial assistance for ongoing interpreter training programs.

''(B) GEOGRAPHIC AREAS.—The Commissioner shall award grants under this subsection for programs in geographic areas throughout the United States that the Commissioner considers appropriate to best carry out the objectives of this section.

''(C) PRIORITY.—In awarding grants under this subsection, the Commissioner shall give priority to public or private nonprofit agencies or organizations with existing programs that have a demonstrated capacity for providing interpreter training services.

''(D) FUNDING.—The Commissioner may award grants under this subsection through the use of—

''(i) amounts appropriated to carry out this section; or

''(ii) pursuant to an agreement with the Director of the Office of the Special Education Program (established under section 603 of the Individuals with Disabilities Education Act (as amended by section 101 of the Individuals with Disabilities Education Act Amendments of 1997 (Public Law 105-17))), amounts appropriated under section 686 of the Individuals with Disabilities Education Act.

''(2) APPLICATION.—A grant may not be awarded to an agency or organization under paragraph (1) unless the agency or organization has submitted an application to the Commissioner at such time, in such form, in accordance with such procedures, and containing such information as the Commissioner may require, including—

''(A) a description of the manner in which an interpreter training program will be developed and operated during the 5-year period following the date on which a grant is received by the applicant under this subsection;

''(B) a demonstration of the applicant's capacity or potential for providing training for 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) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 1998 through 2004.

''(h) PROVISION OF INFORMATION.—The Commissioner, subject to the provisions of section 306, may require that recipients of grants or contracts under this section provide information, including data, with regard to the impact of activities funded under this section.

''SEC. 303. SPECIAL DEMONSTRATION PROGRAM.

''(a) AUTHORITY.—The Commissioner, subject to the provisions of section 306, may award grants or contracts to eligible entities to pay all or part of the cost of programs that expand and improve the provision of rehabilitation and other services authorized under this Act or that further the purposes of the Act, including related research and evaluation activities.

''(b) ELIGIBLE ENTITIES AND TERMS AND CONDITIONS.—

''(1) ELIGIBLE ENTITIES.—To be eligible to receive a grant or contract under subsection

(a), an entity shall be a State vocational rehabilitation agency, community rehabilitation program, Indian tribe or tribal organization, or other public or nonprofit agency or organization, or as the Commissioner determines appropriate, a for-profit organization. The Commissioner may limit competitions to 1 or more types of organizations described in this paragraph.

''(2) TERMS AND CONDITIONS.—Awards under this section shall contain such terms and conditions as the Commissioner may require.

''(c) APPLICATION.—An eligible entity that desires to receive an award under this section shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Commissioner may require, including, if the Commissioner determines appropriate, a description of how the proposed project or demonstration program—

''(1) is based on current research findings, which may include research conducted by the National Institute on Disability and Rehabilitation Research, the National Institutes of Health, and other public or private organizations; and

''(2) is of national significance.

''(d) TYPES OF PROJECTS.—The programs that may be funded under this section include—

''(1) special projects and demonstrations of service delivery;

''(2) model demonstration projects;

''(3) technical assistance projects;

''(4) systems change projects;

''(5) special studies and evaluations; and

''(6) dissemination and utilization activities.

''(e) PRIORITY FOR COMPETITIONS.—

''(1) IN GENERAL.—In announcing competitions for grants and contracts under this section, the Commissioner shall give priority consideration to—

''(A) projects to provide training, information, and technical assistance that will enable individuals with disabilities and the individuals' representatives, to participate more effectively in meeting the vocational, independent living, and rehabilitation needs of the individuals with disabilities;

''(B) special projects and demonstration programs of service delivery for adults who are either low-functioning and deaf or low-functioning and hard of hearing;

''(C) innovative methods of promoting consumer choice in the rehabilitation process;

''(D) supported employment, including community-based supported employment programs to meet the needs of individuals with the most significant disabilities or to provide technical assistance to States and community organizations to improve and expand the provision of supported employment services; and

''(E) model transitional planning services for youths with disabilities;

''(2) ELIGIBILITY AND COORDINATION.—

''(A) ELIGIBILITY.—Eligible applicants for grants and contracts under this section for projects described in paragraph (1)(A) include—

''(i) Parent Training and Information Centers funded under section 682 of the Individuals with Disabilities Education Act (as amended by section 101 of the Individuals with Disabilities Education Act Amendments of 1997 (Public Law 105-17));

''(ii) organizations that meet the definition of a parent organization in section 682 of such Act; and

''(iii) private nonprofit organizations assisting parent training and information centers.

''(B) COORDINATION.—Recipients of grants and contracts under this section for projects described in paragraph (1)(A) shall, to the extent practicable, coordinate training and information activities with Centers for Independent Living.

''(3) ADDITIONAL COMPETITIONS.—In announcing competitions for grants and contracts under this section, the Commissioner may require that applicants address 1 or more of the following:

''(A) Age ranges.

''(B) Types of disabilities.

''(C) Types of services.

''(D) Models of service delivery.

''(E) Stage of the rehabilitation process.

''(F) The needs of—

''(i) underserved populations;

''(ii) unserved and underserved areas;

''(iii) individuals with significant disabilities;

''(iv) low-incidence disability populations; and

''(v) individuals residing in federally designated empowerment zones and enterprise communities.

''(G) Expansion of employment opportunities for individuals with disabilities.

''(H) Systems change projects to promote meaningful access of individual with disabilities to employment related services under the Workforce Investment Partnership Act of 1998 and under other Federal laws.

''(I) Innovative methods of promoting the achievement of high-quality employment outcomes.

''(J) The demonstration of the effectiveness of early intervention activities in improving employment outcomes.

''(K) Alternative methods of providing affordable transportation services to individuals with disabilities who are employed, seeking employment, or receiving vocational rehabilitation services from public or private organizations and who reside in geographic areas in which public transportation or paratransit service is not available.

''(f) USE OF FUNDS FOR CONTINUATION AWARDS.—The Commissioner may use funds made available to carry out this section for continuation awards for projects that were funded under sections 12 and 311 (as such sections were in effect on the day prior to the date of the enactment of the Rehabilitation Act Amendments of 1998).

''(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 1998 through 2004.

''SEC. 304. MIGRANT AND SEASONAL FARMWORKERS.

''(a) GRANTS.—

''(1) AUTHORITY.—The Commissioner, subject to the provisions of section 306, may make grants to eligible entities to pay up to 90 percent of the cost of projects or demonstration programs for the provision of vocational rehabilitation services to individuals with disabilities who are migrant or seasonal farmworkers, as determined in accordance with rules prescribed by the Secretary of Labor, and to the family members who are residing with such individuals (whether or not such family members are individuals with disabilities).

''(2) ELIGIBLE ENTITIES.—To be eligible to receive a grant under paragraph (1), an entity shall be—

''(A) a State designated agency;

''(B) a nonprofit agency working in collaboration with a State agency described in subparagraph (A); or

''(C) a local agency working in collaboration with a State agency described in subparagraph (A).

''(3) MAINTENANCE AND TRANSPORTATION.—

''(A) IN GENERAL.—Amounts provided under a grant under this section may be used to provide for the maintenance of and transportation for individuals and family members described in paragraph (1) as necessary for the rehabilitation of such individuals.

''(B) REQUIREMENT.—Maintenance payments under this paragraph shall be provided in a manner consistent with any maintenance payments provided to other individuals with disabilities in the State under this Act.

''(4) ASSURANCE OF COOPERATION.—To be eligible to receive a grant under this section an entity shall provide assurances (satisfactory to the 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 Partnership Act of 1998.

''(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section, for each of the fiscal years 1998 through 2004.

''SEC. 305. RECREATIONAL PROGRAMS.

''(a) GRANTS.—

''(1) AUTHORITY.—

''(A) IN GENERAL.—The Commissioner, subject to the provisions of section 306, shall make grants to States, public agencies, and nonprofit private organizations to pay the Federal share of the cost of the establishment and operation of recreation programs to provide individuals with disabilities with recreational activities and related experiences to aid in the employment, mobility, socialization, independence, and community integration of such individuals.

''(B) RECREATION PROGRAMS.—The recreation programs that may be funded using assistance provided under a grant under this section may include vocational skills development, leisure education, leisure networking, leisure resource development, physical education and sports, scouting and camping, 4-H activities, music, dancing, handicrafts, art, and homemaking. When possible and appropriate, such programs and activities should be provided in settings with peers who are not individuals with disabilities.

''(C) DESIGN OF PROGRAM.—Programs and activities carried out under this section shall be designed to demonstrate ways in which such programs assist in maximizing the independence and integration of individuals with disabilities.

''(2) MAXIMUM TERM OF GRANT.—A grant under this section shall be made for a period of not more than 3 years.

''(3) AVAILABILITY OF NON GRANT RESOURCES.—

''(A) IN GENERAL.—A grant may not be made to an applicant under this section unless the applicant provides assurances that, with respect to costs of the recreation program to be carried out under the grant, the applicant, to the maximum extent practicable, will make available non-Federal resources (in cash or in-kind) to pay the non-Federal share of such costs.

''(B) FEDERAL SHARE.—The Federal share of the costs of the recreation programs carried out under this section shall be—

''(i) with respect to the first year in which assistance is provided under a grant under this section, 100 percent;

''(ii) with respect to the second year in which assistance is provided under a grant under this section, 75 percent; and

''(iii) with respect to the third year in which assistance is provided under a grant under this section, 50 percent.

''(4) APPLICATION.—To be eligible to receive a grant under this section, a State, agency, or organization shall submit an application to the Commissioner at such time, in such manner, and containing such information as the Commissioner may require, including a description of—

''(A) the manner in which the findings and results of the project to be funded under the grant, particularly information that facilitates the replication of the results of such projects, will be made generally available; and

''(B) the manner in which the service program funded under the grant will be continued after Federal assistance ends.

''(5) LEVEL OF SERVICES.—Recreation programs funded under this section shall maintain, at a minimum, the same level of services over a 3-year project period.

''(6) REPORTS BY GRANTEES.—

''(A) REQUIREMENT.—The Commissioner shall require that each recipient of a grant under this section annually prepare and submit to the Commissioner a report concerning the results of the activities funded under the grant.

''(B) LIMITATION.—The Commissioner may not make financial assistance available to a grant recipient for a subsequent year until the Commissioner has received and evaluated the annual report of the recipient under subparagraph (A) for the current year.

''(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, such sums as may be necessary for each of the fiscal years 1998 through 2004.

''SEC. 306. MEASURING OF PROJECT OUTCOMES AND PERFORMANCE.

''The Commissioner may require that recipients of grants under this title submit information, including data, as determined by the Commissioner to be necessary to measure project outcomes and performance, including any data needed to comply with the Government Performance and Results Act.''.

SEC. 7. 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 which the National Council or the Congress deems appropriate; and

''(10) review and evaluate on a continuing basis new and emerging disability policy issues affecting individuals with disabilities at the international, Federal, State, and local levels, and in the private sector, including the need for and coordination of adult services, access to personal assistance services, school reform efforts and the impact of such efforts on individuals with disabilities, access to health care, and policies that operate as disincentives for the individuals to seek and retain employment.

''(b)(1) Not later than July 26, 1998, and annually thereafter, the National Council shall prepare and submit to the President and the appropriate committees of the Congress a report entitled 'National Disability Policy: A Progress Report'.

''(2) The report shall assess the status of the Nation in achieving the policies set forth in section 400(a)(2), with particular focus on the new and emerging issues impacting on the lives of individuals with disabilities. The report shall present, as appropriate, available data on health, housing, employment, insurance, transportation, recreation, training, prevention, early intervention, and education. The report shall include recommendations for policy change.

''(3) In determining the issues to focus on and the findings, conclusions, and recommendations to include in the report, the National Council shall seek input from the public, particularly individuals with disabilities, representatives of organizations representing a broad range of 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 1998 through 2004.''.

SEC. 8. RIGHTS AND ADVOCACY.

(a) CONFORMING AMENDMENTS TO RIGHTS AND ADVOCACY PROVISIONS.—

(1) EMPLOYMENT.—Section 501 (29 U.S.C. 791) is amended—

(A) in the third sentence of subsection (a), by striking ''President's Committees on Employment of the Handicapped'' and inserting ''President's Committees on Employment of People With Disabilities''; and

(B) in subsection (e), by striking ''individualized written rehabilitation program'' and inserting ''individualized rehabilitation employment plan''.

(2) ACCESS BOARD.—Section 502 (29 U.S.C. 792) is amended—

(A) in subsection (b)—

(i) in paragraph (9), by striking ''; and'' and inserting a semicolon;

(ii) in paragraph (10), by striking the period and inserting ''; and''; and

(iii) by adding at the end the following:

''(11) carry out the responsibilities specified for the Access Board in section 508'';

(B) in subsection (d)(2)(A), by inserting before the semicolon the following: ''and section 508(d)(2)(C)'';

(C) in subsection (g)(2), by striking ''Committee on Education and Labor'' and inserting ''Committee on Education and the Workforce''; and

(D) in subsection (i), by striking ''fiscal years 1993 through 1997'' and inserting ''fiscal years 1998 through 2004''.

(3) FEDERAL GRANTS AND CONTRACTS.—Section 504(a) (29 U.S.C.) 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 REGULATIONS.

''(a) DEFINITION.—In this section, the term 'electronic and information technology' includes—

''(1) any equipment, software, interface system, operating system, or interconnected system or subsystem of equipment, whether or not accessed remotely, that is used in the acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information; and

''(2) any related service (including a support service) and any related resource.

''(b) PROMULGATION OF RULES AND REGULATIONS.—

''(1) PROCUREMENT, MAINTENANCE, AND USE OF ELECTRONIC AND INFORMATION TECHNOLOGY.—Consistent with paragraph (2), each Federal agency shall procure, maintain, and use electronic and information technology that allows, regardless of the type of medium of the technology, individuals with disabilities to produce information and data, and have access to information and data, comparable to the information and data, and access, respectively, of individuals who are not individuals with disabilities.

''(2) REGULATIONS.—

''(A) IN GENERAL.—Not later than 1 year after the date of enactment of the Rehabilitation Act Amendments of 1998, the Access Board, after consultation with the Secretary of Education, the Administrator of the General Services Administration, and the head of any other Federal agency that the Access Board may determine to be appropriate, and after consultation with the electronic and information technology industry and appropriate public or nonprofit agencies or organizations, shall issue regulations, including criteria for procurement of accessible electronic and information technology, to implement this section.

''(B) CRITERIA.—The Access Board shall consult with the Director of the National Institute on Disability and Rehabilitation Research and the heads of other Federal agencies that conduct applicable research, regarding relevant research findings to assist the Access Board in developing and updating the criteria for procurement of accessible technology required under subparagraph (A).

''(C) REVIEWS AND AMENDMENTS.—The Access Board shall review and amend the regulations periodically to reflect technological advances or changes in electronic and information technology.

''(c) TECHNICAL ASSISTANCE.—The Access Board shall provide technical assistance to individuals and Federal agencies concerning the rights and responsibilities provided under this section. The Administrator of the General Services Administration shall provide technical assistance to Federal agencies concerning the rights and responsibilities provided under this section, in coordination with the activities of the Access Board.

''(d) COMPLIANCE.—

''(1) IN GENERAL.—Not later than 1 year after the date of enactment of the Rehabilitation Act Amendments of 1998, the Access Board shall establish, by regulation issued under subsection (b), procedures for ensuring the compliance of Federal agencies with this section (including the regulation).

''(2) PROCEDURES.—At a minimum the regulation shall establish procedures by which—

''(A) the head of each Federal agency shall assess the compliance of the agency with this section and report periodically to the Access Board and the Director of the Office of Management and Budget on such compliance;

''(B) any aggrieved person may file a complaint with the Access Board regarding noncompliance by a Federal agency with this section; and

''(C) the Access Board may, after providing notice and an opportunity for a hearing, issue an order requiring compliance with this section, which shall be final and binding on the affected Federal agency.

''(3) OFFICE OF MANAGEMENT AND BUDGET OVERSIGHT.—

''(A) OVERSIGHT AND COORDINATION.—The Director of the Office of Management and Budget shall oversee and coordinate the procurement, financial management, information, and regulatory policies of the executive

branch of the Federal Government relating to electronic and information technology.

''(B) ISSUANCE OF POLICIES.—In issuing circulars, bulletins, directives, memoranda, and other policies affecting the procurement, maintenance, and use of electronic and information technology, by Federal agencies, as appropriate, the Director of the Office of Management and Budget shall require compliance with this section, including the regulations and criteria described in subsection (b).

''(e) RELATIONSHIP TO OTHER LAWS.—This section shall not be construed to limit a remedy, right, or procedure available under any other provision of Federal law (including title V and the Americans with Disabilities Act of 1990), or State or local law (including State common law) that provides greater or equal protection for the rights of individuals with disabilities.''.

(c) PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS.—Section 509 (29 U.S.C. 794e) is amended to read as follows:

''SEC. 509. PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS.

''(a) PURPOSE.—The purpose of this section is to support a system in each State to protect the legal and human rights of individuals with disabilities who—

''(1) need services that are beyond the scope of services authorized to be provided by the client assistance program under section 112; and

''(2) are ineligible for protection and advocacy programs under part C of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.) because the individuals do not have a developmental disability, as defined in section 102 of such Act (42 U.S.C. 6002) and the Protection and Advocacy for Mentally Ill Individuals Act of 1986 (42 U.S.C. 10801 et seq.) because the individuals are not individuals with mental illness, as defined in section 102 of such Act (42 U.S.C. 10802).

''(b) APPROPRIATIONS LESS THAN $5,500,000.—For any fiscal year in which the amount appropriated to carry out this section is less than $5,500,000, the Commissioner may make grants from such amount to eligible systems within States to plan for, develop outreach strategies for, and carry out protection and advocacy programs authorized under this section for individuals with disabilities who meet the requirements of paragraphs (1) and (2) of subsection (a).

''(c) APPROPRIATIONS OF $5,500,000 OR MORE.—

''(1) RESERVATIONS.—

''(A) TECHNICAL ASSISTANCE.—For any fiscal year in which the amount appropriated to carry out this section equals or exceeds $5,500,000, the Commissioner shall set aside not less than 1.8 percent and not more than 2.2 percent of the amount to provide training and technical assistance to the systems established under this section.

''(B) GRANT FOR THE ELIGIBLE SYSTEM SERVING THE AMERICAN INDIAN CONSORTIUM.—For any fiscal year in which the amount appropriated to carry out this section equals or exceeds $10,500,000, the Commissioner shall reserve a portion, and use the portion to make a grant for the eligible system serving the American Indian consortium. The Commission shall make the grant in an amount of not less than $50,000 for the fiscal year.

''(2) ALLOTMENTS.—For any such fiscal year, after the reservations required by paragraph (1) have been made, the Commissioner shall make allotments from the remainder of such amount in accordance with paragraph (3) to eligible systems within States to enable such systems to carry out protection and advocacy programs authorized under this section for such individuals.

''(3) SYSTEMS WITHIN STATES.—

''(A) POPULATION BASIS.—Except as provided in subparagraph (B), from such remainder for each such fiscal year, the Commissioner shall make an allotment to the eligible system within a State of an amount bearing the same ratio to such remainder as the population of the State bears to the population of all States.

''(B) MINIMUMS.—Subject to the availability of appropriations to carry out this section, and except as provided in paragraph (4), the allotment to any system under subparagraph (A) shall be not less than $100,000 or one-third of one percent of the remainder for the fiscal year for which the allotment is made, whichever is greater, and the allotment to any system under this section for any fiscal year that is less than $100,000 or one-third of one percent of such remainder shall be increased to the greater of the two amounts.

''(4) SYSTEMS WITHIN OTHER JURISDICTIONS.—

''(A) IN GENERAL.—For the purposes of paragraph (3)(B), Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands shall not be considered to be States.

''(B) ALLOTMENT.—The eligible system within a jurisdiction described in subparagraph (A) shall be allotted under paragraph (3)(A) not less than $50,000 for the fiscal year for which the allotment is made.

''(5) ADJUSTMENT FOR INFLATION.—For any fiscal year, beginning in fiscal year 1999, in which the total amount appropriated to carry out this section exceeds the total amount appropriated to carry out this section for the preceding fiscal year, the 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);

''(4) provide information on and make referrals to programs and services addressing the needs of individuals with disabilities in the State or the American Indian consortium;

''(5) develop a statement of objectives and priorities on an annual basis, and provide to the public, including individuals with disabilities and, as appropriate, the individuals' representatives, an opportunity to comment on the objectives and priorities established by, and activities of, the system including—

''(A) the objectives and priorities for the activities of the system for each year and the rationale for the establishment of such objectives and priorities; and

''(B) the coordination of programs provided through the system under this section with the advocacy programs of the client assistance program under section 112, the State long-term care ombudsman program established under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.), the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6000 et seq.), and the Protection and Advocacy for Mentally Ill Individuals Act of 1986 (42 U.S.C. 10801 et seq.);

''(6) establish a grievance procedure for clients or prospective clients of the system to ensure that individuals with disabilities are afforded equal opportunity to access the services of the system;

''(7) provide assurances to the Commissioner that funds made available under this section will be used to supplement and not supplant the non-Federal funds that would otherwise be made available for the purpose for which Federal funds are provided; and

''(8) not use allotments or grants provided under this section in a manner inconsistent with section 5 of the Assisted Suicide Funding Restriction Act of 1997.

''(g) CARRYOVER AND DIRECT PAYMENT.—

''(1) DIRECT PAYMENT.—Notwithstanding any other provision of law, the Commissioner shall pay directly to any system that complies with the provisions of this section, the amount of the allotment of the State or the grant for the eligible system that serves the American Indian consortium involved under this section, unless the State or American Indian consortium provides otherwise.

''(2) CARRYOVER.—Any amount paid to an eligible system that serves a State or American Indian consortium for a fiscal year that remains unobligated at the end of such year shall remain available to such system that serves the State or American Indian consortium for obligation during the next fiscal year for the purposes for which such amount was paid.

''(h) LIMITATION ON DISCLOSURE REQUIREMENTS.—For purposes of any audit, report, or evaluation of the performance of the program established under this section, the Commissioner shall not require such a program to disclose the identity of, or any other personally identifiable information related

to, any individual requesting assistance under such program.

''(i) ADMINISTRATIVE COST.—In any State in which an eligible system is located within a State agency, a State may use a portion of any allotment under subsection (c) for the cost of the administration of the system required by this section. Such portion may not exceed 5 percent of the allotment.

''(j) DELEGATION.—The Commissioner may delegate the administration of this program to the Commissioner of the Administration on Developmental Disabilities within the Department of Health and Human Services.

''(k) REPORT.—The Commissioner shall annually prepare and submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report describing the types of services and activities being undertaken by programs funded under this section, the total number of individuals served under this section, the types of disabilities represented by such individuals, and the types of issues being addressed on behalf of such individuals.

''(l) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of the fiscal years 1998 through 2004.

''(m) DEFINITIONS.—As used in this section:

''(1) ELIGIBLE SYSTEM.—The term 'eligible system' means a protection and advocacy system that is established under part C of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.) and that meets the requirements of subsection (f).

''(2) AMERICAN INDIAN CONSORTIUM.—The term 'American Indian consortium' means a consortium established as described in section 142 of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6042).''.

SEC. 9. EMPLOYMENT OPPORTUNITIES FOR INDIVIDUALS WITH DISABILITIES.

Title VI of the Rehabilitation Act of 1973 (29 U.S.C. 795 et seq.) is amended to read as follows:

''TITLE VI—EMPLOYMENT OPPORTUNITIES FOR INDIVIDUALS WITH DISABILITIES

''SEC. 601. SHORT TITLE.

''This title may be cited as the ''Employment Opportunities for Individuals With Disabilities Act.

''PART A—PROJECTS IN TELECOMMUTING AND SELF-EMPLOYMENT FOR INDIVIDUALS WITH DISABILITIES

''SEC. 611. FINDINGS, POLICIES, AND PURPOSES.

''(a) FINDINGS.—Congress makes the following findings:

''(1) It is in the best interest of the United States to identify and promote increased employment opportunities for individuals with disabilities.

''(2) Telecommuting is one of the most rapidly expanding forms of employment. In 1990 there were 4,000,000 telecommuters and that number has risen to 11,100,000 in 1997.

''(3) It is in the best interest of the United States to ensure that individuals with disabilities have access to telecommuting employment opportunities. It has been estimated that 10 percent of individuals with disabilities, who are unemployed, could benefit from telecommuting opportunities.

''(4) It is in the interest of employers to recognize that individuals with disabilities are excellent candidates for telecommuting employment opportunities.

''(5) Individuals with disabilities, especially those living in rural areas, often do not have access to accessible transportation, and in such cases telecommuting presents an excellent opportunity for the employment of such individuals.

''(6) It is in the best interests of economic development agencies, venture capitalists, and financial institutions for the Federal Government to demonstrate that individuals with disabilities, who wish to become or who are self-employed, can meet the criteria for assistance, investment of capital, and business that other entrepreneurs meet.

''(b) POLICIES.—It is the policy of the United States to—

''(1) promote opportunities for individuals with disabilities to—

''(A) secure, retain, regain, or advance in employment involving telecommuting;

''(B) gain access to employment opportunities; and

''(C) demonstrate their abilities, capabilities, interests, and preferences regarding employment in positions that are increasingly being offered to individuals in the workplace; and

''(2) promote opportunities for individuals with disabilities to engage in self-employment enterprises that permit these individuals to achieve significant levels of independence, participate in and contribute to the life of their communities, and offer employment opportunities to others.

''(c) PURPOSES.—It is the purpose of this part to—

''(1) through the awarding of 1-time, time-limited grants, contracts, or cooperative agreements to public and private entities—

''(A) provide funds, in accordance with section 612, to enable individuals with disabilities to identify and secure employment opportunities involving telecommuting; and

''(B) encourage employers to become partners in providing telecommuting placements for individuals with disabilities through the involvement of such employers in telecommuting projects that continue and expand opportunities for the provision of telecommuting placements to individuals with disabilities beyond those opportunities that are currently facilitated by the telecommuting projects; and

''(2) through the awarding of 1-time, time-limited grants, contracts, cooperative agreements, or other appropriate mechanisms of providing assistance to public or private entities—

''(A) assist individuals with disabilities to engage in self-employment enterprises in accordance with section 613; and

''(B) encourage entities to assist more individuals with disabilities to engage in self-employment enterprises.

''SEC. 612. PROJECTS IN TELECOMMUTING FOR INDIVIDUALS WITH DISABILITIES.

''(a) IN GENERAL.—The Commissioner shall, on a competitive basis, award 1-time, time-limited grants, contracts, or cooperative agreements to eligible entities for the establishment and operation of projects in telecommuting for individuals with disabilities.

''(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant, contract, or cooperative agreement under subsection (a) an entity shall—

''(1) be—

''(A) an entity carrying out a Project With Industry described in part B;

''(B) a designated State agency;

''(C) a statewide workforce investment partnership or local workforce investment partnership;

''(D) a public educational agency;

''(E) a training institution, which may include an institution of higher education;

''(F) a private organization, with priority given to organizations of or for individuals with disabilities;

''(G) a public or private employer;

''(H) any other entity that the Commissioner determines to be appropriate; or

''(I) a combination or consortium of the entities described in subparagraphs (A) through (H);

''(2) have 3 or more years of experience in assisting individuals with disabilities in securing, retaining, regaining, or advancing in employment;

''(3) demonstrate that such entity has the capacity to secure full- and part-time employment involving telecommuting for individuals with disabilities; and

''(4) submit an application that meets the requirements of subsection (c).

''(c) APPLICATION REQUIREMENTS.—To be eligible to receive a grant, contract, or cooperative agreement under subsection (a), an entity shall submit to the Commissioner at such time, in such manner, and containing such information concerning the telecommuting project to be funded under the grant, contract, or agreement as the Commissioner may require, including—

''(1) a description of how and the extent to which the applicant meets the requirement of subsection (b)(2);

''(2) with respect to any partners who will participate in the implementation of activities under the telecommuting project, a description of—

''(A) the identity of such partners; and

''(B) the roles and responsibilities of each partner in preparing the application, and if funded, the roles and responsibility of each partner during the telecommuting project;

''(3) a description of the geographic region that will be the focus of activity under the telecommuting project;

''(4) a projection for each year of a 3-year period of the grant, contract, or agreement, of the number of individuals with disabilities who will be employed as the result of the assistance provided by the telecommuting project;

''(5) with respect to any employers that have indicated an interest in offering telecommuting employment opportunities to individuals with disabilities, a description of—

''(A) the identity of such employers; and

''(B) the manner in which additional employers would be recruited under the telecommuting project;

''(6) a description of the manner in which individuals with disabilities will be identified and selected to participate in the telecommuting project;

''(7) a description of the jobs that will be targeted by the telecommuting project;

''(8) a description of the process by which individuals with disabilities will be matched with employers for telecommuting placements;

''(9) a description of the manner in which the project will become self-sustaining in the third year of the telecommuting project; and

''(10) a description of the nature and amount of funding, including in-kind support, other than funds received under this part, that will be available to be used by the telecommuting project.

''(d) USE OF FUNDS.—Amounts received under a grant, contract, or cooperative agreement under subsection (a) shall be used for—

''(1) the recruitment of individuals with disabilities for telecommuting placements;

''(2) the conduct of marketing activities with respect to employers;

''(3) the purchase of training services for an individual with a disability who is going to assume a telecommuting placement;

''(4) the purchase of equipment, materials, telephone lines, auxiliary aids, and services related to telecommuting placements;

''(5) the provision of orientation services and training to the supervisors of employers participating in the project and to co-workers of individuals with disabilities who are selected for telecommuting placements;

''(6) the provision of technical assistance to employers, including technical assistance regarding reasonable accommodations with regard to individuals with disabilities participating in telecommuting placements; and

''(7) other uses determined appropriate by the Commissioner.

''(e) PROJECT REQUIREMENTS.—Telecommuting projects funded under this section shall—

''(1) establish criteria for safety with regard to the telecommuting work space, which at a minimum meet guidelines established by the Occupational Safety and Health Administration for a work space of comparable size and function;

''(2) on an annual basis, enter into agreements with the Commissioner that contain goals concerning the number of individuals with disabilities that the project will place in telecommuting positions;

''(3) establish procedures for ensuring that prospective employers and individuals with disabilities, who are to assume telecommuting placements, have a clear understanding of how the individual's work performance will be monitored and evaluated by the employer;

''(4) identify and make available support services for individuals with disabilities in telecommuting placements;

''(5) develop procedures that allow the telecommuting project, the employer, and the individual with a disability to reach agreement on their respective responsibilities with regard to establishing and maintaining the telecommuting placement;

''(6) for each year of a telecommuting project, submit an annual report to the Commissioner concerning—

''(A) the number of individuals with disabilities placed in telecommuting positions and whether the goal described in the agreement entered into paragraph (2) was met;

''(B) the number of individuals with disabilities employed as salaried employees and their annual salaries;

''(C) the number of individuals with disabilities employed as independent contractors and their annual incomes;

''(D) the number of individuals with disabilities that received benefits from their employers;

''(E) the number of individuals with disabilities in telecommuting placements still working after—

''(i) 6 months; and

''(ii) 12 months; and

''(F) any reports filed with the Occupational Safety and Health Administration.

''(f) LIMITATIONS.—

''(1) PERIOD OF AWARD.—A grant, contract, or cooperative agreement under subsection (a) shall be for a 3-year period.

''(2) AMOUNT.—The amount of a grant, contract, or cooperative agreement under subsection (a) shall not be less than $250,000 nor more than $1,000,000.

''SEC. 613. PROJECTS IN SELF-EMPLOYMENT FOR INDIVIDUALS WITH DISABILITIES.

''(a) IN GENERAL.—The Commissioner shall, on a competitive basis, award 1-time, time-limited grants, contracts, or cooperative agreements to eligible entities for the establishment and operation of projects in self-employment for individuals with disabilities.

''(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant, contract, or cooperative agreement under subsection (a) an entity shall—

''(1) be—

''(A) a financial institution;

''(B) an economic development agency;

''(C) a venture capitalist;

''(D) an entity carrying out a Project With Industry described in part B;

''(E) a designated State agency, or other public entity;

''(F) a private organization, including employers and organizations related to individuals with disabilities;

''(G) any other entity that the Commissioner determines to be appropriate; or

''(H) a combination or consortium of the entities described in subparagraphs (A) through (G);

''(2) demonstrate that such entity has the capacity to assist clients, including clients with disabilities, to successfully engage in self-employment enterprises; and

''(3) submit an application that meets the requirements of subsection (c).

''(c) APPLICATION REQUIREMENTS.—To be eligible to receive a grant, contract, or cooperative agreement under subsection (a), an entity shall submit to the Commissioner at such time, in such manner, and containing such information concerning the self-employment project to be funded under the grant, contract, or agreement as the Commissioner may require, including—

''(1) a description of how and the extent to which the applicant has assisted individuals, including individuals with disabilities, if appropriate, to successfully engage in self-employment enterprises;

''(2) with respect to any partners who will participate in the implementation of activities under the self-employment project, a description of—

''(A) the identity of such partners; and

''(B) the roles and responsibilities of each partner in preparing the application, and if funded, the roles and responsibility of each partner during the self-employment project;

''(3) a description of the geographic region that will be the focus of activity in the self-employment project;

''(4) a projection for each year of a 3-year period of the grant, contract, or agreement, of the number of clients who will be assisted to engage in self-employment enterprises through the self-employment project;

''(5) a description of the manner in which potential clients will be identified and selected to be assisted by the self-employment project;

''(6) a description of the manner in which self-employment enterprises (or market niches) will be identified for the geographic areas to be targeted in the self-employment project;

''(7) a description of the process by which prospective clients will be matched with self-employment opportunities;

''(8) a description of the manner in which the project will become self-sustaining in the third year of the self-employment project; and

''(9) a description of the nature and amount of funding, including in-kind support, other than funds received under this part, that will be available to be used during the self-employment project.

''(d) USE OF FUNDS.—Amounts received under a grant, contract, or cooperative agreement under subsection (a) shall be used—

''(1) for the preparation of marketing analyses to identify self-employment opportunities;

''(2) for the conduct of marketing activities with respect to financial institutions or venture capitalists concerning the benefits of investing in individuals with disabilities who are engaged in self-employment enterprises;

''(3) for the conduct of marketing activities with respect to potential clients who engage in or might engage in self-employment enterprises;

''(4) for the provision of training for clients to be assisted through the project who seek to engage or are engaging in self-employment enterprises;

''(5) to cover the costs of business expenses specifically related to an individual's disability;

''(6) to provide assistance for clients in developing business plans for capital investment;

''(7) to provide assistance for clients in securing capital to engage in a self-employment enterprise;

''(8) to provide technical assistance to clients engaged in self-employment enterprises who seek such assistance in order to sustain or expand their enterprises; and

''(9) for other uses as determined appropriate by the Commissioner.

''(e) PROJECT REQUIREMENTS.—Self-employment projects funded under this section shall—

''(1) establish criteria for and apply such criteria in selecting clients to be assisted through the project;

''(2) on an annual basis, enter into agreements with the Commissioner that contain goals concerning the number of individuals with disabilities that the project will assist in starting and sustaining self-employment enterprises;

''(3) establish and apply criteria to determine whether an enterprise is a viable option in which to invest project funds;

''(4) establish and apply criteria to determine when and if the project would provide assistance in sustaining an ongoing enterprise engaged in by a client or potential client;

''(5) establish and apply criteria to determine when and if the project would provide assistance in expanding an ongoing enterprise engaged in by a client or potential client;

''(6) establish and apply procedures to ensure that a potential client has a clear understanding of the scope and limits of assistance from the project that will be applicable in such client's case;

''(7) develop procedures, which include a written agreement, that provides for the documentation of the respective responsibilities of the self-employment project and any client with regard to the creation, maintenance, or expansion of the client's self-employment enterprise; and

''(8) with respect to the project, submit a report to the Commissioner—

''(A) for each project year, concerning the number of clients assisted by the project who are engaging in self-employment enterprises and whether the goal described in the agreement entered into under paragraph (2) was met; and

''(B) the number of clients assisted by the project who are still engaged in such an enterprise on the date that is—

''(i) 6 months after the date on which assistance provided by the project was terminated; and

''(ii) 12 months after the date of which assistance provided by the project was terminated.

''(f) DURATION OF AWARDS.—A grant, contract, or cooperative agreement under subsection (a) shall be for a 3-year period.

''(g) DEFINITION.—For the purpose of this section, the term 'client' means 1 or more individuals with disabilities who engage in or seek to engage in a self-employment enterprise.

''SEC. 614. DISCRETIONARY AUTHORITY FOR DUAL-PURPOSE APPLICATIONS.

''(a) IN GENERAL.—The Commissioner may establish procedures to permit applicants for grants, contracts, or cooperative agreements under this part to submit applications that serve dual purposes, so long as such applications meet the requirements of sections 612 and section 613.

''(b) AMOUNT OF ASSISTANCE.—In a case described in subsection (a), the minimum

amount of a grant, contract, or cooperative agreement awarded under a dual-purpose application may, at the discretion of the Commissioner, exceed the limitations described in section 612(f)(2).

"SEC. 615. AUTHORIZATION OF APPROPRIATIONS.

''There is authorized to be appropriated to carry out this part, $10,000,000 for fiscal year 1998, and such sums as may be necessary for each of the fiscal years 1999 through 2004.

''PART B—PROJECTS WITH INDUSTRY

''PROJECTS WITH INDUSTRY

''SEC. 621. (a)(1) The purpose of this part is to create and expand job and career opportunities for individuals with disabilities in the competitive labor market by engaging the talent and leadership of private industry as partners in the rehabilitation process, to identify competitive job and career opportunities and the skills needed to perform such jobs, to create practical job and career readiness and training programs, and to provide job placements and career advancement.

''(2) The Commissioner, in consultation with the Secretary of Labor and with designated State units, may award grants to individual employers, community rehabilitation program providers, labor unions, trade associations, Indian tribes, tribal organizations, designated State units, and other entities to establish jointly financed Projects With Industry to create and expand job and career opportunities for individuals with disabilities, which projects shall—

''(A) provide for the establishment of business advisory councils, which shall—

''(i) be comprised of—

''(I) representatives of private industry, business concerns, and organized labor;

''(II) individuals with disabilities and representatives of individuals with disabilities; and

''(III) a representative of the appropriate designated State unit;

''(ii) identify job and career availability within the community, consistent with the current and projected local employment opportunities identified by the local workforce investment partnership for the community under section 308(e)(6) of the Workforce Investment Partnership Act of 1998;

''(iii) identify the skills necessary to perform the jobs and careers identified; and

''(iv) prescribe training programs designed to develop appropriate job and career skills, or job placement programs designed to identify and develop job placement and career advancement opportunities, for individuals with disabilities in fields related to the job and career availability identified under clause (ii);;

''(B) provide job development, job placement, and career advancement services;

''(C) to the extent appropriate, provide for—

''(i) training in realistic work settings in order to prepare individuals with disabilities for employment and career advancement in the competitive market; and

''(ii) the modification of any facilities or equipment of the employer involved that are used primarily by individuals with disabilities, except that a project shall not be required to provide for such modification if the modification is required as a reasonable accommodation under the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.); and

''(D) provide individuals with disabilities with such support services as may be required in order to maintain the employment and career advancement for which the individuals have received training under this part.

''(3)(A) An individual shall be eligible for services described in paragraph (2) if the individual is determined to be an individual described in section 102(a)(1), and if the determination is made in a manner consistent with section 102(a).

''(B) Such a determination may be made by the recipient of a grant under this part, to the extent the determination is appropriate and available and consistent with the requirements of section 102(a).

''(4) The Commissioner shall enter into an agreement with the grant recipient regarding the establishment of the project. Any agreement shall be jointly developed by the Commissioner, the grant recipient, and, to the extent practicable, the appropriate designated State unit and the individuals with disabilities (or the individuals' representatives) involved. Such agreements shall specify the terms of training and employment under the project, provide for the payment by the Commissioner of part of the costs of the project (in accordance with subsection (c)), and contain the items required under subsection (b) and such other provisions as the parties to the agreement consider to be appropriate.

''(5) Any agreement shall include a description of a plan to annually conduct a review and evaluation of the operation of the project in accordance with standards developed by the Commissioner under subsection (d), and, in conducting the review and evaluation, to collect data and information of the type described in subparagraphs (A) through (C) of section 101(a)(10), as determined to be appropriate by the Commissioner.

''(6) The Commissioner may include, as part of agreements with grant recipients, authority for such grant recipients to provide technical assistance to—

''(A) assist employers in hiring individuals with disabilities; or

''(B) improve or develop relationships between—

''(i) grant recipients or prospective grant recipients; and

''(ii) employers or organized labor; or

''(C) assist employers in understanding and meeting the requirements of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) as the Act relates to employment of individuals with disabilities.

''(b) No payment shall be made by the Commissioner under any agreement with a grant recipient entered into under subsection (a) unless such agreement—

''(1) provides an assurance that individuals with disabilities placed under such agreement shall receive at least the applicable minimum wage;

''(2) provides an assurance that any individual with a disability placed under this part shall be 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 paragraphs (2) and (3).

''(2) In revising the standards for evaluation to be used by the grant recipients, the Commissioner shall obtain and consider recommendations for such standards from State vocational rehabilitation agencies, current and former grant recipients, professional organizations representing business and industry, organizations representing individuals with disabilities, individuals served by grant recipients, organizations representing community rehabilitation program providers, and labor organizations.

''(3) No standards may be established under this subsection unless the standards are approved by the National Council on Disability. The Council shall be afforded adequate time to review and approve the standards.

''(e)(1)(A) A grant may be awarded under this section for a period of up to 5 years and such grant may be renewed.

''(B) Grants under this section shall be awarded on a competitive basis. To be eligible to receive such a grant, a prospective grant recipient shall submit an application to the Commissioner at such time, in such manner, and containing such information as the Commissioner may require.

''(2) The Commissioner shall to the extent practicable ensure an equitable distribution of payments made under this section among the States. To the extent funds are available, the Commissioner shall award grants under this section to new projects that will serve individuals with disabilities in States, portions of States, Indian tribes, or tribal organizations, that are currently unserved or underserved by projects.

''(f)(1) The Commissioner shall, as necessary, develop and publish in the Federal Register in final form indicators of what constitutes minimum compliance consistent with the evaluation standards under subsection (d)(1).

''(2) Each grant recipient shall report to the Commissioner at the end of each project year the extent to which the grant recipient is in compliance with the evaluation standards.

''(3)(A) The Commissioner shall annually conduct on-site compliance reviews of at least 15 percent of grant recipients. The Commissioner shall select grant recipients for review on a random basis.

''(B) The Commissioner shall use the indicators in determining compliance with the evaluation standards.

''(C) The Commissioner shall ensure that at least one member of a team conducting such a review shall be an individual who—

''(i) is not an employee of the Federal Government; and

''(ii) has experience or expertise in conducting projects.

''(D) The Commissioner shall ensure that—

''(i) a representative of the appropriate designated State unit shall participate in the review; and

''(ii) no person shall participate in the review of a grant recipient if—

''(I) the grant recipient provides any direct financial benefit to the reviewer; or

''(II) participation in the review would give the appearance of a conflict of interest.

''(4) In making a determination concerning any subsequent grant under this section, the Commissioner shall consider the past performance of the applicant, if applicable. The Commissioner shall use compliance indicators developed under this subsection that are consistent with program evaluation standards developed under subsection (d) to assess minimum project performance for purposes of making continuation awards in the third, fourth, and fifth years.

''(5) Each fiscal year the Commissioner shall include in the annual report to Congress required by section 13 an analysis of the extent to which grant recipients have complied with the evaluation standards. The Commissioner may identify individual grant recipients in the analysis. In addition, the Commissioner shall report the results of on-site compliance reviews, identifying individual grant recipients.

''(g) The Commissioner may provide, directly or by way of grant, contract, or cooperative agreement, technical assistance to—

''(1) entities conducting projects for the purpose of assisting such entities in—

''(A) the improvement of or the development of relationships with private industry or labor; or

''(B) the improvement of relationships with State vocational rehabilitation agencies; and

''(2) entities planning the development of new projects.

''(h) As used in this section:

''(1) The term 'agreement' means an agreement described in subsection (a)(4).

''(2) The term 'project' means a Project With Industry established under subsection (a)(2).

''(3) The term 'grant recipient' means a recipient of a grant under subsection (a)(2).

''AUTHORIZATION OF APPROPRIATIONS

''SEC. 622. There are authorized to be appropriated to carry out the provisions of this part, such sums as may be necessary for each of fiscal years 1998 through 2004.

''PART C—SUPPORTED EMPLOYMENT SERVICES FOR INDIVIDUALS WITH THE MOST SIGNIFICANT DISABILITIES

''SEC. 631. PURPOSE.

''It is the purpose of this part to authorize allotments, in addition to grants for vocational rehabilitation services under title I, to assist States in developing collaborative programs with appropriate entities to provide supported employment services for individuals with the most significant disabilities to enable such individuals to achieve the employment outcome of supported employment.

''SEC. 632. ALLOTMENTS.

''(a) IN GENERAL.—

''(1) STATES.—The Secretary shall allot the sums appropriated for each fiscal year to carry out this part among the States on the basis of relative population of each State, except that—

''(A) no State shall receive less than $250,000, or one-third of one percent of the sums appropriated for the fiscal year for which the allotment is made, whichever is greater; and

''(B) if the sums appropriated to carry out this part for the fiscal year exceed by $1,000,000 or more the sums appropriated to carry out this part in fiscal year 1992, no State shall receive less than $300,000, or one-third of one percent of the sums appropriated for the fiscal year for which the allotment is made, whichever is greater.

''(2) CERTAIN TERRITORIES.—

''(A) IN GENERAL.—For the purposes of this subsection, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands shall not be considered to be States.

''(B) ALLOTMENT.—Each jurisdiction described in subparagraph (A) shall be allotted not less than one-eighth of one percent of the amounts appropriated for the fiscal year for which the allotment is made.

''(b) REALLOTMENT.—Whenever the Commissioner determines that any amount of an allotment to a State for any fiscal year will not be expended by such State for carrying out the provisions of this part, the Commissioner shall make such amount available for carrying out the provisions of this part to one or more of the States that the Commissioner determines will be able to use additional amounts during such year for carrying out such provisions. Any amount made available to a State for any fiscal year pursuant to the preceding sentence shall, for the purposes of this section, be regarded as an increase in the allotment of the State (as determined under the preceding provisions of this section) for such year.

''SEC. 633. AVAILABILITY OF SERVICES.

''Funds provided under this part may be used to provide supported employment services to individuals who are eligible under this part. Funds provided under this part, or title I, may not be used to provide extended services to individuals who are eligible under this part or title I.

''SEC. 634. ELIGIBILITY.

''An individual shall be eligible under this part to receive supported employment services authorized under this Act if—

''(1) the individual is eligible for vocational rehabilitation services;

''(2) the individual is determined to be an individual with a most significant disability; and

''(3) a comprehensive assessment of rehabilitation needs of the individual described in section 7(2)(B), including an evaluation of rehabilitation, career, and job needs, identifies supported employment as the appropriate employment outcome for the individual.

''SEC. 635. STATE PLAN.

''(a) STATE PLAN SUPPLEMENTS.—To be eligible for an allotment under this part, a State shall submit to the Commissioner, as part of the State plan under section 101, a State plan supplement for providing supported employment services authorized under this Act to individuals who are eligible under this Act to receive the services. Each State shall make such annual revisions in the plan supplement as may be necessary.

''(b) CONTENTS.—Each such plan supplement shall—

''(1) designate each designated State agency as the agency to administer the program assisted under this part;

''(2) summarize the results of the comprehensive, statewide assessment conducted under section 101(a)(15)(A)(i), with respect to the rehabilitation needs of individuals with significant disabilities and the need for supported employment services, including needs related to coordination;

''(3) describe the quality, scope, and extent of supported employment services authorized under this Act to be provided to individuals who are eligible under this Act to receive the services and specify the goals and plans of the State with respect to the distribution of funds received under section 632;

''(4) demonstrate evidence of the efforts of the designated State agency to identify and make arrangements (including entering into cooperative agreements) with other State agencies and other appropriate entities to assist in the provision of supported employment services;

''(5) demonstrate evidence of the efforts of the designated State agency to identify and make arrangements (including entering into cooperative agreements) with other public or nonprofit agencies or organizations within the State, employers, natural supports, and other entities with respect to the provision of extended services;

''(6) provide assurances that—

''(A) funds made available under this part will only be used to provide supported employment services authorized under this Act to individuals who are eligible under this part to receive the services;

''(B) the comprehensive assessments of individuals with significant disabilities conducted under section 102(b)(1) and funded under title I will include consideration of supported employment as an appropriate employment outcome;

''(C) an individualized rehabilitation employment plan, as required by section 102, will be developed and updated using funds under title I in order to—

''(i) specify the supported employment services to be provided;

''(ii) specify the expected extended services needed; and

''(iii) identify the source of extended services, which may include natural supports, or to the extent that it is not possible to identify the source of extended services at the time the individualized rehabilitation employment plan is developed, a statement describing the basis for concluding that there is a reasonable expectation that such sources will become available;

''(D) the State will use funds provided under this part only to supplement, and not supplant, the funds provided under title I, in providing supported employment services specified in the individualized rehabilitation employment plan;

''(E) services provided under an individualized rehabilitation employment plan will be coordinated with services provided under other individualized plans established under other Federal or State programs;

''(F) to the extent jobs skills training is provided, the training will be provided onsite; and

''(G) supported employment services will include placement in an integrated setting for the maximum number of hours possible based on the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of individuals with the most significant disabilities;

''(7) provide assurances that the State agencies designated under paragraph (1) will expend not more than 5 percent of the allotment of the State under this part for administrative costs of carrying out this part; and

''(8) contain such other information and be submitted in such manner as the Commissioner may require.

''SEC. 636. RESTRICTION.

''Each State agency designated under section 635(b)(1) shall collect the information required by section 101(a)(10) separately for eligible individuals receiving supported employment services under this part and for eligible individuals receiving supported employment services under title I.

''SEC. 637. SAVINGS PROVISION.

''(a) SUPPORTED EMPLOYMENT SERVICES.—Nothing in this Act shall be construed to prohibit a State from providing supported employment services in accordance with the State plan submitted under section 101 by using funds made available through a State allotment under section 110.

''(b) POSTEMPLOYMENT SERVICES.—Nothing in this part shall be construed to prohibit a State from providing discrete postemployment services in accordance with the State plan submitted under section 101 by using funds made available through a State allotment under section 110 to an individual who is eligible under this part.

''SEC. 638. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this part such sums as may be necessary for each of fiscal years 1998 through 2004.''.

SEC. 10. INDEPENDENT LIVING SERVICES AND CENTERS FOR INDEPENDENT LIVING.

Title VII of the Rehabilitation Act of 1973 (29 U.S.C. 796 et seq.) is amended to read as follows:

''TITLE VII—INDEPENDENT LIVING SERVICES AND CENTERS FOR INDEPENDENT LIVING

''CHAPTER 1—INDIVIDUALS WITH SIGNIFICANT DISABILITIES

''PART A—GENERAL PROVISIONS

''SEC. 701. PURPOSE.

''The purpose of this chapter is to promote a philosophy of independent living, including a philosophy of consumer control, peer support, self-help, self-determination, equal access, and individual and system advocacy, in order to maximize the leadership, empowerment, independence, and productivity of individuals with disabilities, and the integration and full inclusion of individuals with

disabilities into the mainstream of American society, by—

''(1) providing financial assistance to States for providing, expanding, and improving the provision of independent living services;

''(2) providing financial assistance to develop and support statewide networks of centers for independent living; and

''(3) providing financial assistance to States for improving working relationships among State independent living rehabilitation service programs, centers for independent living, Statewide Independent Living Councils established under section 705, State vocational rehabilitation programs receiving assistance under title I, State programs of supported employment services receiving assistance under part C of title VI, client assistance programs receiving assistance under section 112, programs funded under other titles of this Act, programs funded under other Federal law, and programs funded through non-Federal sources.

''SEC. 702. DEFINITIONS.

''As used in this chapter:

''(1) CENTER FOR INDEPENDENT LIVING.—The term 'center for independent living' means a 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 or the appropriate entity within the State responsible for making appointments. The appointing authority shall select members after soliciting recommendations from representatives of organizations representing a broad

range of individuals with disabilities and organizations interested in individuals with disabilities.

''(2) COMPOSITION.—The Council shall include—

''(A) at least one director of a center for independent living chosen by the directors of centers for independent living within the State;

''(B) as ex officio, nonvoting members—

''(i) a representative from the designated State unit; and

''(ii) representatives from other State agencies that provide services for individuals with disabilities; and

''(C) in a State in which 1 or more projects are carried out under section 121, at least 1 representative of the directors of the projects.

''(3) ADDITIONAL MEMBERS.—The Council may include—

''(A) other representatives from centers for independent living;

''(B) parents and guardians of individuals with disabilities;

''(C) advocates of and for individuals with disabilities;

''(D) representatives from private businesses;

''(E) representatives from organizations that provide services for individuals with disabilities; and

''(F) other appropriate individuals.

''(4) QUALIFICATIONS.—

''(A) IN GENERAL.—The Council shall be composed of members—

''(i) who provide statewide representation;

''(ii) who represent a broad range of individuals with disabilities from diverse backgrounds;

''(iii) who are knowledgeable about centers for independent living and independent living services; and

''(iv) a majority of whom are persons who are—

''(I) individuals with disabilities described in section 7(20)(B); and

''(II) not employed by any State agency or center for independent living.

''(B) VOTING MEMBERS.—A majority of the voting members of the Council shall be—

''(i) individuals with disabilities described in section 7(20)(B); and

''(ii) not employed by any State agency or center for independent living.

''(5) CHAIRPERSON.—The Council shall select a chairperson from among the voting membership of the Council.

''(6) TERMS OF APPOINTMENT.—

''(A) LENGTH OF TERM.—Each member of the Council shall serve for a term of 3 years, except that—

''(i) a member appointed to fill a vacancy occurring prior to the expiration of the term for which a predecessor was appointed, shall be appointed for the remainder of such term; and

''(ii) the terms of service of the members initially appointed shall be (as specified by the appointing authority) for such fewer number of years as will provide for the expiration of terms on a staggered basis.

''(B) NUMBER OF TERMS.—No member of the Council may serve more than two consecutive full terms.

''(7) VACANCIES.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), any vacancy occurring in the membership of the Council shall be filled in the same manner as the original appointment. The vacancy shall not affect the power of the remaining members to execute the duties of the Council.

''(B) DELEGATION.—The Governor (including an entity described in paragraph (1)) 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) ON-SITE COMPLIANCE REVIEWS.—

''(1) REVIEWS.—The Commissioner shall annually conduct on-site 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 select such centers for review on a random basis. 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.

''(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 on-site compliance reviews, identifying individual centers for independent living and other recipients of assistance under this chapter.

"PART B—INDEPENDENT LIVING SERVICES

"SEC. 711. ALLOTMENTS.

''(a) IN GENERAL.—

''(1) STATES.—

''(A) POPULATION BASIS.—Except as provided in subparagraphs (B) and (C), from sums appropriated for each fiscal year to carry out this part, the Commissioner shall make an allotment to each State whose State plan has been approved under section 706 of an amount bearing the same ratio to such sums as the population of the State bears to the population of all States.

''(B) MAINTENANCE OF 1992 AMOUNTS.—Subject to the availability of appropriations to carry out this part, the amount of any allotment made under subparagraph (A) to a State for a fiscal year shall not be less than the amount of an allotment made to the State for fiscal year 1992 under part A of this title, as in effect on the day before the date of enactment of the Rehabilitation Act Amendments of 1992.

''(C) MINIMUMS.—Subject to the availability of appropriations to carry out this part,

and except as provided in subparagraph (B), the allotment to any State under subparagraph (A) shall be not less than $275,000 or one-third of one percent of the sums made available for the fiscal year for which the allotment is made, whichever is greater, and the allotment of any State under this section for any fiscal year that is less than $275,000 or one-third of one percent of such sums shall be increased to the greater of the two amounts.

''(2) CERTAIN TERRITORIES.—

''(A) IN GENERAL.—For the purposes of paragraph (1)(C), Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands shall not be considered to be States.

''(B) ALLOTMENT.—Each jurisdiction described in subparagraph (A) shall be allotted under paragraph (1)(A) not less than one-eighth of one percent of the amounts made available for purposes of this part for the fiscal year for which the allotment is made.

''(3) ADJUSTMENT FOR INFLATION.—For any fiscal year, beginning in fiscal year 1999, in which the total amount appropriated to carry out this part exceeds the total amount appropriated to carry out this part for the preceding fiscal year, the Commissioner shall increase the minimum allotment under paragraph (1)(C) by a percentage that shall not exceed the percentage increase in the total amount appropriated to carry out this part between the preceding fiscal year and the fiscal year involved.

''(b) PROPORTIONAL REDUCTION.—To provide allotments to States in accordance with subsection (a)(1)(B), to provide minimum allotments to States (as increased under subsection (a)(3)) under subsection (a)(1)(C), or to provide minimum allotments to States under subsection (a)(2)(B), the Commissioner shall proportionately reduce the allotments of the remaining States under subsection (a)(1)(A), with such adjustments as may be necessary to prevent the allotment of any such remaining State from being reduced to less than the amount required by subsection (a)(1)(B).

''(c) REALLOTMENT.—Whenever the Commissioner determines that any amount of an allotment to a State for any fiscal year will not be expended by such State in carrying out the provisions of this part, the Commissioner shall make such amount available for carrying out the provisions of this part to one or more of the States that the Commissioner determines will be able to use additional amounts during such year for carrying out such provisions. Any amount made available to a State for any fiscal year pursuant to the preceding sentence shall, for the purposes of this section, be regarded as an increase in the allotment of the State (as determined under the preceding provisions of this section) for such year.

''SEC. 712. PAYMENTS TO STATES FROM ALLOTMENTS.

''(a) PAYMENTS.—From the allotment of each State for a fiscal year under section 711, the State shall be paid the Federal share of the expenditures incurred during such year under its State plan approved under section 706. Such payments may be made (after necessary adjustments on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and in such installments and on such conditions as the Commissioner may determine.

''(b) FEDERAL SHARE.—

''(1) IN GENERAL.—The Federal share with respect to any State for any fiscal year shall be 90 percent of the expenditures incurred by the State during such year under its State plan approved under section 706.

''(2) NON-FEDERAL SHARE.—The non-Federal share of the cost of any project that receives assistance through an allotment under this part may be provided in cash or in kind, fairly evaluated, including plant, equipment, or services.

''SEC. 713. AUTHORIZED USES OF FUNDS.

''The State may use funds received under this part to provide the resources described in section 705(e), relating to the Statewide Independent Living Council, and may use funds received under this part—

''(1) to provide independent living services to individuals with significant disabilities;

''(2) to demonstrate ways to expand and improve independent living services;

''(3) to support the operation of centers for independent living that are in compliance with the standards and assurances set forth in subsections (b) and (c) of section 725;

''(4) to support activities to increase the capacities of public or nonprofit agencies and organizations and other entities to develop comprehensive approaches or systems for providing independent living services;

''(5) to conduct studies and analyses, gather information, develop model policies and procedures, and present information, approaches, strategies, findings, conclusions, and recommendations to Federal, State, and local policymakers in order to enhance independent living services for individuals with disabilities;

''(6) to train individuals with disabilities and individuals providing services to individuals with disabilities and other persons regarding the independent living philosophy; and

''(7) to provide outreach to populations that are unserved or underserved by programs under this title, including minority groups and urban and rural populations.

''SEC. 714. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this part such sums as may be necessary for each of the fiscal years 1998 through 2004.

''PART C—CENTERS FOR INDEPENDENT LIVING

''SEC. 721. PROGRAM AUTHORIZATION.

''(a) IN GENERAL.—From the funds appropriated for fiscal year 1998 and for each subsequent fiscal year to carry out this part, the Commissioner shall allot such sums as may be necessary to States and other entities in accordance with subsections (b) through (d).

''(b) TRAINING.—

''(1) GRANTS; CONTRACTS; OTHER ARRANGEMENTS.—For any fiscal year in which the funds appropriated to carry out this part exceed the funds appropriated to carry out this part for fiscal year 1993, the Commissioner shall first reserve from such excess, to provide training and technical assistance to eligible agencies, centers for independent living, and Statewide Independent Living Councils for such fiscal year, not less than 1.8 percent, and not more than 2 percent, of the funds appropriated to carry out this part for the fiscal year involved.

''(2) ALLOCATION.—From the funds reserved under paragraph (1), the Commissioner shall make grants to, and enter into contracts and other arrangements with, entities who have experience in the operation of centers for independent living to provide such training and technical assistance with respect to planning, developing, conducting, administering, and evaluating centers for independent living.

''(3) FUNDING PRIORITIES.—The Commissioner shall conduct a survey of Statewide Independent Living Councils and centers for independent living regarding training and technical assistance needs in order to determine funding priorities for such grants, contracts, and other arrangements.

''(4) REVIEW.—To be eligible to receive a grant or enter into a contract or other arrangement under this subsection, such an entity shall submit an application to the Commissioner at such time, in such manner, and containing a proposal to provide such training and technical assistance, and containing such additional information as the Commissioner may require. The Commissioner shall provide for peer review of grant applications by panels that include persons who are not government employees and who have experience in the operation of centers for independent living.

''(5) PROHIBITION ON COMBINED FUNDS.—No funds reserved by the Commissioner under this subsection may be combined with funds appropriated under any other Act or part of this Act if the purpose of combining funds is to make a single discretionary grant or a single discretionary payment, unless such funds appropriated under this chapter are separately identified in such grant or payment and are used for the purposes of this chapter.

''(c) IN GENERAL.—

''(1) STATES.—

''(A) POPULATION BASIS.—After the reservation required by subsection (b) has been made, and except as provided in subparagraphs (B) and (C), from the remainder of the amounts appropriated for each such fiscal year to carry out this part, the Commissioner shall make an allotment to each State whose State plan has been approved under section 706 of an amount bearing the same ratio to such remainder as the population of the State bears to the population of all States.

''(B) MAINTENANCE OF 1992 AMOUNTS.—Subject to the availability of appropriations to carry out this part, the amount of any allotment made under subparagraph (A) to a State for a fiscal year shall not be less than the amount of financial assistance received by centers for independent living in the State for fiscal year 1992 under part B of this title, as in effect on the day before the date of enactment of the Rehabilitation Act Amendments of 1992.

''(C) MINIMUMS.—Subject to the availability of appropriations to carry out this part and except as provided in subparagraph (B), for a fiscal year in which the amounts appropriated to carry out this part exceed the amounts appropriated for fiscal year 1992 to carry out part B of this title, as in effect on the day before the date of enactment of the Rehabilitation Act Amendments of 1992—

''(i) if such excess is not less than $8,000,000, the allotment to any State under subparagraph (A) shall be not less than $450,000 or one-third of one percent of the sums made available for the fiscal year for which the allotment is made, whichever is greater, and the allotment of any State under this section for any fiscal year that is less than $450,000 or one-third of one percent of such sums shall be increased to the greater of the two amounts;

''(ii) if such excess is not less than $4,000,000 and is less than $8,000,000, the allotment to any State under subparagraph (A) shall be not less than $400,000 or one-third of one percent of the sums made available for the fiscal year for which the allotment is made, whichever is greater, and the allotment of any State under this section for any fiscal year that is less than $400,000 or one-third of one percent of such sums shall be increased to the greater of the two amounts; and

''(iii) if such excess is less than $4,000,000, the allotment to any State under subparagraph (A) shall approach, as nearly as possible, the greater of the two amounts described in clause (ii).

''(2) CERTAIN TERRITORIES.—

''(A) IN GENERAL.—For the purposes of paragraph (1)(C), Guam, American Samoa,

the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands shall not be considered to be States.

''(B) ALLOTMENT.—Each jurisdiction described in subparagraph (A) shall be allotted under paragraph (1)(A) not less than one-eighth of one percent of the remainder for the fiscal year for which the allotment is made.

''(3) ADJUSTMENT FOR INFLATION.—For any fiscal year, beginning in fiscal year 1999, in which the total amount appropriated to carry out this part exceeds the total amount appropriated to carry out this part for the preceding fiscal year, the Commissioner shall increase the minimum allotment under paragraph (1)(C) by a percentage that shall not exceed the percentage increase in the total amount appropriated to carry out this part between the preceding fiscal year and the fiscal year involved.

''(4) PROPORTIONAL REDUCTION.—To provide allotments to States in accordance with paragraph (1)(B), to provide minimum allotments to States (as increased under paragraph (3)) under paragraph (1)(C), or to provide minimum allotments to States under paragraph (2)(B), the Commissioner shall proportionately reduce the allotments of the remaining States under paragraph (1)(A), with such adjustments as may be necessary to prevent the allotment of any such remaining State from being reduced to less than the amount required by paragraph (1)(B).

''(d) REALLOTMENT.—Whenever the Commissioner determines that any amount of an allotment to a State for any fiscal year will not be expended by such State for carrying out the provisions of this part, the Commissioner shall make such amount available for carrying out the provisions of this part to one or more of the States that the Commissioner determines will be able to use additional amounts during such year for carrying out such provisions. Any amount made available to a State for any fiscal year pursuant to the preceding sentence shall, for the purposes of this section, be regarded as an increase in the allotment of the State (as determined under the preceding provisions of this section) for such year.

''SEC. 722. GRANTS TO CENTERS FOR INDEPENDENT LIVING IN STATES IN WHICH FEDERAL FUNDING EXCEEDS STATE FUNDING.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—Unless the director of a designated State unit awards grants under section 723 to eligible agencies in a State for a fiscal year, the Commissioner shall award grants under this section to such eligible agencies for such fiscal year from the amount of funds allotted to the State under subsection (c) or (d) of section 721 for such year.

''(2) GRANTS.—The Commissioner shall award such grants, from the amount of funds so allotted, to such eligible agencies for the planning, conduct, administration, and evaluation of centers for independent living that comply with the standards and assurances set forth in section 725.

''(b) ELIGIBLE AGENCIES.—In any State in which the Commissioner has approved the State plan required by section 704, the Commissioner may make a grant under this section to any eligible agency that—

''(1) has the power and authority to carry out the purpose of this part and perform the functions set forth in section 725 within a community and to receive and administer funds under this part, funds and contributions from private or public sources that may be used in support of a center for independent living, and funds from other public and private programs;

''(2) is determined by the Commissioner to be able to plan, conduct, administer, and evaluate a center for independent living consistent with the standards and assurances set forth in section 725; and

''(3) submits an application to the Commissioner at such time, in such manner, and containing such information as the Commissioner may require.

''(c) EXISTING ELIGIBLE AGENCIES.—In the administration of the provisions of this section, the Commissioner shall award grants to any eligible agency that has been awarded a grant under this part by September 30, 1997 unless the Commissioner makes a finding that the agency involved fails to meet program and fiscal standards and assurances set forth in section 725.

''(d) NEW CENTERS FOR INDEPENDENT LIVING.—

''(1) IN GENERAL.—If there is no center for independent living serving a region of the State or a region is underserved, and the increase in the allotment of the State is sufficient to support an additional center for independent living in the State, the Commissioner may award a grant under this section to the most qualified applicant proposing to serve such region, consistent with the provisions in the State plan setting forth the design of the State for establishing a statewide network of centers for independent living.

''(2) SELECTION.—In selecting from among applicants for a grant under this section for a new center for independent living, the Commissioner—

''(A) shall consider comments regarding the application, if any, by the Statewide Independent Living Council in the State in which the applicant is located;

''(B) shall consider the ability of each such applicant to operate a center for independent living based on—

''(i) evidence of the need for such a center;

''(ii) any past performance of such applicant in providing services comparable to independent living services;

''(iii) the plan for satisfying or demonstrated success in satisfying the standards and the assurances set forth in section 725;

''(iv) the quality of key personnel and the involvement of individuals with significant disabilities;

''(v) budgets and cost-effectiveness;

''(vi) an evaluation plan; and

''(vii) the ability of such applicant to carry out the plans; and

''(C) shall give priority to applications from applicants proposing to serve geographic areas within each State that are currently unserved or underserved by independent living programs, consistent with the provisions of the State plan submitted under section 704 regarding establishment of a statewide network of centers for independent living.

''(3) CURRENT CENTERS.—Notwithstanding paragraphs (1) and (2), a center for independent living that receives assistance under part B for a fiscal year shall be eligible for a grant for the subsequent fiscal year under this subsection.

''(e) ORDER OF PRIORITIES.—The Commissioner shall be guided by the following order of priorities in allocating funds among centers for independent living within a State, to the extent funds are available:

''(1) The Commissioner shall support existing centers for independent living, as described in subsection (c), that comply with the standards and assurances set forth in section 725, at the level of funding for the previous year.

''(2) The Commissioner shall provide for a cost-of-living increase for such existing centers for independent living.

''(3) The Commissioner shall fund new centers for independent living, as described in subsection (d), that comply with the standards and assurances set forth in section 725.

''(f) NONRESIDENTIAL AGENCIES.—A center that provides or manages residential housing after October 1, 1994, shall not be considered to be an eligible agency under this section.

''(g) REVIEW.—

''(1) IN GENERAL.—The Commissioner shall periodically review each center receiving funds under this section to determine whether such center is in compliance with the standards and assurances set forth in section 725. If the Commissioner determines that any center receiving funds under this section is not in compliance with the standards and assurances set forth in section 725, the Commissioner shall immediately notify such center that it is out of compliance.

''(2) ENFORCEMENT.—The Commissioner shall terminate all funds under this section to such center 90 days after the date of such notification unless the center submits a plan to achieve compliance within 90 days of such notification and such plan is approved by the Commissioner.

''SEC. 723. GRANTS TO CENTERS FOR INDEPENDENT LIVING IN STATES IN WHICH STATE FUNDING EQUALS OR EXCEEDS FEDERAL FUNDING.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—

''(A) INITIAL YEAR.—

''(i) DETERMINATION.—The director of a designated State unit, as provided in paragraph (2), or the Commissioner, as provided in paragraph (3), shall award grants under this section for an initial fiscal year if the Commissioner determines that the amount of State funds that were earmarked by a State for a preceding fiscal year to support the general operation of centers for independent living meeting the requirements of this part equaled or exceeded the amount of funds allotted to the State under subsection (c) or (d) of section 721 for such year.

''(ii) GRANTS.—The director or the Commissioner, as appropriate, shall award such grants, from the amount of funds so allotted for the initial fiscal year, to eligible agencies in the State for the planning, conduct, administration, and evaluation of 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—

''(i) evidence of the need for a center for independent living, consistent with the State plan;

''(ii) any past performance of such applicant in providing services comparable to independent living services;

''(iii) the plan for complying with, or demonstrated success in complying with, the standards and the assurances set forth in section 725;

''(iv) the quality of key personnel of the applicant and the involvement of individuals with significant disabilities by the applicant;

''(v) the budgets and cost-effectiveness of the applicant;

''(vi) the evaluation plan of the applicant; and

''(vii) the ability of such applicant to carry out the plans; and

''(C) the director of the designated State unit shall award the grant on the basis of the recommendations of the peer review committee if the actions of the committee are consistent with Federal and State law.

''(3) CURRENT CENTERS.—Notwithstanding paragraphs (1) and (2), a center for independent living that receives assistance under part B for a fiscal year shall be eligible for a grant for the subsequent fiscal year under this subsection.

''(e) ORDER OF PRIORITIES.—Unless the director of the designated State unit and the chairperson of the Council or other individual designated by the Council acting on behalf of and at the direction of the Council jointly agree on another order of priority, the director shall be guided by the following order of priorities in allocating funds among centers for independent living within a State, to the extent funds are available:

''(1) The director of the designated State unit shall support existing centers for independent living, as described in subsection (c), that comply with the standards and assurances set forth in section 725, at the level of funding for the previous year.

''(2) The director of the designated State unit shall provide for a cost-of-living increase for such existing centers for independent living.

''(3) The director of the designated State unit shall fund new centers for independent living, as described in subsection (d), that comply with the standards and assurances set forth in section 725.

''(f) NONRESIDENTIAL AGENCIES.—A center that provides or manages residential housing after October 1, 1994, shall not be considered to be an eligible agency under this section.

''(g) REVIEW.—

''(1) IN GENERAL.—The director of the designated State unit shall periodically review each center receiving funds under this section to determine whether such center is in compliance with the standards and assurances set forth in section 725. If the director of the designated State unit determines that any center receiving funds under this section is not in compliance with the standards and assurances set forth in section 725, the director of the designated State unit shall immediately notify such center that it is out of compliance.

''(2) ENFORCEMENT.—The director of the designated State unit shall terminate all funds under this section to such center 90 days after—

''(A) the date of such notification; or

''(B) in the case of a center that requests an appeal under subsection (i), the date of any final decision under subsection (i),

unless the center submits a plan to achieve compliance within 90 days and such plan is approved by the director, or if appealed, by the Commissioner.

''(h) ON-SITE 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 on-site 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 1998 through 2004.

''CHAPTER 2—INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND

''SEC. 751. DEFINITION.

''For purposes of this chapter, the term 'older individual who is blind' means an individual age 55 or older whose significant visual impairment makes competitive 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 one-third of one percent of the amount appropriated under section 753 for the fiscal year and available for allotments under subsection (a).

''(B) CERTAIN TERRITORIES.—In the case of Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands, the amount referred to in subparagraph (A) of paragraph (1) for a fiscal year is $40,000.

''(3) FORMULA.—The amount referred to in subparagraph (B) of paragraph (1) for a State for a fiscal year is the product of—

''(A) the amount appropriated under section 753 and available for allotments under subsection (a); and

''(B) a percentage equal to the quotient of—

''(i) an amount equal to the number of individuals residing in the State who are not less than 55 years of age; divided by

''(ii) an amount equal to the number of individuals residing in the United States who are not less than 55 years of age.

''(4) DISPOSITION OF CERTAIN AMOUNTS.—

''(A) GRANTS.—From the amounts specified in subparagraph (B), the Commissioner may make grants to States whose population of older individuals who are blind has a substantial need for the services specified in subsection (d) relative to the populations in other States of older individuals who are blind.

''(B) AMOUNTS.—The amounts referred to in subparagraph (A) are any amounts that are not paid to States under subsection (a) as a result of—

''(i) the failure of any State to submit an application under subsection (i);

''(ii) the failure of any State to prepare within a reasonable period of time such application in compliance with such subsection; or

''(iii) any State informing the Commissioner that the State does not intend to expend the full amount of the allotment made for the State under subsection (a).

''(C) CONDITIONS.—The Commissioner may not make a grant under subparagraph (A) unless the State involved agrees that the grant is subject to the same conditions as grants made under subsection (a).

''SEC. 753. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this chapter such sums as may be necessary for each of the fiscal years 1998 through 2004.''.

SEC. 11. HELEN KELLER NATIONAL CENTER ACT.

(a) GENERAL AUTHORIZATION OF APPROPRIATIONS.—The first sentence of section 205(a) of the Helen Keller National Center Act (29 U.S.C. 1904(a)) is amended by striking ''1993 through 1997'' and inserting ''1998 through 2000''.

(b) HELEN KELLER NATIONAL CENTER FEDERAL ENDOWMENT FUND.—The first sentence of section 208(h) of such Act (29 U.S.C. 1907(h)) is amended by striking ''1993 through 1997'' and inserting ''1998 through 2000''.

(c) REGISTRY.—Such Act (29 U.S.C. 1901 et seq.) is amended by adding at the end the following:

''SEC. 209. NATIONAL REGISTRY AND AUTHORIZATION OF APPROPRIATIONS.

''(a) The Center shall establish and maintain a national registry of individuals who are deaf-blind, using funds made available under subsection (b).

''(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out subsection (a) such sums as may be necessary for each of fiscal years 1998 through 2000.''.

SEC. 12. PRESIDENT'S COMMITTEE ON NATIONAL EMPLOY THE PHYSICALLY HANDICAPPED WEEK.

Section 2(2) of the Joint Resolution entitled ''Joint Resolution authorizing an appropriation for the work of the President's Committee on National Employ the Physically Handicapped Week'', approved July 11, 1949 (36 U.S.C. 155b(2)) is amended by inserting ''solicit,'' before ''accept,''.

SEC. 13. PEER REVIEW.

Part B of title IV of the Department of Education Organization Act (20 U.S.C. 3471 et seq.) is amended by inserting before section 427 the following:

''SEC. 426A. PEER REVIEW.

''The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to peer review panels established by the Secretary to evaluate applications for financial assistance awarded on a competitive basis.''.

SEC. 14. CONFORMING AMENDMENTS.

(a) PREPARATION.—After consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, the Secretary of Education shall prepare recommended legislation containing technical and conforming amendments to reflect the changes made by this Act.

(b) SUBMISSION TO CONGRESS.—Not later than 6 months after the date of enactment of this Act, the Secretary of Education shall submit to Congress the recommended legislation referred to under subsection (a).

Mr. JEFFORDS. Mr. President, I am pleased to join my colleagues Senators DEWINE, KENNEDY, WELLSTONE, HARKIN, FRIST, COLLINS, CHAFEE, and REED in introducing the Rehabilitation Act Amendments of 1998. We began the process of drafting this bipartisan, consensus-based legislation shortly after completing the reauthorization of the Individuals with Disabilities Education Act (IDEA). Just as we sought the assistance of the disability community and professionals who serve individuals with disabilities in determining the direction we took in drafting the IDEA legislation, so we did with this bill. Just as we welcomed the assistance of the Administration in drafting the IDEA legislation, so we did with this bill.

As a result, this legislation will open up more employment opportunities to individuals with disabilities. It will also provide State vocational rehabilitation agencies and others who provide employment-related assistance to individuals with disabilities with the tools they need to provide appropriate, timely help to individuals with disabilities who want to work. The combination of the 1997 reauthorization of IDEA and this reauthorization brings us closer to a seamless system in which parents of children with disabilities will envision and expect greater opportunities for their children to have productive and satisfying lives as adults.

The Rehabilitation Act Amendments of 1997 will increase opportunities for individuals with disabilities to prepare for, secure, maintain, and regain employment by linking vocational rehabilitation services to those services that are available under current State workforce systems and those that will be available under the Workforce Investment Partnership Act of 1997. It will simplify access to vocational rehabilitation services and streamline the administration of the vocational rehabilitation program. It makes additional improvements in discretionary

programs related to personnel training, research, and demonstration projects and consumer-controlled Centers for Independent Living. It provides greater access to information technology. The reauthorization will extend through fiscal year 2004.

The bill includes extensive links between vocational rehabilitation agencies and State workforce systems. For example, amendments related to linkage are found throughout the bill in sections pertaining to the findings and purposes of the legislation, definitions, program administration, reports, information dissemination, and State plan requirements, including those concerning data reporting. Complementary and parallel provisions to promote linkage between vocational rehabilitation agencies and State workforce systems also are included in the Workforce Investment Partnership Act of 1997.

The bill makes important changes in title I of the Act. The State plan requirements have been rewritten to simplify administration of the vocational rehabilitation program and reinforce its intent, helping individuals secure employment. The amendments reduce the 36 State plan requirements in current law to 24 and require the submission of one State plan, with amendments thereafter under certain circumstances. The bill allows, when a State is operating under an order of selection, for core services to be available to individuals with disabilities who do not meet a State's criteria for full services from the vocational rehabilitation agency. The legislation gives vocational rehabilitation agencies the ability to secure financial support from other entities who could or should pay for certain services needed by an individual with a disability, who is being assisted by the vocational rehabilitation agency to prepare for or secure a job. The bill requires State vocational rehabilitation agencies and State Rehabilitation Councils to jointly develop and conduct a comprehensive needs assessment every three years. Based on such an assessment, they will annually set and report on progress in achieving employment goals set for individuals with disability. The bill simplifies procedures for establishing eligibility, by requiring consideration of existing evaluating information in determining an individual's eligibility for vocational rehabilitation services. The bill strengthens eligible individuals' roles in developing their individualized rehabilitation employment plans. Such individuals will be given greater flexibility in how they develop their plans. The amendments give all States dollars for inservice training, and State allotments for training dollars will increase with increases in the Consumer Price Index. The bill requires that voluntary mediation be available for resolving disputes between vocational rehabilitation agencies and individuals with disabilities.

The bill selectively amends other titles in the Rehabilitation Act. Title II, which authorizes the National Institute on Disability and Rehabilitation Research, is amended to require that all funding priorities of the Institute be derived from a five-year plan that will be subjected to public comment and then submitted to Congress. The bill expands the authority of the Institute to allow funding of initiatives related to the quality assurance of assistive technology and the effectiveness of alternative medicine when used to treat individuals with disabilities. The legislation streamlines and updates title III of the Act, which authorizes training and demonstration activities, by clearly delineating funding priorities, simplifying the notification of interested parties about upcoming grant opportunities, and permitting funding for training of personnel in one-stop centers so that they will be more able to appropriately and effectively assist individuals with disabilities seeking employment-related assistance through such centers.

With guidance from Senator DODD, we strengthened the provisions in title V of the Act pertaining to the accessibility of electronic and information technology for individuals with disabilities by designating that the Access Board to write regulations and by requiring the Office of Management and Budget to oversee Federal agencies' compliance with such regulations. The legislation amends title VI of the Act by adding a new initiative, Projects in Telecommuting and Self-Employment for Individuals with Disabilities, and by permitting Projects with Industry to assist eligible individuals without waiting for referrals or eligibility status determinations from vocational rehabilitation agencies and to provide training and/or placement services.

These amendments build on and complement those that were enacted in 1992. The 1992 amendments to the Rehabilitation Act had a significant, positive effect in my State, Vermont.

There, one out of every eight residents is disabled. The Division of Vocational Rehabilitation has enabled many Vermonters with disabilities to exercise the choices the 1992 amendments triggered, to become employed, and to live successfully in their communities. In 1996, Vermont's vocational rehabilitation program provided an array of services to almost 5,000 Vermonters, while directly assisting 850 individuals with disabilities to become successfully employed.

The benefits of Vermont's efforts are many. Most important is the fact that Vermont consumers of vocational rehabilitation services who secure employment enjoy an average increase in income exceeding $8,000 per year. Seventy-three percent of these individuals enter the workforce earning more than minimum wage. Seventy-eight percent of those Vermonters who were assisted by the Vermont Division of Rehabilitation in 1996 remain employed today. In addition, the Vermont Consumer Choice Project, made possible by the 1992 amendments, has allowed my State to create organizational structures, policies and practices that have resulted in a greater degree of informed choice for individuals seeking and receiving vocational rehabilitation services.

The Rehabilitation Act Amendments of 1998 truly reflect a team effort by committed Senators, their staff, Federal officials, individuals with disabilities, rehabilitation professionals and others who know through experience that for individuals with disabilities, as for other individuals, having a job and liking it are the bottom line. Through these amendments we have secured and extended that bottom line for individuals with disabilities—more jobs, better jobs—into the next century.

Mr. KENNEDY. Mr. President, I was proud to be a sponsor of the Rehabilitation Act Amendments of 1992, and I am proud to support the current reauthorization. I commend Senator JEFFORDS, Senator DEWINE, and Senator WELLSTONE for their leadership in expediting our consideration of this important legislation. And I commend all the staff members for their skillful work in making this a successful bipartisan consensus bill. I especially thank Senator TOM HARKIN for his leadership and continued commitment to individuals with disabilities in this country.

The Rehabilitation Amendments of 1992 developed the foundation for a rehabilitation system which recognizes competence and choice, and which gives individuals with disabilities the services and support they need to live, work and participate as fully as possible in their communities. For millions of individuals with disabilities, vocational rehabilitation has meant the difference between dependence and independence, between lost potential and productive careers.

Most important, the vocational rehabilitation in this country provides the necessary skills and support to keep the promise of the Americans with Disabilities Act—so that all individuals with disabilities, especially those with significant disabilities, will have the opportunity to achieve their full potential and be part of the mainstream of American life.

The bill being introduced today builds on the gains of the past two decades, by strengthening employment possibilities, encouraging self-employment, providing better outreach to underserved populations, and streamlining the role of the government. This bill also establishes a stronger linkage between vocational rehabilitation and the larger statewide job training system.

I look forward to working with my colleagues in Congress to enact this important legislation, so that the talents, strengths, competence and interests of all individuals with disabilities will be recognized, enhanced, and fairly rewarded in communities and workplaces across the nation.

Mr. HARKIN. Mr. President, I am pleased to join my colleagues in cosponsoring the Rehabilitation Act Amendments of 1998. I particularly wish to thank my Republican colleagues, Senators DEWINE and JEFFORDS, for developing this bill in a bipartisan manner. The bill that we introduce today represents the work of Republicans, Democrats, and the Administration. I am pleased that our work together continues the long history of bipartisanship in developing legislation that addresses the needs of persons with disabilities.

The State Vocational Rehabilitation Service Program provides $2.2 billion in formula grant assistance to States to help individuals with disabilities prepare for an engage in gainful employment. Since established by the Smith-Fess Act 75 years ago, state vocational rehabilitation programs have served some nine million people. This program promotes economic independence for persons with disabilities, and the numbers reflect that:

The percentage of individuals who reported that their income was their primary source of support increased from 18% at the time of application to 71% at the time of exit from the program;

The percentage of individuals with earned income of any kind increased from 22% at application to 93% at program exit; and

The number of individuals working at or above the Federal minimum wage rate increased from 18% at application to 86% at closure.

In 1992, Congress made major changes to the Act, namely, increasing consumer participation, streamlining processes, and reducing unnecessary paperwork. In the bill we introduce today, we have built on the '92 amendments. The bill preserves and strengthens the themes of the '92 amendments while fine-tuning and aligning the Act with other workforce reforms so that individuals with disabilities can benefit from them.

This bill strengthens the role of the consumer throughout the vocational rehabilitation process, particularly in the development of the individual's employment plan. It reduces unnecessary burdens on State VR agencies by streamlining the State plan. The bill also refocuses the State plan on improving outcomes for individuals with disabilities by requiring States to develop, jointly with the State Rehabilitation Council, annual goals and strategies for improving results.

The due process protections provided in the State Grant program to VR applicants and clients are strengthened by eliminating State VR agency review of decisions by impartial hearing officers. The bill would also require States to provide for voluntary mediation (modeled on the provisions in IDEA) as another mechanism to resolve disputes.

Access of Social Security beneficiaries to VR services if facilitated, and unnecessary gatekeeping is eliminated, by making SSI and SSDI beneficiaries presumptively eligible for services under the VR State Grants program. This change would eliminate the need for the VR agency to determine on a case-by-case basis whether these individuals ''require'' VR services in order to gain employment.

Of particular interest to me and to Senator DODD are the changes to Section 508 of the Act which pertain to electronic and information technology accessibility. This bill strengthens the provisions regarding procurement by Federal agencies of technology that is accessible to individuals with disabilities.

I am pleased to co-sponsor this bill and look forward to its passage.

Mr. FRIST. Mr. President. I am pleased to join the Chairman of the Employment and Training Subcommittee, Senator DEWINE and the Chairman of the Labor and Human Resources Committee Senator JEFFORDS in introducing the Rehabilitation Act Amendments of 1998. I am grateful for their strong leadership in drafting this important legislation.

The vocational rehabilitation program was begun in 1921 to help disabled war veterans obtain rehabilitation and employment assistance. Today it is a major source of employment assistance for many individuals with disabilities, including individuals with severe disabilities. Vocational rehabilitation programs, although operated by State vocational rehabilitation agencies are located throughout a State. These programs help about a million individuals with disabilities a year, about 20 percent of whom enter the competitive labor market within 12 months. The average cost per person aided is about $2,500.

The Tennessee Vocational Rehabilitation Program provides one example of what can happen when the focus of an agency is clear—getting people with disabilities jobs. In 1996, this program in my State served 26,032 individuals with disabilities of which 81 percent were severely disabled. Of the individuals served 5,820 were successfully employed with 90.4 percent of them working in the competitive labor market. The annualized income of these 5,820 individuals, once they entered the work force increased from $8.732 million to $64.233 million. I am proud of this record, while realizing that more can and should be done.

The main goal of the reauthorization, which has previously been discussed in detail today by Senators DEWINE and JEFFORDS is to increase opportunities for individuals with disabilities to prepare for, secure, maintain, and regain employment. There is also a great effort to simplify access to vocational rehabilitation services, while reducing costs and increasing effectiveness through streamlining the administration of the vocational rehabilitation program.

Also included in this reauthorization is the effort that I began as Chairman of the Subcommittee on Disability Policy in the 104th Congress, the linking of vocational rehabilitation programs to a new state system of work force development. The intention is to create a seamless system of increasing employment assistance for individuals with disabilities with a new state workforce system. The reauthorization of the Rehabilitation Act includes this important goal by linking vocational rehabilitation services to those that will be available under the Workforce Investment Partnership Act of 1997.

I would like to acknowledge the bipartisan effort brought forth to build the consensus that is evident by this bill. I am pleased to see the tradition of bipartisanship corporation on disability policy issues continued through this effort. I would especially like to recognize Aaron Grau with Senator DEWINE, and Dr. Patricia Morrissey with Senator JEFFORDS for their hard work and dedication which has made legislation a reality.

I am confident that the Rehabilitation Act Amendments of 1998 will take this seventy-seven year old program into the next century as a strong and integral part of providing opportunities for individuals with disabilities to prepare for, secure, maintain, and regain employment.

Ms. COLLINS. Mr. President, I am pleased to join my distinguished colleagues as one of the original cosponsors of the Rehabilitation Act Amendments of 1998. The Rehabilitation Act, originally adopted almost 80 years ago, has developed during succeeding years into one of this country's most important efforts assisting disabled persons in achieving their potentials for employment.

This law authorizes programs helping persons with disabilities attain their full employment potential as self-supporting, contributing members of society. It provides supported employment services for persons who cannot work independently and offers the services disabled persons need to lead independent lives even if an individual is not capable of working. Through the Rehabilitation Act, federal-state programs provide comprehensive services that help persons with physical and mental disabilities become employable, achieve independence, and participate more fully in society.

The Rehabilitation Amendments of 1998, which we are introducing today, reaffirm the commitment of the federal government to its disabled citizens and continues the progress we have seen in previous reauthorizations. This bill advances Federal-State rehabilitation efforts in numerous ways. This morning I want to mention three of the changes I believe are the most significant: first, the linking of vocational rehabilitation services to other workforce investment programs; second, the authorization of core services to individuals not eligible for services under an order of selection; and third, the simplification of access to vocational rehabilitation services.

This bill, which will be incorporated into the S. 1186, the Workforce Investment Partnership Act, will be functionally linked to the state workforce, job training, and vocational and adult education systems authorized by S. 1186. The Rehabilitation Act will thereby become part of the effort by Congress to replace a fragmented array of programs with an integrated federal system of workforce development without sacrificing the integrity and effectiveness of the vocational rehabilitation program. This process is already underway in Maine through the Maine Department of Labor's one stop career centers. This legislation will make it easier for Maine and other states to create a seamless system of employment assistance for our disabled citizens.

The second improvement is the authorization of core services to all eligible disabled persons. Because the Rehabilitation Act requires the states to serve the most severely disabled individuals, large numbers of individuals with lesser disabilities have been cut off from services. The Rehabilitation Act Amendments of 1998 will permit a state to provide core services to those individuals who are not eligible for full services under the state's criteria for order of selection. Under this provision of the law the states may provide individualized counseling and guidance, individualized vocational exploration, supervised job placement referrals, and assistance obtaining reasonable accommodations even if the individual does not qualify for actual rehabilitation services. This will extend important and highly effective services to a large, deserving population and should greatly enhance these individuals' success in obtaining employment.

A third advance is the simplification of the procedures by which eligibility for rehabilitation is established. Under these amendments, individuals receiving Supplemental Security Income or Social Security Disability Income are presumed to be eligible for services providing they intend to seek employment and have an impediment to employment caused by their disability.

In addition to these significant changes that directly affect the clients of the vocational rehabilitation program, this act makes important changes that will make the administration of the vocational rehabilitation program more efficient and reduce a state's administrative burden. One example of this is the coordination of a states vocational rehabilitation plan with the submission of the other job training plans submitted under the Workforce Investment Partnership Act. This will help to eliminate duplicative provisions, submissions and reports.

Another is the requirement for cooperation and collaboration through cooperative agreements among the state's vocational rehabilitation agency and other components of a state's workforce investment system. While these agreements will be most visible as they affect access and delivery of services, they will also bring about coordination of information and financial management systems leading to simplified and improved management of a state's job training efforts.

I am proud to cosponsor the reauthorization of an act which has helped so many disabled individuals achieve employment and independent lives.

By Mr. SHELBY:

S. 1580. A bill to amend the Balanced Budget Act of 1997 to place an 18-month moratorium on the prohibition of payment under the medicare program for home health services consisting of venipuncture solely for the purpose of obtaining a blood sample, and to require the Secretary of Health and Human Services to study potential fraud and abuse under such program with respect to such services; to the Committee on Finance.

THE MEDICARE VENIPUNCTURE ASSESSMENT ACT OF 1998

Mr. SHELBY. Mr. President, the Balanced Budget Act (BBA) of 1997 took important steps to begin to combat the financial problems that have plagued the Medicare system for some time. However, the BBA included a provision that may disqualify Medicare beneficiaries who receive home health care stemming from their need for venipuncture services. Many Alabamians who rely on the Medicare home health care program have contacted me expressing their concern with this provision. Much of the concern has resulted from a lack of information as to the true effects of this provision.

Therefore, I rise today to offer the Medicare Venipuncture Assessment Act of 1998. This legislation will provide an eighteen month moratorium on the venipuncture provision included in last year's BBA, and direct the Secretary of Health and Human Services (HHS) to conduct a study to determine what the specific effects will be of doing away with venipuncture as a qualifying skill for home health care.

In addition, this legislation provides a window of time for Congress to address any problems found by HHS, and craft an appropriate solution that protects the seniors who receive home health care, without perpetuating fraud and abuse in the system. But perhaps the most important aspect of the Medicare Venipuncture Assessment Act is that it will provide much needed piece of mind to many of our seniors. Mr. President, we owe it to our constituents to separate fact from fiction with regard to this matter, and fully inform them of the effects of the venipuncture provision contained in last year's BBA.

If administered correctly, home health care can be a cost effective alternative to nursing home and hospital based care. This legislation protects the Medicare home health care system by providing specific statutory action to root out fraud and abuse in the program, while ensuring that the seniors who truly need home care receive it. I strongly encourage my colleagues to join me in this effort by cosponsoring the Medicare Venipuncture Assessment Act of 1998.

By Mr. LUGAR (for himself, Mr. HARKIN, Mr. MCCONNELL and Mr. LEAHY):

S. 1581. A bill to reauthorize child nutrition programs, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

THE CHILD NUTRITION REAUTHORIZATION ACT OF 1998

Mr. LUGAR. Mr. President, I rise today to introduce legislation to reauthorize those child nutrition provisions expiring in 1998. The child nutrition programs have been critically important in helping meet the nutritional needs of our children. Although not all child nutrition programs need to be reauthorized, this process gives us the opportunity to review all programs under the National School Lunch Act and the Child Nutrition Act of 1966.

As an Indianapolis school board member and the city's mayor in the late 1960's and early 1970's, I saw firsthand the need to provide nutritional assistance to children. Since that time, the child nutrition programs have changed in many ways. Today's programs have been successful in ensuring that our nation's children have access to nutritious foods, providing a critical safety net for children. Although the programs may need some fine tuning, the programs have ensured that America's school children, in a country of abundance, have a chance to eat. This is fundamental and something we must preserve.

Some of the larger programs that must be reauthorized include: 1) the Special Supplemental Nutrition Program for Women, Infants and Children, often referred to as the WIC program; 2) State Administrative Expenses, a program which provides grants to states to help cover general administrative costs associated with child nutrition programs; 3) the WIC Farmers' Market program which allows states and tribal organizations to offer special WIC vouchers to buy fresh produce; 4) the Summer Food Service program which provides reimbursements for meals served to children in summer programs operated in lower-income areas; and 5) the requirement to use certain funds to purchase commodities to maintain commodity assistance for child nutrition programs. In addition, there are a few other expiring provisions that must be reauthorized. This bill extends all expiring programs through 2003. Although it is not necessary to reauthorize the National School Lunch and Breakfast Programs, we hope to review and improve those programs during this reauthorization process.

The child nutrition programs continue to successfully feed our nation's children to help them prepare for the future. In 1997, approximately 89,000 schools enrolling 46 million children participated in the National School Lunch program. Although participation in the school breakfast program is

not as large as that in the school lunch program, it has continued to grow. Since 1994, school breakfast participation has increased about 13% so that now over 70% of schools operating a school lunch program also operate a school breakfast program.

The WIC program, which provides nutritious foods and other support to lower-income infants and children (up to age 5), and pregnant, postpartum, and breast-feeding women, has been successful at reducing the number of low-birth-weight babies. Its success has led to strong support over the years. In 1997, average monthly WIC participation was 7.4 million persons. In many states, the program has reached the long sought after goal of full funding. This year as we reauthorize the program, we will look to see if there are ways to make this successful program run even better.

Senators HARKIN, MCCONNELL and LEAHY have joined with me today to introduce this important bill. I wish to stress that this bill is a starting point for debate on child nutrition reauthorization. I am sure that the Ranking Minority Member of the Committee as well as the Chairman and Ranking Minority Member of the subcommittee have additional ideas to improve these programs. Nutrition programs in the Congress have a long history of bipartisan support and cooperation and I am certain that we will continue that tradition. I look forward to working with them and other members of the Agriculture Committee, on both sides of the aisle, to craft a thoughtful and sensible bill to reauthorize the child nutrition programs.

I ask unanimous consent that the text of the bill be printed in full in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1581

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 ''Child Nutrition Reauthorization Act of 1998''.

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

TITLE I—SCHOOL LUNCH AND RELATED PROGRAMS

SEC. 101. GRANTS TO INTEGRATE FOOD AND NUTRITION PROJECTS WITH ELEMENTARY SCHOOL CURRICULA.

Section 12(m) of the National School Lunch Act (42 U.S.C. 1760(m)) is amended by striking ''1998'' each place it appears and inserting ''2003''.

SEC. 102. SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.

Section 13(q) of the National School Lunch Act (42 U.S.C. 1761(q)) is amended by striking ''1998'' and inserting ''2003''.

SEC. 103. COMMODITY DISTRIBUTION PROGRAM.

Section 14(a) of the National School Lunch Act (42 U.S.C. 1762a(a)) is amended by striking ''1998'' and inserting ''2003''.

SEC. 104. CHILD AND ADULT CARE FOOD PROGRAM.

Section 17 of the National School Lunch Act (42 U.S.C. 1766) is amended—

(1) in subsection (c)(6)(B), by striking ''1997'' and inserting ''2003''; and

(2) in subsection (p), by striking ''1998'' each place it appears and inserting ''2003''.

SEC. 105. PILOT PROJECTS.

Section 18 of the National School Lunch Act (42 U.S.C. 1769) is amended—

(1) in subsection (c), by striking ''1998'' each place it appears and inserting ''2003'';

(2) in subsection (e)(5), by striking ''and 1998'' and inserting ''through 2003'';

(3) in subsections (g)(5) and (h)(5), by striking ''1997'' each place it appears and inserting ''2003''; and

(4) in subsection (i)(8), by striking ''1998'' and inserting ''2003''.

SEC. 106. TRAINING, TECHNICAL ASSISTANCE, AND FOOD SERVICE MANAGEMENT INSTITUTE.

Section 21(e)(1) of the National School Lunch Act (42 U.S.C. 1769b–1(e)(1)) is amended by striking ''1998'' and inserting ''2003''.

SEC. 107. COMPLIANCE AND ACCOUNTABILITY.

Section 22(d) of the National School Lunch Act (42 U.S.C. 1769c(d)) is amended by striking ''1996'' and inserting ''2003''.

SEC. 108. INFORMATION CLEARINGHOUSE.

Section 26(d) of the National School Lunch Act (42 U.S.C. 1769g(d)) is amended in the first sentence by striking ''fiscal year 1998'' and inserting ''each of fiscal years 1998 through 2003''.

SEC. 109. GUIDANCE AND GRANTS FOR ACCOMMODATING SPECIAL DIETARY NEEDS OF CHILDREN WITH DISABILITIES.

Section 27(c)(6) of the National School Lunch Act (42 U.S.C. 1769h(c)(6)) is amended by striking ''1998'' and inserting ''2003''.

TITLE II—SCHOOL BREAKFAST AND RELATED PROGRAMS

SEC. 201. STATE ADMINISTRATIVE EXPENSES.

Section 7(g) of the Child Nutrition Act of 1966 (42 U.S.C. 1776(g)) is amended by striking ''1998'' and inserting ''2003''.

SEC. 202. SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.

Section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) is amended in subsections (g)(1), (h)(2)(A), (h)(10)(A), and (m)(9)(A) by striking ''1998'' each place it appears and inserting ''2003''.

SEC. 203. NUTRITION EDUCATION AND TRAINING.

Section 19(i)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(i)(3)) is amended—

(1) in the paragraph heading, by striking ''2002'' and inserting ''2003''; and

(2) in subparagraph (A), by striking ''2002'' and inserting ''2003''.

Mr. HARKIN. Mr. President, I am pleased to have this opportunity to join Chairman LUGAR, Senator MCCONNELL and Senator LEAHY in introducing legislation to reauthorize several programs, primarily relating to nutrition assistance for children, whose authorizations are set to end this year. These programs are vitally important to our nation, and I applaud the introduction of this legislation as a clear demonstration of our strong support for them in the Agriculture, Nutrition, and Forestry Committee and our commitment to reenacting authorizing legislation this year.

The bill introduced today is a simple extension of expiring authorizations, without amendments or modifications, and thus only marks the beginning of the legislative process. As Chairman LUGAR has indicated, the Committee will complete the normal child nutrition reauthorization process, as in past years, allowing for full discussion and consideration of the programs requiring reauthorization as well as those having permanent authorizations. I look forward to working with colleagues on the Committee, in this body, and in the House of Representatives on this very important legislation.

An essential part of our work on this reauthorization bill involves examining the child nutrition programs to ensure they are functioning well, particularly in responding to changing circumstances and new demands. Another, no less important, part of our efforts must focus on making the programs more effective by finding better ways to address longstanding unmet needs and reach individuals who are not adequately served by the programs in their present form. Of course, we must always be alert to opportunities for streamlining, paring paperwork and reducing administrative burdens. A number of thoughtful proposals for improvements and modifications have already been made, and I know that we will receive more of them as work on the legislation proceeds.

All of the programs involved in this reauthorization are important, but I want to mention specifically a few of my priorities. We should strengthen the school breakfast program in order to reach students who need school breakfasts but do not currently have access to them. We also should improve the child nutrition programs in ways that enhance their effectiveness in helping families obtain quality child care. And we need to ensure that the summer food program is adequately serving kids who without it are quite vulnerable once school is out for the summer. In addition to reauthorizing the Iowa and Kentucky child care nutrition pilot project, we ought to examine its positive results for guidance in shaping our national approach to child care nutrition assistance. With respect to the Special Supplemental Nutrition Program for Women, Infants, and Children, it is important to continue an effective competitive bidding system for

infant formula and to extend and strengthen the WIC farmers market program.

Nothing is more important to the future of our nation than its children, and nothing is more important to children than the sound nutrition they need each day. It is beyond dispute that good nutrition is critical to physical growth, intellectual development and lives that are healthy, productive and happy. Trying to educate children who are hungry or malnourished is just as foolish as trying to build a house on a crumbling foundation. Federal child nutrition programs constitute investments in the future—of our children and our nation. This legislation will ensure that we continue to reap the immeasurable dividends of those wise investments.

Mr. MCCONNELL. Mr. President, I rise in strong support of the Child Nutrition Reauthorization Act of 1998 being introduced today by the Chairman of the Agriculture, Nutrition and Forestry Committee, Senator LUGAR; Ranking Member HARKIN; and Ranking Member LEAHY, of the Research, Nutrition, and General Legislation and myself as Chairman of that Subcommittee.

In the past, nutrition programs under the jurisdiction of the Agriculture Committee have been fashioned in a bipartisan manner. Today's introduction of legislation to reauthorize those child nutrition programs expiring in 1998, is a starting point.

Our Child Nutrition Programs have played an essential role in promoting the long-term health of our children. These programs provide a vital link between diet and health, ensuring that our children have access to nutritious food.

Mr. President, Chairman LUGAR has described the programs that must be reauthorized and the critical importance these programs serve in providing a safety net for children. While, I agree that these programs must be reauthorized, we must not overlook the opportunity to review the existing structure of these programs, review priorities, and determine if improvements and streamlining can enhance their effectiveness.

One area of particular interest to me is a provision expiring under the National School Lunch Act which required a two state pilot project for for-profit day care centers in the Child and Adult Care Food Program. The two states were Kentucky and Iowa. In Kentucky, 242 for-profit child care centers participate in the demonstration project, providing meals to over 10,500 children each day.

Many of these child centers are in rural areas or in lower income municipalities. Without the demonstration project, fees would increase placing a greater financial burden on parents and some smaller centers may be forced to close. This demonstration project provides needed nutritional assistance to financially disadvantaged children. I believe that continued operation and possible expansion of this type of demonstration project is essential as we consider policies to help working families with children.

I am sure Members will have many ideas and changes to improve these programs.

Mr. President, everyone agrees how critical good nutrition is to our children's ability to learn. This reauthorization represents our opportunity to work together to craft a thoughtful bill that will be the building block to our children's successful learning so they can have a healthy and productive future.

Mr. LEAHY. Mr. President, I am pleased to join with my colleagues on the Agriculture, Nutrition, and Forestry Committee, as I have done many times before on nutrition issues, to introduce a bill that begins the child nutrition reauthorization process.

For many years on the Committee, when I was Chairman, and later Ranking Member, we always tried to make our nutrition efforts consensus bills—agreed to by all members of the Committee. Now as Ranking Member of the nutrition subcommittee I look forward to working with the Committee to report out a strong child nutrition reauthorization bill.

The bill I cosponsor today extends existing programs but does not include improvements which I will discuss with other Committee members and the Secretary in the near future.

Last November, I introduced the ''Child Nutrition Initiatives Act'' which contained a number of changes that I will discuss with my colleagues. That was not a reauthorization bill but rather an effort that I hope will be carefully looked at by my colleagues in the Senate and in the House.

I intend to meet with representatives of the various nutrition programs as I work with other Members to help craft a good bill. I look forward to meeting with Under Secretary Shirley Watkins who has a number a great ideas to improve our child nutrition programs. In addition, I will carefully review Senator JOHNSON's school breakfast bill which has been strongly endorsed by many groups at that national and local level.

I will also gain input from Vermont nutrition leaders, Vermont program directors, community leaders and program participants.

My November 13 statement explains the basis for my bill—I am hopeful that many of those provisions will be supported by the Committee and the Senate as a whole.

By Mr. ROBB:

S. 1582. A bill to provide market transition assistance for quota holders, active tobacco producers, and tobacco-growing counties, to authorize a private Tobacco Production Control Corporation and tobacco loan associations to control the production and marketing and ensure the quality of tobacco in the United States, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

THE TOBACCO MARKET TRANSITION ACT

Mr. ROBB. Mr. President, on behalf of many tobacco growers with whom I have worked, I rise today to introduce the Tobacco Market Transition Act. The comprehensive tobacco settlement announced on June 20 of last year simply did not include provisions for tobacco growers. This provision is designed to fill that void.

This legislation is truly the result of a grassroots effort and elaborates the concepts I discussed in the Chamber on November 3. Tobacco-dependent regions realize that their lives will be directly affected by comprehensive tobacco legislation and they want to prepare for that future.

Key members of my staff and I have worked with tobacco growers, leaders in tobacco growing communities and members of the public health community to develop legislation which will provide a soft landing to those regions that have so long depended on the production of tobacco.

In short, because Government action is about to erode the value of quota, there would be a buyout of existing quota at $8 a pound. A privatized tobacco program limiting supply would be reinstituted, providing growers with a license to grow tobacco based on historical average production for that grower. To provide long-term economic security in tobacco communities, $250 million will be provided annually for economic development. Finally, a transition payment would be offered to growers as the system changes from its present form to a new one.

Tobacco quota, Mr. President, represents the amount of tobacco allowed to be produced domestically. Over the years, individuals have accumulated the right to grow a certain proportion of that total quota. This individual quota, this right to produce, has liquid value that can be bought or sold or leased. Many have acquired quota over the years and planned to retire or in some cases have retired on the funds received from selling or leasing quota. When the Government depresses demand for tobacco, it depresses the value of that asset.

The legislation I am introducing recognizes the value of that quota asset by paying quota holders $8 a pound for the quota they own over 5 years. Once the quota holder has been made whole, a new supply-limiting program would be instituted giving licenses to grow tobacco to actual producers of tobacco. Unlike the present system, those licenses would not cost money to acquire. Eliminating the crushing cost of quota, which adds 40 cents a pound to the cost of producing flue-cured tobacco, will allow these growers to become more competitive even as demand declines in the United States as a result of any comprehensive bill that we pass. By becoming more competitive with imported tobacco, U.S. growers could keep the demand for their

product from declining as steeply as demand for cigarettes and other finished products if we pass comprehensive legislation.

The legislation also provides a transition payment for existing tobacco producers as we move into the new system and provides $250 million annually to tobacco-growing communities for economic development. These economic development funds can be used for local communities to improve education, enhance transportation, promote small business incubators or develop high technology infrastructure. In short, these economic development funds will help keep these communities from exporting their most valuable asset, and that is their children.

Finally, this proposal recognizes the benefits of a supply-limiting program for tobacco. A supply-limiting program is absolutely essential to stabilize the income of tobacco farmers and to protect tobacco-growing communities from the utter destruction that would follow if the program is totally eliminated.

A supply-limiting program is also appropriate in the unique circumstance of tobacco. Unlike other commodities where we are trying to lower the cost to consumers, pending Federal legislation is designed to do just the opposite. Every comprehensive tobacco proposal I have seen would increase the cost of tobacco products to lower demand. Indeed, the President said last night that he would approve something up to $1.50 a pack.

There has been much healthy discussion in tobacco growing communities about whether to retain the current Federal tobacco program or to avoid the annual battles that threaten it and privatize the program, allowing growers and others to operate it.

This is an important debate. The Federal program has served tobacco-growing communities well for over 60 years, and it is my judgment—and the judgment of many, many with whom I have consulted—that it should not be dismantled cavalierly.

The question we face is how best to maintain a supply-limiting program that protects tobacco communities. If we could guarantee that the Federal program would remain intact for the next 25 years, that may be the best way to proceed. But I have detected a great deal of unease about whether we can keep the program, and I think many on both sides of this issue are growing tired of annual fights which, if we lose, will destroy many tobacco-growing regions.

That is why this legislation contains provisions to privatize the tobacco program. For those who have questions about how this program will work, I invite them to assist in answering those questions and improving this legislation. For those who are nervous about such a change, I can say I appreciate their apprehension. It is easier to understand the world as it is rather than how it could be. But I believe this offers us the best opportunity to retain a supply-limiting program over the long term.

I look forward to working with my colleagues to pass legislation that will protect the communities that will be devastated if we fail to act, and will, in the words of the President, make growers and their communities ''whole.''

I ask unanimous consent that the full text of the legislation as well as the section-by-section summary be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1582

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 ''Tobacco Market Transition Act''.

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

SEC. 2. DEFINITIONS.

In this Act:

(1) ACTIVE TOBACCO PRODUCER.—The term ''active tobacco producer'' means a person that—

(A) is the actual producer, as determined by the Secretary, of tobacco on a farm where tobacco is produced pursuant to a tobacco farm marketing quota or farm acreage allotment established under the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.) for the 1997 crop year; and

(B) planted the crop, or is considered to have planted the crop under that Act, in 1997.

(2) QUOTA HOLDER.—The term ''quota holder'' means an owner of a farm on January 1, 1998 for which a tobacco farm marketing quota or farm acreage allotment was established under the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.).

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(4) TOBACCO LOAN ASSOCIATION.—The term ''Association'' means a producer-owned cooperative marketing association.

(5) TOBACCO PRODUCTION CONTROL CORPORATION.—The term ''Corporation'' means the Tobacco Production Control Corporation established by section 301.

(6) TRUST FUND.—The term ''Trust Fund'' means the Tobacco Community Revitalization Trust Fund established by section 101.

SEC. 3. PURPOSES.

It is the purpose of this Act to—

(1) dismantle the existing federal tobacco program and establish a private program to ensure the stability of the price and supply of domestically produced tobacco;

(2) compensate quota holders for the value of assets that may be diminished as a result of this legislation;

(3) provide targeted economic development funds to tobacco dependent communities for the creation of jobs, training of individuals, and long-term economic development of the communities;

(4) reduce the operating costs of tobacco producers by eliminating expenses associated with buying or leasing tobacco quota; and

(5) make domestically produced tobacco more competitive with tobacco produced in other countries.

TITLE I—TOBACCO COMMUNITY REVITALIZATION TRUST FUND

SEC. 101. TOBACCO COMMUNITY REVITALIZATION TRUST FUND.

(a) IN GENERAL.—There is established in the Treasury of the United States a trust fund to be known as the ''Tobacco Community Revitalization Trust Fund'', consisting of such amounts as may be appropriated or credited to the Trust Fund. The Trust Fund shall be administered by the Corporation.

(b) TRANSFERS TO TRUST FUND.—There are appropriated and transferred to the Trust Fund, from amounts made available to the Trust Fund out of funds allocated through national tobacco settlement legislation, $3,500,000,000 for each of fiscal years 1999 through 2003 and $265,000,000 for each of fiscal years 2004 through 2023.

(c) REPAYABLE ADVANCES.—

(1) AUTHORIZATION.—There are authorized to be appropriated to the Trust Fund, as repayable advances, such sums as may from time to time be necessary to make expenditures under subsection (d).

(2) REPAYMENT WITH INTEREST.—Repayable advances made to the Trust Fund shall be repaid, and interest on the advances shall be paid, to the general fund of the Treasury when the Secretary of the Treasury determines that moneys are available in the Trust Fund to make the payments.

(3) RATE OF INTEREST.—Interest on an advance made under this subsection shall be at a rate determined by the Secretary of Treasury (as of the close of the calendar month preceding the month in which the advance is made) that is equal to the current average market yield on outstanding marketable obligations of the United States with remaining period to maturity comparable to the anticipated period during which the advance will be outstanding.

(d) EXPENDITURES FROM TRUST FUND.—Amounts in the Trust Fund shall be available for making expenditures to defray—

(1) the costs of providing compensation to quota holders for the loss of tobacco quota asset value under section 201;

(2) the costs of making transition payments to active tobacco producers under section 202;

(3) the costs of forgiving loans and transferring title to inventories of tobacco and funds to Associations under section 203;

(4) the costs of making tobacco community economic development grants under section 204, but not to exceed $250,000,000 for each of fiscal years 1999 through 2003 and an amount

determined by the Corporation to be appropriate for each of fiscal years 2004 through 2023;

(5) the costs of carrying out the duties of the Corporation and the Associations, including assuring the quality and controlling the production and marketing of domestic tobacco and otherwise carrying out title III;

(6) the costs to the Secretary of enforcing title III;

(7) the costs of providing crop insurance to tobacco producers; and

(8) any other costs incurred by the Department of Agriculture associated with tobacco.

TITLE II—TOBACCO MARKET TRANSITION ASSISTANCE

SEC. 201. COMPENSATION TO QUOTA HOLDERS FOR LOSS OF TOBACCO QUOTA ASSET VALUE.

(a) IN GENERAL.—The Corporation shall make payments for tobacco quota to eligible quota holders.

(b) ELIGIBILITY.—To be eligible to receive payments under this section, a quota holder shall prepare and submit to the Corporation an application at such time, in such manner, and containing such information as the Corporation may require, including information sufficient to demonstrate to the satisfaction of the Corporation that the person was a quota holder on January 1, 1998.

(c) BASE QUOTA LEVEL.—

(1) IN GENERAL.—The Secretary shall determine, for each quota holder, the base quota level for the 1995 through 1997 marketing years.

(2) LEVEL.—The base quota level for a quota holder shall be equal to the average tobacco farm marketing quota established for the 1995 through 1997 marketing years for the farm owned by the quota holder on January 1, 1998.

(3) MARKETING QUOTAS OTHER THAN POUNDAGE QUOTAS.—For each kind of tobacco for which there is a marketing quota or allotment (on an acreage basis), the base quota level for each quota holder shall be determined in accordance with this subsection (based on a poundage conversion) in an amount equal to the product obtained by multiplying—

(A) the average tobacco farm marketing quota or allotment for the 1995 through 1997 marketing years; by

(B) the average county yield per acre for the county in which the farm is located for the kind of tobacco for the marketing years.

(d) PAYMENTS.—The Corporation shall make payments to each quota holder that is eligible under subsection (b) in 5 equal installments, 1 for each of the 1999 through 2003 crops of tobacco, in an aggregate amount that is equal to the product obtained by multiplying—

(1) $8 per pound; by

(2) the base quota level established for the quota holder under subsection (c).

SEC. 202. TRANSITION PAYMENTS FOR ACTIVE TOBACCO PRODUCERS.

(a) IN GENERAL.—The Corporation shall make transition payments to eligible active tobacco producers.

(b) ELIGIBILITY.—To be eligible to receive payments under this section, an active tobacco producer shall—

(1) prepare and submit to the Corporation an application at such time, in such manner, and containing such information as the Corporation may require, including information sufficient to make the demonstration required under paragraph (2); and

(2) demonstrate to the satisfaction of the Corporation that, the person planted, or is considered to have planted, a 1997 crop of tobacco.

(c) PAYMENT QUANTITY.—

(1) IN GENERAL.—The Secretary shall determine and provide to the Corporation, for each active tobacco producer, the production quantity eligible for payment for the 1995 through 1997 marketing years.

(2) ELIGIBLE PRODUCTION QUANTITY.—The production quantity eligible for payment for an active tobacco producer shall be equal to the average number of pounds of tobacco quota established for a farm for the 1995 through 1997 marketing years for which the producer was the actual producer of the tobacco on the farm.

(3) MARKETING QUOTAS OTHER THAN POUNDAGE QUOTAS.—For each kind of tobacco for which there is a marketing quota or allotment (on an acreage basis), the production quantity eligible for payment for each active tobacco producer shall be determined in accordance with this subsection (based on a poundage conversion) in an amount equal to the product obtained by multiplying—

(A) the average tobacco farm marketing quota or allotment for the 1995 through 1997 marketing years; by

(B) the average county yield per acre for the county in which the farm is located for the kind of tobacco for the marketing years.

(d) PAYMENTS.—The Corporation shall make payments for each of the 1999 through 2003 crops of tobacco to each active tobacco producer that is eligible under subsection (b) in an amount that is equal to the product obtained by multiplying—

(1) $0.40 per pound; by

(2) the payment quantity established for the producer under subsection (c).

(e) DEATH OF ACTIVE TOBACCO PRODUCER.—If an active tobacco producer who is entitled to payments under this section dies and is survived by a spouse or 1 or more dependents, the right to receive the payments shall transfer to the surviving spouse of, if there is no surviving spouse, to the estate of the producer.

SEC. 203. TOBACCO LOAN ASSOCIATIONS.

(a) PRIOR LOANS.—The Secretary shall forgive each loan made to an Association under section 106A or 106B of the Agricultural Act of 1949 (7 U.S.C. 1445 1, 1445 2) that is outstanding on the date of enactment of this Act.

(b) TRANSFER OF TITLE FOR LOAN INVENTORIES.—The Secretary shall transfer to each Association described in subsection (a) the title to all inventories of tobacco held by the Secretary to secure loans made to the Association under section 106A or 106B of the Agricultural Act of 1949 (7 U.S.C. 1445 1, 1445 2).

(c) NO NET COST TOBACCO FUNDS.—Notwithstanding sections 106A(f) and 106b(g) of the Agricultural Act of 1949 (7 U.S.C. 1445–1(f) and 1445–2(g)), all funds held in a No Net Cost Tobacco Fund or No Net Cost Tobacco Account on behalf of an Association under section 106A or 106B of that Act (1445–1, 1445–2) on the date of enactment of this Act shall be the property of the Association.

SEC. 204. TOBACCO COMMUNITY ECONOMIC DEVELOPMENT GRANTS.

(a) AUTHORITY.—The Corporation shall make grants to eligible tobacco-growing political subdivisions in accordance with this section to enable the political subdivisions to carry out economic development activities.

(b) ELIGIBILITY.—To be eligible to receive payments under this section, a political subdivisions in a State shall—

(1) have in excess of $100,000 in gross income from sales of tobacco produced within the political subdivision during 1 or more of the 1995 and 1997 marketing years, as determined by the Corporation;

(2) prepare and submit to the Corporation an application at such time, in such manner, and containing such information as the Corporation may require, including—

(A) a description of the activities that the political subdivision will carry out using amounts received under the grant;

(B) a designation of an appropriate political subdivision agency to administer amounts received under the grant;

(C) a description of the steps to be taken to ensure that the funds are distributed in accordance with subsection (e); and

(D) an economic development plan, approved by a regional authority authorized to coordinate economic development efforts in the region where the political subdivision is located, or approved by the State if no such regional authority exists, that described the activities that the political subdivision will carry out using amounts received under the grant. Where a political subdivision ineligible to receive payments under subsection (b)(1) is surrounded within the State by a political subdivision eligible to receive payments under subsection (b)(1), an economic development plan shall not be approved unless submitted jointly by both jurisdictions.

(c) AMOUNT OF GRANT.—

(1) IN GENERAL.—From the amounts available to carry out this section for a fiscal year, the Corporation shall allot to each eligible tobacco-growing political subdivision an amount that bears the same ratio to the total funds available as the total income of the tobacco-growing political subdivision derived from the production of tobacco within the political subdivision during the 1995 through 1997 marketing years (as determined under paragraph (2)) bears to the total income of all tobacco-growing political subdivisions derived from the production of tobacco during the 1995 through 1997 marketing years.

(2) TOBACCO INCOME.—For the 1995 through 1997 marketing years, the Secretary shall determine and provide to the Corporation the amount of income derived from the production of tobacco in each tobacco-growing political subdivision and in all tobacco-growing political subdivisions.

(d) PAYMENTS.—

(1) IN GENERAL.—A tobacco-growing political subdivision that has an application approved by the Corporation under subsection (b) shall be entitled to a payment under this section in an amount that is equal to its allotment under subsection (c).

(2) FORM OF PAYMENTS.—The Corporation may make payments under this section to a tobacco-growing political subdivision in installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments, as the Corporation may determine.

(3) REALLOTMENTS.—Any portion of the allotment of a political subdivision under subsection (c) that the Corporation determines will not be used to carry out this section in accordance with an approved political subdivision application required under subsection (b), shall be reallotted by the Corporation to other tobacco-growing political subdivisions in proportion to the original allotments to the other tobacco-growing political subdivisions.

(e) USE AND DISTRIBUTION OF FUNDS.—

(1) IN GENERAL.—Amounts received by a tobacco-growing political subdivision under this section shall be used to carry out economic development activities, including—

(A) activities designed to help create productive farm or off-farm employment in rural areas to provide a more viable economic base and enhance opportunities for improved incomes, living standards, and contributions by rural individuals to the economic and social development of tobacco communities;

(B) activities designed to provide training and transition assistance to quota holders and active tobacco producers to enable the holders and producers to produce alternative agricultural commodities or obtain alternative employment;

(C) activities to improve the quality of education in tobacco communities;

(D) activities to promote tourism in tobacco communities through natural resource protection;

(E) activities to construct advanced manufacturing centers, industrial parks, water and sewer facilities, and transportation improvements in tobacco communities;

(F) activities to establish small business incubators in tobacco communities;

(G) activities to install high technology infrastructure improvement in tobacco communities;

(H) rural business enterprise activities described in subsections (c) and (e) of section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932);

(I) down payment loan assistance programs that are similar to the program described in section 310E of the Consolidated Farm and Rural Development Act (7 U.S.C. 1935);

(J) activities that expand existing infrastructure, facilities, and services to capitalize on opportunities to diversify economies in tobacco communities and that support the development of new industries or commercial ventures;

(K) activities by agricultural organizations that provide assistance directly to quota holders and active tobacco producers to assist in developing other agricultural activities that supplement tobacco-producing activities;

(L) initiatives designed to create or expand locally owned value-added processing and marketing operations in tobacco communities; and

(M) technical assistance activities by persons to support farmer-owned enterprises, or agriculture-based rural development enterprises, of the type described in section 252 or 253 of the Trade Act of 1974 (19 U.S.C. 2342, 2343).

(2) MAINTENANCE OF EFFORT.—The political subdivision and the State shall provide assurances to the Corporation that funds provided to the political subdivision under this section will be used only to supplement, not to supplant, the amount of Federal, State, and local funds otherwise expended for economic development activities in the political subdivision.

SEC. 205. TAX TREATMENT OF TOBACCO QUOTA HOLDER COMPENSATION AND TRANSITION PAYMENTS.

(a) IN GENERAL.—Part II of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items specifically included in gross income) is amended by adding at the end the following:

''SEC. 91. CERTAIN TOBACCO PROGRAM PAYMENTS.

''(a) GENERAL RULE.—Gross income includes amounts received under section 201 or 202 of the Tobacco Market Transition Act.

''(b) EXCEPTION FOR AMOUNTS TRANSFERRED DURING REINVESTMENT PERIOD.—

''(1) IN GENERAL.—Subsection (a) shall not apply to any amount if during reinvestment period such amount is—

''(A) used to make a qualified debt repayment, or

''(B) transferred to a tobacco farmer individual retirement account established under section 522.

''(2) QUALIFIED DEBT REPAYMENT.—For purposes of paragraph (1), the term 'qualified debt repayment' means the payment of debt incurred directly by the taxpayer to produce tobacco prior to January 1, 1998.

''(c) CHARACTER OF INCOME.—For purposes of this subtitle—

''(1) any amount received under section 201 of the Tobacco Market Assistance Act and included in gross income under this section shall be treated as long-term capital gain, and

''(2) any amount received under section 202 of such Act and so included in gross income shall be treated as ordinary income.''.

(b) TOBACCO FARMER INDIVIDUAL RETIREMENT ACCOUNTS.—Part IV of subchapter F of chapter 1 of the Internal Revenue Code of 1986 (relating to farmers' cooperatives) is amended by adding at the end the following:

''SEC. 522. TOBACCO FARMER INDIVIDUAL RETIREMENT ACCOUNTS.

''(a) GENERAL RULE.—Except as provided in this section, a tobacco farmer individual retirement account shall be treated for purposes of this title in the same manner as an individual retirement plan.

''(b) DEFINITIONS AND SPECIAL RULES.—For purposes of this title—

''(1) TOBACCO FARMER INDIVIDUAL RETIREMENT ACCOUNT.—The term 'tobacco farmer individual retirement account' means an individual retirement plan (as defined in section 7701(a)(37)) other than a Roth IRA which is designated (in such manner as the Corporation may prescribe) at the time of establishment of the plan as a tobacco farmer individual retirement account.

''(2) TREATMENT OF CONTRIBUTIONS.—

''(A) CASH ONLY.—No contribution will be accepted unless it is in cash.

''(B) SOURCE OF CONTRIBUTIONS.—The only contributions which will be accepted are—

''(i) payments under section 201 or 202 of the Tobacco Market Transition Act, and

(ii) trustee-to-trustee transfers to such trust from another tobacco farmer individual retirement account of the account beneficiary.

''(C) NO DEDUCTION ALLOWED.—No deduction shall be allowed under section 219 for a contribution to a tobacco farmer individual retirement account.

''(D) NO ROLLOVER CONTRIBUTIONS ALLOWED.—No rollover contribution may be made to or from a tobacco farmer individual retirement account.

''(3) TAX TREATMENT OF DISTRIBUTIONS.—Any amount distributed from a tobacco farmer individual retirement account attributable to payments made under section 201 or 202 of the Tobacco Market Transition Act (including earnings thereon) shall be includible in the gross income of the distributee under the rules described in section 91(c). Any such distribution shall be made first from amounts in such account (if any) attributable to payments under such section 202 (and earnings thereon).

''(4) COORDINATION WITH INDIVIDUAL RETIREMENT ACCOUNTS.—Section 408(d)(2) shall be applied separately with respect to tobacco farmer individual retirement accounts and other individual retirement plans.''.

''(c) CONFORMING AMENDMENTS.—

(1) The table of sections for part II of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following: ''Sec. 91. Certain tobacco program payments.''.

(2) The table of sections for part IV of subchapter 1 of such Code is amended by adding at the end the following: ''Sec. 522. Tobacco farmer individual retirement accounts.''.

(3) The heading for part IV of subchapter F of chapter 1 of such code is amended by striking

''FARMERS' COOPERATIVES'' and inserting ''CERTAIN FARMER ENTITIES''.

(4) The table of parts for subchapter F of chapter 1 of such Code is amended by striking ''Farmers' cooperatives'' and inserting ''Certain farmer entities''. Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

TITLE III—ESTABLISHMENT OF PRIVATE TOBACCO PRODUCTION ADJUSTMENT AND QUALITY ASSURANCE PROGRAM

SEC. 301. TOBACCO PRODUCTION CONTROL CORPORATION.

(a) ESTABLISHMENT.—There is established a corporation to be known as the ''Tobacco Production Control Corporation'', which shall be a federally chartered instrumentality of the United States.

(b) DUTIES.—Effective for the 1999 and each subsequent crop of each kind of tobacco, on at least a ⅔-vote of the Board of Directors of the Corporation, the Corporation shall—

(1) promulgate rules that govern the production, marketing, importation, exportation, and consumer quality assurances for each kind of tobacco;

(2) establish a licensing system that provides for the orderly production and marketing of tobacco in the United States under which—

(A) the Corporation shall issue a license to each active tobacco producer, or other person that meets requirements established by the Corporation, initially based upon the eligible production quantity determined for each producer under section 202(c)(1);

(B) the licensee shall surrender the license to the Corporation if the licensee fails to actively engage in the production of tobacco;

(C) the sale or marketing of a type of tobacco which prior to the date of enactment was produced pursuant to a tobacco farm marketing quota or farm acreage allotment issued under the Agricultural Act of 1938 is prohibited without a license;

(D) the sale, lease, or other transfer of a license shall be prohibited except pursuant to subsection (c); and

(E) the Corporation shall issue marketing licenses to tobacco marketing facilities and tobacco purchasing entities;

(3) ensure compliance, through whatever means is available, of all persons with any license, regulation, rule, limitation, or guideline issued under, or in order to carry out, this Act;

(3) offer crop insurance for tobacco producers;

(4) establish a system that will provide assurance to consumers of the quality of all tobacco marketed in the United States and that, at a minimum—

(A) provides for the inspection and grading of domestically produced tobacco and imported tobacco;

(B) determines and describes the physical characteristics of domestically produced tobacco and imported tobacco;

(C) ensures the physical and chemical integrity of domestically produced tobacco and imported tobacco;

(5) carry out its duties, functions, and determinations through loan associations and local committees, to the extent practicable and appropriate, and

(6) continue to maintain and carry out a tobacco program in accordance with the rules and regulations contained in Chapter 7 of the C.F.R. unless and until rules are promulgated under subsection (c).

(c) TRANSFER OF LICENSE.—

(1) RIGHT OF SURVIVORSHIP.—

(A) IN GENERAL.—In the case of the death of a person to whom a license has been issued under this section, the license shall transfer to the surviving spouse of the person or, if there is no surviving spouse, to surviving direct descendants of the persons.

(B) HARDSHIP.—In the case of the death of a person to whom a license has been issued under this section and whose descendants are temporarily unable to produce a crop of tobacco, the Corporation may hold the license in the name of the descendants for a period of not more than 18 months, at the discretion of the Corporation.

(2) LIFETIME TRANSFER.—A person that is eligible to obtain a license under this section may at any time transfer all or part of the license to the person's spouse or direct descendants that are actively engaged in the production of tobacco.

(d) BOARD OF DIRECTORS.—

(1) IN GENERAL.—The powers of the Corporation shall be vested in a Board of Directors.

(2) MEMBERS.—The Board of Directors shall consist of 25 members as follows:

(A) The Secretary of Agriculture.

(B) The Secretary of Health and Human Services.

(C) The Administrator of the Environmental Protection Agency.

(D) The United States Trade Representative.

(E) 1 member from each state that produces more than 50,000,000 pounds of tobacco. All members appointed under this subparagraph shall be actively engaged in the production of tobacco and shall be elected by the tobacco producers from each respective state.

(F) 3 members appointed by the flue-cured tobacco association and 2 members appointed by the burley tobacco associations, all such members to be licensees under this Act.

(G) 1 member appointed by tobacco associations other than those specified in subparagraph (F), on a rotating basis.

(H) 3 members representing public health interests, appointed by the Secretary of Health and Human Services.

(I) 1 member representing domestic cigarette manufacturers.

(J) 1 member representing domestic export leaf dealers, appointed by the Leaf Tobacco Exporters Association (LTEA).

(K) 2 members representing tobacco marketing facilities, 1 each appointed by the Bright Belt Warehouse Association (BBWA) and the Burley Auction Warehouse Association (BAWA).

(L) 1 member that is the person responsible for operating the quality assurance system of the Corporation described in subsection (b)(4).

(M) 1 member who is a Dean of Agriculture of a Land Grant University from a tobacco producing state.

(3) MEMBERSHIP QUALIFICATIONS.—A member of the Board shall not hold any Federal, State, or local elected office.

(4) CHAIRPERSONS.—The Secretary of Agriculture shall serve as chairperson of the Board.

(5) EXECUTIVE DIRECTOR.—

(A) APPOINTMENT.—The Board shall appoint an Executive Director.

(B) DUTIES.—The Executive Director shall be the chief executive officer of the Corporation, with such power and authority as may be conferred by the Board.

(C) COMPENSATION.—The Executive Director shall receive basic pay at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(6) OFFICERS.—The Board shall establish the offices and appoint the officers of the Corporation, including a Secretary, and define the duties of the officers in a manner consistent with this section.

(7) MEETINGS.—

(A) IN GENERAL.—The Board shall meet at least 3 times each fiscal year at the call of a Chairperson or at the request of the Executive Director.

(B) LOCATION.—The location of a meeting shall be subject to approval of the Executive Director.

(C) QUORUM.—A quorum of the Board shall consist of a majority of the members.

(8) TERM; VACANCIES.—

(A) TERM.—The term of office of a member of the Board appointed under any of subparagraphs (E) through (K) of paragraph (2) shall be 4 years.

(B) VACANCIES.—A vacancy on the Board shall be filled in the same manner as the original appointment was made.

(9) COMPENSATION.—

(A) FEDERAL MEMBERS.—A member of the Board who is an officer or employee of the United States shall not receive any additional compensation by reason of service on the Board.

(B) NON-FEDERAL MEMBERS.—Any other member shall receive compensation, for each day (including travel time) that the member is engaged in the performance of the functions of the Board, at a rate determined appropriate by the Board.

(C) EXPENSES.—A member of the Board shall be reimbursed for travel, subsistence, and other necessary expenses incurred by the member in the performance of the duties of the member.

(10) CONFLICT OF INTEREST; FINANCIAL DISCLOSURE.—

(A) CONFLICT OF INTEREST.—Except as provided in subparagraph (C), a member of the Board shall not vote on any matter concerning any application, contract, or claim, or other particular matter pending before the Corporation, in which, to the knowledge of the member, the member, spouse, or child of the member, partner of the member, or organization in which the member is serving as officer, director, trustee, partner, or employee, or any person or organization with which the member is negotiating or has any arrangement concerning prospective employment, has a financial interest.

(B) VIOLATIONS.—Violation of subparagraph (A) by a member of the Board shall be cause for removal of the member, but shall not impair or otherwise affect the validity of any otherwise lawful action by the Corporation in which the member participated.

(C) EXCEPTIONS.—The prohibitions contained in subparagraph (A) shall not apply to a member of the Board that is a tobacco producer if the member advises the Board of the nature of the particular matter in which the member proposes to participate, and if the member makes a full disclosure of the financial interest, prior to any participation.

(D) FINANCIAL DISCLOSURE.—A Board member shall be subject to the financial disclosure requirements of subchapter B of chapter XVI of title 5, Code of Federal Regulations (or any corresponding or similar regulation or ruling), applicable to a special Government employee (as defined in section 202(a) of title 18, United States Code).

(E) REPRESENTATION.—No member of the Board shall receive compensation from more than one interest represented on the Board.

(11) BYLAWS.—The Board shall adopt, and may from time to time amend, any bylaw that is necessary for the proper management and functioning of the Corporation.

(12) PERSONNEL.—The Corporation may select and appoint officers, attorneys, employees, and agents, who shall be vested with such powers and duties as the Corporation may determine.

(e) GENERAL POWERS.—In addition to any other powers granted to the Corporation under this title, the Corporation—

(1) shall have succession in its corporate name;

(2) may adopt, alter, and rescind any bylaw and adopt and alter a corporate seal, which shall be judicially noticed;

(3) may enter into any agreement or contract with a person or private or governmental agency;

(4) may lease, purchase, accept a gift or donation of, or otherwise acquire, use, own, hold, improve, or otherwise deal in or with, and sell, convey, mortgage, pledge, lease, exchange, or otherwise dispose of, any property or interest in property, as the Corporation considers necessary in the transaction of the business of the Corporation;

(5) may sue and be sued in the corporate name of the Corporation, except that—

(A) no attachment, injunction, garnishment, or similar process shall be issued against the Corporation or property of the Corporation; and

(B) exclusive original jurisdiction shall reside in the district courts of the United States, and the Corporation may intervene in any court in any suit, action, or proceeding in which the Corporation has an interest;

(6) may independently retain legal representation;

(7) may provide for and designate such committees, and the functions of the committees, as the Board considers necessary or desirable;

(8) may indemnify officers of the Corporation, as the Board considers necessary and desirable, except that the officers shall not be indemnified for an act outside the scope of employment;

(9) may, with the consent of any board, commission, independent establishment, or executive department of the Federal Government, including any field service, use information, services, facilities, officials, and employees in carrying out this section, and pay for the use, which payments shall be transferred to the applicable appropriation account that incurred the expense;

(10) may obtain the services and fix the compensation of any consultant and otherwise procure temporary and intermittent services under section 3109(b) of title 5, United States Code;

(11) shall have the rights, privileges, and immunities of the United States with respect to the right to priority of payment with respect to debts due from bankrupt, insolvent, or deceased creditors;

(12) may collect or compromise any obligations assigned to or held by the Corporation, including any legal or equitable rights accruing to the Corporation;

(13) shall determine the character of, and necessity for, obligations and expenditures of the Corporation and the manner in which the obligations and expenditures shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations;

(14) may make final and conclusive settlement and adjustment of any claim by or against the Corporation or a fiscal officer of the Corporation;

(15) may sell assets, loans, and equity interests acquired in connection with the financing of projects funded by the Corporation; and

(16) may exercise all other lawful powers necessarily or reasonably related to the establishment of the Corporation to carry out this title and the powers, purposes, functions, duties, and authorized activities of the Corporation.

SEC. 302. TOBACCO LOAN ASSOCIATIONS.

The Corporation shall enter into an agreement with producer-owned cooperative marketing loan associations for each kind of tobacco to—

(1) make price support available to producers of the kind of tobacco;

(2) carry out the licensing system established under subsection (b)(2);

(3) arrange for financing and the administration of price supports for the kind of tobacco; and

(4) receive, process, store, and sell any domestically produced tobacco received as collateral for a price support loan.

SEC. 303. TOBACCO PRICE SUPPORT LEVELS.

(a) INITIAL LEVEL.—Effective for the 1999 crop of each kind of tobacco, the support

level in cents per pound established under this title shall be equal to—

(1) the simple average price received by producers of the kind of tobacco, as determined by the Corporation, during the marketing years for the immediately preceding 5 crops of the kind of tobacco; less

(2) the average return to quota for 1994 through 1998 crops of the kind of tobacco, as determined by the Corporation.

(b) SUBSEQUENT ADJUSTMENT.—The Corporation, in consultation with the Associations, shall adjust and establish the support level for each kind of tobacco at an appropriate level for each year after 1999.

SEC. 304. PENALTIES.

(a) IN GENERAL.—The violation of any provision of this Act, or any rule or regulation issued to carry out this Act, or the terms of any license issued under this Act, by a person (including the marketing of any kind of tobacco without a license issued under this title or in excess of the quantity permitted under such a license) shall subject the person to revocation or suspension of the person's license, a penalty of 75 percent of the average market price (calculated to the nearest whole cent) for the kind of tobacco for the immediately preceding marketing year, or both, in the discretion of the Secretary.

(b) PAYOR.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the penalty shall be paid by the person who acquired the tobacco from the producer.

(2) DEDUCTION FROM PRICE.—An amount equivalent to the penalty may be deducted by the buyer from the price paid to the producer in any case in which the tobacco is marketed by sale.

(3) WAREHOUSEMAN OR AGENT.—If the tobacco is marketed by the producer through a warehouseman or other agent, the penalty shall be paid by the warehouseman or agent who may deduct an amount equivalent to the penalty from the price paid to the producer.

(4) Direct marketing outside United States.—In any case in which tobacco is marketed directly to any person outside the United States, the penalty shall be paid and remitted by the producer.

(c) FALSE STATEMENT OR OMISSION.—If any producer falsely identifies or fails to account for the disposition of any tobacco—

(1) an amount of tobacco equal to the normal yield of the number of acres harvested in excess of the quantity permitted under a license issued under this title shall be considered to have been marketed in excess of the license for the farm; and

(2) the penalty for the excess marketing shall be paid and remitted by the producer.

(d) CARRYOVER.—Tobacco carried over by the producer of the tobacco from 1 marketing year to another marketing year may be marketed without payment of the penalty imposed by this section if—

(1) the total quantity of tobacco available for marketing from the farm in the marketing year from which the tobacco is carried over does not exceed the quantity that may be marketed under a license issued for the farm for the marketing year; or

(2) the quantity of tobacco carried over does not exceed the normal production of that number of acres by which the harvested acreage of tobacco in the calendar year in which the marketing year begins is less than the quantity that may be marketed under the license.

(e) TOBACCO MARKETED PRIOR TO MARKETING YEAR.—Tobacco produced in a calendar year for the marketing year beginning during the calendar year shall be subject to licenses issued for the marketing year even though the tobacco is marketed prior to the date on which the marketing year begins.

(f) PROPORTIONAL PAYMENTS.—The Secretary shall require collection of the penalty on a proportion of each lot of tobacco marketed from the farm equal to the proportion that the tobacco available for marketing from the farm in excess of the quantity that may be marketed under a license is of the total quantity of tobacco available for marketing from the farm if satisfactory proof is not furnished as to the disposition to be made of the excess tobacco prior to the marketing of any tobacco from the farm.

(g) LIEN.—Until the amount of the penalty provided by this section is paid, a lien on the tobacco with respect to which the penalty is incurred, and on any subsequent tobacco subject to licenses issued under this title in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the Corporation for the amount of the penalty.

SEC. 305. PROGRAM REFERENDA.

(a) INITIAL REFERENDUM.—Not later than 3 years after the date of enactment of this Act, the Corporation shall conduct a referendum among licensees engaged in the production of each kind of tobacco to determine whether such producers are in favor of continuing the operation of the program established under this Act with respect to that kind of tobacco. If more than one half of the licensees voting oppose the continuation of the program, the Corporation shall announce the result and shall conduct a second referendum one year later. If more than one half of the licensees voting in the second referendum also oppose the continuation of the program, the Corporation shall announce the result and the program shall cease to be in effect for that kind of tobacco.

(b) SUBSEQUENT REFERENDA.—The Corporation may conduct subsequent referenda from time to time as the Corporation deems appropriate to determine whether producers are in favor of continuing the program established under this Act, the use of marketing allotments and quotas, limitations on transfer of quota, or any other aspect of the program.

(c) EFFECTIVE DATE.—This section shall be effective 1 year after the date of enactment of this Act.

SECTION-BY-SECTION SUMMARY OF THE ''TOBACCO MARKET TRANSITION ACT''

These are the highlights of each section of the legislation:

Section 1. Table of Contents.

Section 2. Definitions.

This section includes the definition of an ''active tobacco producer'' (who will be eligible to receive transition payments and a license to grow tobacco) and a ''quota holder'' (who will be eligible for the quota asset buyout). An ''active tobacco producer'' is a person who was the actual producer of tobacco planted in 1997. A ''quota holder'' is a person who owned a farm on January 1, 1998 which carried a tobacco farm marketing quota or farm acreage allotment.

Section 3. Purposes.

Section 101. Tobacco Community Revitalization Trust Fund.

This section establishes a trust fund which will compensate quota holders, make transition payments to growers, fund the privatized tobacco production limiting program, pay for tobacco crop insurance, and provide community development grants. From the funds generated as a result of comprehensive tobacco legislation, the trust fund would receive $3.5 billion for the first five years, and $265 million each succeeding year.

Section 201. Compensation to Quota Holders for Loss of Tobacco Quota Asset Value.

A quota holder would receive $8/pound based on the average tobacco farm marketing quota established for the 1995 through 1997 marketing years for the farm owned by the quota holder on January 1, 1998. The payments would be made in 5 equal annual installments beginning in 1999.

Section 202. Transition Payments for Active Tobacco Producers.

Tobacco producers who grew tobacco in 1997 would be eligible to receive 40¢/pound for five years based on the average number of pounds of tobacco quota established for a farm for the 1995 through 1997 marketing years for which the grower was the actual producer of tobacco on the farm.

Section 203. Tobacco Loan Associations.

To extricate the federal government from the tobacco program and assist tobacco loan associations make the transition to the privatized program, this section forgives various loans made to the associations by the Department of Agriculture, transfers title to the loan associations of tobacco held in inventory by the Department of Agriculture, and transfers to the loan associations the funds held in the No Net Cost Tobacco Fund and the No Net Cost Tobacco Account held on behalf of the associations.

Section 204. Tobacco Community Economic Development Grants.

The Corporation will award $250 million annually to tobacco-dependent counties to aid community development efforts. The funds can be used for various purposes, including education, small business incubators, technology infrastructure enhancement, transportation improvements and water projects.

Section 205. Tax Treatment of Tobacco Quota Holder Compensation and Transition Payments.

Compensation funds to quota holders and transition payments to tobacco producers will not be taxed if placed in a qualified retirement account or if used to retire debt directly associated with tobacco production incurred prior to January 1, 1998.

Section 301. Tobacco Production Control Corporation.

This section creates the privatized Tobacco Production Control Corporation, which will undertake the duties previously performed by the federal government. These duties will include:

Governing the production, marketing, importation, exportation, and consumer quality assurance for each kind of tobacco;

Offering crop insurance;

Establishing a quality assurance system that provides for the inspection and grading of tobacco marketed in the U.S., determines and describes the physical characteristics of domestic and imported tobacco, and ensures the physical and chemical integrity of domestic and imported tobacco; and

Creating a licensing system to limit the production of tobacco, replacing the current quota system. Licenses would be issued by the Corporation at no cost to the producer and no tobacco could be sold without a license. Initially, licenses would be issued to active tobacco producers and would be surrendered to the Corporation if the producer ceases growing tobacco. Licenses could not be sold, leased or transferred except to a licensee's spouse or children actively engaged in the production of tobacco.

Section 302. Tobacco Loan Associations.

This section requires the Corporation to enter into agreements with producer-owned loan associations for each kind of tobacco to make price support available, carry out the licensing system, arrange for financing and administration of price supports and handle any domestically produced tobacco received as collateral for a price support loan.

Section 303. Tobacco Price Support Levels.

For the 1999 crop year, the price support shall be the simple average price received by

producers for the preceding 5 years less the average return to quota for 1994 through 1998 crops. This eliminates from the price of tobacco an amount equal to the previous cost of acquiring quota.

Section 304. Penalties.

This section sets forth the penalties for those who sell tobacco without a license or in violation of a license, and for those who purchase tobacco which is not licensed or violates a license.

Section 305. Program Referenda.

This section allows producers to vote periodically on whether to retain the new privatized program.

ADDITIONAL COSPONSORS

S. 10

At the request of Mr. HATCH, the name of the Senator from Oklahoma (Mr. INHOFE) was added as a cosponsor of S. 10, a bill to reduce violent juvenile crime, promote accountability by juvenile criminals, punish and deter violent gang crime, and for other purposes.

S. 61

At the request of Mr. LOTT, the names of the Senator from Louisiana (Ms. LANDRIEU), the Senator from Michigan (Mr. LEVIN), and the Senator from Idaho (Mr. KEMPTHORNE) were added as cosponsors of S. 61, a bill to amend title 46, United States Code, to extend eligibility for veterans' burial benefits, funeral benefits, and related benefits for veterans of certain service in the United States merchant marine during World War II.

S. 173

At the request of Mr. DEWINE, the name of the Senator from Arkansas (Mr. HUTCHINSON) was added as a cosponsor of S. 173, a bill to expedite State reviews of criminal records of applicants for private security officer employment, and for other purposes.

S. 456

At the request of Ms. MOSELEY-BRAUN, the name of the Senator from Nevada (Mr. REID) was added as a cosponsor of S. 456, a bill to establish a partnership to rebuild and modernize America's school facilities.

S. 497

At the request of Mr. COVERDELL, the names of the Senator from Texas (Mr. GRAMM), and the Senator from Kansas (Mr. ROBERTS) were added as cosponsors of S. 497, a bill to amend the National Labor Relations Act and the Railway Labor Act to repeal the provisions of the Acts that require employees to pay union dues or fees as a condition of employment.

S. 512

At the request of Mr. KYL, the name of the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 512, a bill to amend chapter 47 of title 18, United States Code, relating to identity fraud, and for other purposes.

S. 530

At the request of Mr. KOHL, the name of the Senator from Alabama (Mr. SESSIONS) was added as a cosponsor of S. 530, a bill to amend title 11, United States Code, to limit the value of certain real and personal property that a debtor may elect to exempt under State or local law, and for other purposes.

S. 656

At the request of Mr. WARNER, the name of the Senator from Rhode Island (Mr. CHAFEE) was added as a cosponsor of S. 656, a bill to amend the Fair Labor Standards Act of 1938 to exclude from the definition of employee firefighters and rescue squad workers who perform volunteer services and to prevent employers from requiring employees who are firefighters or rescue squad workers to perform volunteer services, and to allow an employer not to pay overtime compensation to a firefighter or rescue squad worker who performs volunteer services for the employer, and for other purposes.

S. 887

At the request of Ms. MOSELEY-BRAUN, the names of the Senator from Massachusetts (Mr. KENNEDY), the Senator from Missouri (Mr. BOND), and the Senator from Michigan (Mr. ABRAHAM) were added as cosponsors of S. 887, a bill to establish in the National Service the National Underground Railroad Network to Freedom program, and for other purposes.

S. 933

At the request of Ms. MOSELEY-BRAUN, the name of the Senator from Nevada (Mr. REID) was added as a cosponsor of S. 933, a bill to amend section 485(g) of the Higher Education Act of 1965 to make information regarding men's and women's athletic programs at institutions of higher education easily available to prospective students and prospective student athletes.

S. 943

At the request of Mr. SPECTER, the name of the Senator from Virginia (Mr. ROBB) was added as a cosponsor of S. 943, a bill to amend title 49, United States Code, to clarify the application of the Act popularly known as the ''Death on the High Seas Act'' to aviation accidents.

S. 1028

At the request of Mrs. BOXER, her name was withdrawn as a cosponsor of S. 1028, a bill to direct the Secretary of Agriculture to conduct a pilot project on designated lands within Plumas, Lassen, and Tahoe National Forests in the State of California to demonstrate the effectiveness of the resource management activities proposed by the Quincy Library Group and to amend current land and resource management.

S. 1096

At the request of Mr. KERREY, the name of the Senator from Vermont (Mr. LEAHY) was added as a cosponsor of S. 1096, a bill to restructure the Internal Revenue Service, and for other purposes.

S. 1173

At the request of Mr. WARNER, the name of the Senator from North Dakota (Mr. CONRAD) was added as a cosponsor of S. 1173, a bill to authorize funds for construction of highways, for highway safety programs, and for mass transit programs, and for other purposes.

S. 1297

At the request of Mr. COVERDELL, the names of the Senator from Mississippi (Mr. LOTT), the Senator from Indiana (Mr. COATS), the Senator from Indiana (Mr. LUGAR), the Senator from Oregon (Mr. SMITH), the Senator from Nebraska (Mr. HAGEL), the Senator from Utah (Mr. HATCH), the Senator from North Carolina (Mr. FAIRCLOTH), the Senator from Tennessee (Mr. FRIST), the Senator from Iowa (Mr. GRASSLEY), the Senator from Florida (Mr. MACK), the Senator from Ohio (Mr. DEWINE), the Senator from Kansas (Mr. BROWNBACK), the Senator from New Hampshire (Mr. GREGG), the Senator from South Carolina (Mr. THURMOND), the Senator from Oklahoma (Mr. NICKLES), the Senator from Minnesota (Mr. GRAMS), the Senator from New Hampshire (Mr. SMITH), the Senator from Alabama (Mr. SHELBY), the Senator from Alaska (Mr. STEVENS), the Senator from Maine (Ms. COLLINS), the Senator from Tennessee (Mr. THOMPSON), the Senator from Mississippi (Mr. COCHRAN), the Senator from Alaska (Mr. MURKOWSKI), and the Senator from Pennsylvania (Mr. SPECTER) were added as cosponsors of S. 1297, a bill to redesignate Washington National Airport as ''Ronald Reagan Washington National Airport''.

S. 1314

At the request of Mrs. HUTCHISON, the name of the Senator from Washington (Mr. GORTON) was added as a cosponsor of S. 1314, a bill to amend the Internal Revenue Code of 1986 to provide that married couples may file a combined return under which each spouse is taxed using the rates applicable to unmarried individuals.

S. 1328

At the request of Mr. INOUYE, the name of the Senator from Florida (Mr. GRAHAM) was added as a cosponsor of S. 1328, a bill to amend the Communications Satellite Act of 1962 to promote competition and privatization in satellite communications, and for other purposes.

S. 1422

At the request of Mr. MCCAIN, the names of the Senator from Kansas (Mr. BROWNBACK), the Senator from Maine (Ms. COLLINS), the Senator from Georgia (Mr. COVERDELL), the Senator from Idaho (Mr. CRAIG), the Senator from Nebraska (Mr. HAGEL), the Senator from Arkansas (Mr. HUTCHINSON), the Senator from Oklahoma (Mr. INHOFE), the Senator from Alaska (Mr. MURKOWSKI), and the Senator from Kansas (Mr. ROBERTS) were added as cosponsors of S. 1422, a bill to amend the Communications Act of 1934 to promote competition in the market for delivery of multichannel video programming and for other purposes.