

State Rehabilitation Advisory Council and the Statewide Independent Living Council prior to developing the strategic plan. The Secretary interprets the public forum requirement in the statute to require the same procedures for public input on the strategic plan that are required for the development of the State plan under § 361.20 of the proposed regulations.

*Section 361.72—Content of the Strategic Plan*

This proposed new section incorporates the new requirements in section 121 of the Act with no substantive changes.

*Section 361.73—Use of Funds*

This proposed new section incorporates the requirements in new sections 101(a)(34)(B) and 123 of the Act. The Secretary interprets 101(a)(34)(B) to require that at least 1.5 percent of the funds received under Part B of the Act be used for the activities identified in section 123. The Secretary has clarified that all funds received under Part C of the Act must be used for activities identified in a State's strategic plan, which may include, but are not limited to, the activities identified in section 123 of the Act.

*Section 361.74—Allotment of Federal Funds*

This proposed new section incorporates by reference the requirements of new section 124 of the Act without substantive change.

*Executive Order 12866*

*1. Assessment of Costs and Benefits*

These proposed regulations have been reviewed in accordance with Executive Order 12866. Under the terms of the order the Secretary has assessed the potential costs and benefits of this regulatory action.

The potential costs associated with the proposed regulations are those resulting from statutory requirements and those determined by the Secretary to be necessary for administering this program effectively and efficiently. Burdens specifically associated with information collection requirements, if any, are identified and explained elsewhere in this preamble under the heading *Paperwork Reduction Act of 1995*.

In assessing the potential costs and benefits—both quantitative and qualitative—of these proposed regulations, the Secretary has determined that the benefits of the proposed regulations justify the costs. A further discussion of the potential costs and benefits of these proposed

regulations is contained in the summary at the end of this section of the preamble.

The Secretary has also determined that this regulatory action does not unduly interfere with State, local, and tribal governments in the exercise of their governmental functions.

To assist the Department in complying with the specific requirements of Executive Order 12866, the Secretary invites comment on whether there may be further opportunities to reduce any potential costs or increase potential benefits resulting from these proposed regulations without impeding the effective and efficient administration of the program.

*Summary of potential benefits relative to potential costs of the regulatory provisions discussed previously in this preamble:*

The Secretary believes that the NPRM would substantially improve The State VR Services Program and would yield substantial benefits in terms of program management, efficiency, and effectiveness. The Secretary also believes that the proposed regulations represent the least burdensome way to implement the 1992 Amendments to Title I of the Act and fulfill important policy objectives that the Secretary considers essential to the success of the program. As stated previously in this preamble, the NPRM has been revised consistent with the Department's principles for regulating, which were developed during the Administration's regulatory reinvention initiative, to further reduce paperwork or process requirements and to enhance the flexibility of DSUs to meet non-statutory requirements. Increased flexibility of DSUs and other benefits resulting from the proposed regulations are discussed in the following paragraphs of this section and throughout the section-by-section summary of the preamble.

*Improved Organization of Regulations*

The NPRM would substantially reorganize and clarify the current program regulations in order to make the regulations easier to understand and more useful. In response to requests from members of the vocational rehabilitation community, the proposed regulations also would include definitions of a number of previously undefined terms, including "comparable services and benefits," "maintenance," and "post-employment services."

*Notes and Examples*

The Secretary has provided additional clarifying information in the proposed

regulations through the use of notes and examples. Many commenters to the draft regulations stated that they find this information more accessible and more useful when it is included in the regulations rather than issued separately by RSA as subregulatory guidance. As stated previously throughout this preamble, the Secretary emphasizes that the limited notes and examples in the proposed regulations are purely illustrative and are not intended to restrict State flexibility.

*Reduction of Grantee Burden*

Non-statutory paperwork requirements have been eliminated or consolidated throughout the NPRM in an effort to reduce the regulatory burden on States. For example, previously duplicative requirements under § 361.46 (Content of the IWRP) and § 361.47 (Record of services) have been consolidated to reduce the paperwork burden on States and to ensure efficient administration of the program. A list of other sections in which paperwork burden on grantees has been removed or reduced in response to public comment on the draft regulations precedes the section-by-section summary in this preamble. Also, additional burden-reducing steps taken by the Secretary in accordance with the Department's principles for regulating are explained throughout the section-by-section summary in the preamble. For example, the proposed deletion of the requirement that the State plan describe the organizational structure of the State agency and its organizational units is discussed under § 361.13 (State agency for administration) in the section-by-section summary. Those paperwork requirements that would remain in the proposed regulations are considered essential to the proper administration of the program.

*Enhanced Protections for Individuals With Disabilities*

The proposed regulations include provisions intended to ensure that individuals with disabilities are not improperly denied necessary VR services. In particular, § 361.50 (Written policies governing the provision of services) would require DSUs to ensure that the provision of VR services for an eligible individual is based on the individual's particular rehabilitation needs and would prevent DSUs from arbitrarily limiting the nature or scope of vocational rehabilitation services needed by any eligible individual to achieve an employment outcome. In addition, § 361.54 (Participation of individuals in cost of services based on financial need) would require DSUs to