

105TH CONGRESS
2D SESSION

S. 2206

To amend the Head Start Act, the Low-Income Home Energy Assistance Act of 1981, and the Community Services Block Grant Act to reauthorize and make improvements to those Acts, to establish demonstration projects that provide an opportunity for persons with limited means to accumulate assets, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 23, 1998

Mr. COATS (for himself, Mr. DODD, Mr. JEFFORDS, and Mr. KENNEDY) introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

A BILL

To amend the Head Start Act, the Low-Income Home Energy Assistance Act of 1981, and the Community Services Block Grant Act to reauthorize and make improvements to those Acts, to establish demonstration projects that provide an opportunity for persons with limited means to accumulate assets, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Human Services Reau-
5 thorization Act of 1998”.

1 SEC. 2. TABLE OF CONTENTS.

2 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.

TITLE I—HEAD START PROGRAMS

- Sec. 101. Short title.
- Sec. 102. References.
- Sec. 103. Statement of purpose.
- Sec. 104. Definitions.
- Sec. 105. Financial assistance for Head Start programs.
- Sec. 106. Authorization of appropriations.
- Sec. 107. Allotment of funds.
- Sec. 108. Designation of Head Start agencies.
- Sec. 109. Quality standards.
- Sec. 110. Powers and functions of Head Start agencies.
- Sec. 111. Head Start transition.
- Sec. 112. Submission of plans to Governors.
- Sec. 113. Participation in Head Start programs.
- Sec. 114. Early Head Start programs for families with infants and toddlers.
- Sec. 115. Technical assistance and training.
- Sec. 116. Staff qualifications and development.
- Sec. 117. Research, demonstration, and evaluation.

TITLE II—COMMUNITY SERVICES BLOCK GRANT PROGRAM

- Sec. 201. Reauthorization.
- Sec. 202. Conforming amendments.
- Sec. 203. Repealers.

TITLE III—LOW-INCOME HOME ENERGY ASSISTANCE

- Sec. 301. Authorization.
- Sec. 302. Definitions.
- Sec. 303. Natural disasters and other emergencies.
- Sec. 304. State allotments.
- Sec. 305. Administration.
- Sec. 306. Payments to States.
- Sec. 307. Residential Energy Assistance Challenge option.
- Sec. 308. Technical assistance, training, and compliance reviews.

TITLE IV—ASSETS FOR INDEPENDENCE

- Sec. 401. Short title.
- Sec. 402. Findings.
- Sec. 403. Purposes.
- Sec. 404. Definitions.
- Sec. 405. Applications.
- Sec. 406. Demonstration authority; annual grants.
- Sec. 407. Reserve fund.
- Sec. 408. Eligibility for participation.
- Sec. 409. Selection of individuals to participate.
- Sec. 410. Deposits by qualified entities.
- Sec. 411. Local control over demonstration projects.

- Sec. 412. Annual progress reports.
 Sec. 413. Sanctions.
 Sec. 414. Evaluations.
 Sec. 415. Treatment of funds.
 Sec. 416. Authorization of appropriations.

1 **TITLE I—HEAD START**
 2 **PROGRAMS**

3 **SEC. 101. SHORT TITLE.**

4 This title may be cited as the “Head Start Amend-
 5 ments of 1998”.

6 **SEC. 102. REFERENCES.**

7 Except as otherwise expressly provided, wherever in
 8 this title an amendment or repeal is expressed in terms
 9 of an amendment to, or repeal of, a section or other provi-
 10 sion, the reference shall be considered to be made to a
 11 section or other provision of the Head Start Act (42
 12 U.S.C. 9831 et seq.).

13 **SEC. 103. STATEMENT OF PURPOSE.**

14 The Head Start Act is amended by striking section
 15 636 (42 U.S.C. 9831) and inserting the following:

16 **“SEC. 636. STATEMENT OF PURPOSE.**

17 “It is the purpose of this subchapter to promote
 18 school readiness by enhancing the social and cognitive de-
 19 velopment of low-income children through the provision,
 20 to low-income children and their families, of health, edu-
 21 cational, nutritional, social, and other services that are de-
 22 termined to be necessary, based on family needs assess-
 23 ments.”.

1 **SEC. 104. DEFINITIONS.**

2 Section 637 (42 U.S.C. 9832) is amended—

3 (1) by redesignating paragraphs (3) through
4 (14) as paragraphs (4) through (15), respectively;

5 (2) by inserting after paragraph (2) the follow-
6 ing:

7 “(3) The term ‘child with a disability’ means—

8 “(A) a child with a disability, as defined in
9 section 602(3) of the Individuals with Disabil-
10 ities Education Act; and

11 “(B) an infant or toddler with a disability,
12 as defined in section 632(5) of such Act.”;

13 (3) by striking paragraph (5) (as redesignated
14 in paragraph (1)) and inserting the following:

15 “(5) The term ‘family literacy services’ means
16 services that—

17 “(A) are provided to participants who re-
18 ceive the services on a voluntary basis;

19 “(B) are of sufficient intensity, and of suf-
20 ficient duration, to make sustainable changes in
21 a family (such as eliminating or reducing de-
22 pendence on income-based public assistance);
23 and

24 “(C) integrate each of—

25 “(i) interactive literacy activities be-
26 tween parents and their children;

1 “(ii) training for parents on being
2 partners with their children in learning;

3 “(iii) parent literacy training, includ-
4 ing training that contributes to economic
5 self-sufficiency; and

6 “(iv) appropriate instruction for chil-
7 dren of parents receiving the parent lit-
8 eracy training.”;

9 (4) in paragraph (7) (as redesignated in para-
10 graph (1)), by adding at the end the following:

11 “Nothing in this paragraph shall be construed to re-
12 quire an agency to provide services to a child who
13 has not reached the age of compulsory school attend-
14 ance for more than the number of hours per day
15 permitted by State law (including regulation) for the
16 provision of services to such a child.”;

17 (5) by striking paragraph (13) (as redesignated
18 in paragraph (1)) and inserting the following:

19 “(13) The term “migrant or seasonal Head
20 Start program” means—

21 “(A) with respect to services for migrant
22 farmworkers, a Head Start program that serves
23 families who are engaged in agricultural labor
24 and who have changed their residence from 1

1 geographic location to another in the preceding
2 2-year period; and

3 “(B) with respect to services for seasonal
4 farmworkers, a Head Start program that serves
5 families who are engaged primarily in seasonal
6 agricultural labor and who have not changed
7 their residence to another geographic location in
8 the preceding 2-year period.”; and

9 (6) by adding at the end the following:

10 “(16) The term ‘reliable and replicable’, used
11 with respect to research, means an objective, valid,
12 scientific study that—

13 “(A) includes a rigorously defined sample
14 of subjects, that is sufficiently large and rep-
15 resentative to support the general conclusions of
16 the study;

17 “(B) relies on measurements that meet es-
18 tablished standards of reliability and validity;

19 “(C) is subjected to peer review before the
20 results of the study are published; and

21 “(D) discovers effective strategies for en-
22 hancing the development and skills of chil-
23 dren.”.

1 **SEC. 105. FINANCIAL ASSISTANCE FOR HEAD START PRO-**
2 **GRAMS.**

3 Section 638(1) (42 U.S.C. 9833(1)) is amended—

4 (1) by striking “aid the” and inserting “enable
5 the”; and

6 (2) by striking the semicolon and inserting
7 “and attain school readiness;”.

8 **SEC. 106. AUTHORIZATION OF APPROPRIATIONS.**

9 Section 639 (42 U.S.C. 9834) is amended—

10 (1) in subsection (a), by striking “1995 through
11 1998” and inserting “1999 through 2003”; and

12 (2) in subsection (b), by striking all that follows
13 “shall make available—” and inserting the following:

14 “(1) for each of fiscal years 1999 through 2003
15 to carry out activities authorized under section
16 642A, not more than \$35,000,000 but not less than
17 was made available for such activities for fiscal year
18 1998;

19 “(2) not more than \$5,000,000 for each of fis-
20 cal years 1999 through 2003 to carry out impact
21 studies under section 649(f); and

22 “(3) not more than \$12,000,000 for fiscal year
23 1999, and such sums as may be necessary for each
24 of fiscal years 2000 through 2003, to carry out
25 other research, demonstration, and evaluation activi-

1 ties, including longitudinal studies, under section
2 649.”.

3 **SEC. 107. ALLOTMENT OF FUNDS.**

4 (a) ALLOTMENTS.—Section 640(a) (42 U.S.C.
5 9835(a)) is amended—

6 (1) in paragraph (2)—

7 (A) in subparagraph (A)—

8 (i) by striking “handicapped children”
9 and inserting “children with disabilities”;

10 (ii) by striking “migrant Head Start
11 programs” each place it appears and in-
12 serting “migrant or seasonal Head Start
13 programs”;

14 (iii) by striking “1994” and inserting
15 “1998”; and

16 (iv) by adding at the end the follow-
17 ing: “In determining the need and demand
18 for migrant and seasonal Head Start pro-
19 grams, and services provided through such
20 programs, the Secretary shall consult with
21 appropriate entities, including providers of
22 services for seasonal and migrant Head
23 Start programs. The Secretary shall, after
24 taking into consideration the need and de-
25 mand for migrant and seasonal Head Start

1 programs, and such services, ensure that
2 there is an adequate level of such services
3 for the children of eligible migrant farm-
4 workers before approving an increase in
5 the allocation provided for children of eligi-
6 ble seasonal farmworkers.”;

7 (B) in subparagraph (C), by striking
8 “and” at the end;

9 (C) in subparagraph (D), by striking “re-
10 lated to the development and implementation of
11 quality improvement plans under section
12 641A(d)(2)” and inserting “carried out under
13 paragraph (1), (2), or (3) of section 641A(d)
14 related to correcting deficiencies and conducting
15 proceedings to terminate the designation of
16 Head Start agencies; and”;

17 (D) by inserting after subparagraph (D)
18 the following:

19 “(E) payments for research, demonstration, and
20 evaluation activities under section 649.”; and

21 (E) by adding at the end the following: “In
22 carrying out this subchapter, the Secretary
23 shall continue the administrative arrangement
24 responsible for meeting the needs of migrant or
25 seasonal farmworker and Indian children and

1 shall assure that appropriate funding is pro-
2 vided to meet such needs.”;

3 (2) in paragraph (3)—

4 (A) in subparagraph (B)—

5 (i) in clause (ii)—

6 (I) by striking “adequate quali-
7 fied staff” and inserting “adequate
8 numbers of qualified staff”; and

9 (II) by inserting “and children
10 with disabilities” before “, when”;

11 (ii) in clause (iv), by inserting before
12 the period the following: “, and to encour-
13 age the staff to continually improve their
14 skills and expertise by informing the staff
15 of the availability of State and Federal in-
16 centive and loan forgiveness programs for
17 professional development and by providing
18 for preferences in the awarding of salary
19 increases, in excess of cost of living allow-
20 ances, to staff who obtain additional train-
21 ing or education related to their respon-
22 sibilities as employees of a Head Start pro-
23 gram or to advance their careers within
24 the Head Start program”;

1 (iii) in clause (vi), by striking the pe-
2 riod and inserting “, and are physically ac-
3 cessible to children with disabilities and
4 their parents.”;

5 (iv) by redesignating clause (vii) as
6 clause (viii); and

7 (v) by inserting after clause (vi) the
8 following:

9 “(vii) Ensuring that such programs have quali-
10 fied staff that can promote language skills and lit-
11 eracy growth of children and that provide children
12 with a variety of skills that have been identified,
13 through research that is reliable and replicable, as
14 predictive of later reading achievement.”;

15 (B) in subparagraph (C)—

16 (i) in clause (i)(I)—

17 (I) by striking “of staff” and in-
18 serting “of classroom teachers and
19 other staff”; and

20 (II) by striking “such staff” and
21 inserting “qualified staff, including re-
22 cruitment and retention pursuant to
23 section 648A(a)”;

24 (ii) by striking clause (ii) and insert-
25 ing the following:

1 “(ii) To supplement amounts provided under
2 paragraph (2)(C) to provide training to classroom
3 teachers and other staff on proven techniques that
4 promote—

5 “(I) language and literacy growth; and

6 “(II) the acquisition of the English lan-
7 guage for non-English background children and
8 families.”;

9 (iii) in clause (v), by inserting “acces-
10 sibility or” before “availability”;

11 (iv) to redesignate clauses (iii), (iv),
12 (v), and (vi) as clauses (iv), (v), (vi), and
13 (iii), respectively; and

14 (v) by inserting clause (iii) (as redes-
15 ignated in clause (iv) of this subparagraph)
16 after clause (ii); and

17 (C) in subparagraph (D)(i)(II), by striking
18 “migrant Head Start programs” and inserting
19 “migrant or seasonal Head Start programs”;

20 (3) in paragraph (4)(A), by striking “1981”
21 and inserting “1998”;

22 (4) in paragraph (5)—

23 (A) in subparagraph (A), by striking “sub-
24 paragraph (B)” and inserting “subparagraphs
25 (B) and (D)”;

1 (B) in subparagraph (B), by inserting be-
2 fore the period the following “and encourage
3 Head Start agencies to collaborate with entities
4 involved in State and local planning processes
5 (including the State lead agency administering
6 the financial assistance received under the Child
7 Care and Development Block Grant Act of
8 1990 (42 U.S.C. 9858 et seq.) and the entities
9 providing resource and referral services in the
10 State) in order to better meet the needs of low-
11 income children and families”;

12 (C) in subparagraph (C)—

13 (i) in clause (i)(I), by inserting “the
14 appropriate regional office of the Adminis-
15 tration for Children and Families and” be-
16 fore “agencies”;

17 (ii) in clause (iii), by striking “and”
18 at the end;

19 (iii) in clause (iv)—

20 (I) by striking “education, and
21 national service activities,” and insert-
22 ing “education, and community serv-
23 ice activities,”;

24 (II) by striking “and activities”
25 and inserting “activities”; and

1 (III) by striking the period and
2 inserting “, and services for homeless
3 children; and”;

4 (iv) by adding at the end the follow-
5 ing:

6 “(v) include representatives of the State Head
7 Start Association and local Head Start agencies in
8 unified planning regarding early care and education
9 services at both the State and local levels, including
10 collaborative efforts to plan for the provision of full-
11 working-day, full calendar year early care and edu-
12 cation services for children.”;

13 (D) by redesignating subparagraph (D) as
14 subparagraph (F); and

15 (E) by inserting after subparagraph (C)
16 the following:

17 “(D) Following the award of collaboration grants de-
18 scribed in subparagraph (B), the Secretary shall provide,
19 from the reserved sums, supplemental funding for collabo-
20 ration grants—

21 “(i) to States that (in consultation with their
22 State Head Start Associations) develop statewide,
23 regional, or local unified plans for early childhood
24 education and child care that include the participa-
25 tion of Head Start agencies; and

1 “(ii) to States that engage in other innovative
2 collaborative initiatives, including plans for collabo-
3 rative training and career development initiatives for
4 child care, early childhood education, and Head
5 Start service managers, providers, and staff.

6 “(E)(i) The Secretary shall—

7 “(I) review on an ongoing basis evidence of bar-
8 riers to effective collaboration between Head Start
9 programs and other Federal child care and early
10 childhood education programs and resources;

11 “(II) develop initiatives, including providing ad-
12 ditional training and technical assistance and mak-
13 ing regulatory changes, in necessary cases, to elimi-
14 nate barriers to the collaboration; and

15 “(III) develop a mechanism to resolve adminis-
16 trative and programmatic conflicts between such
17 programs that would be a barrier to service provid-
18 ers, parents, or children related to the provision of
19 unified services and the consolidation of funding for
20 child care services.

21 “(ii) In the case of a collaborative activity funded
22 under this subchapter and another provision of law provid-
23 ing for Federal child care or early childhood education,
24 the use of equipment and nonconsumable supplies pur-
25 chased with funds made available under this subchapter

1 or such provision shall not be restricted to children en-
2 rolled or otherwise participating in the program carried
3 out under that subchapter or provision, during a period
4 in which the activity is predominantly funded under this
5 subchapter or such provision.”; and

6 (5) in paragraph (6)—

7 (A) by inserting “(A)” before “From”; and

8 (B) by striking “3 percent” and all that
9 follows and inserting the following: “7.5 percent
10 for fiscal year 1999, 8 percent for fiscal year
11 2000, 9 percent for fiscal year 2001, 10 percent
12 for fiscal year 2002, and 10 percent for fiscal
13 year 2003, of the amount appropriated pursu-
14 ant to section 639(a), except as provided in
15 subparagraph (B).

16 “(B)(i) For any fiscal year for which the Secretary
17 determines that the amount appropriated under section
18 639(a) is not sufficient to permit the Secretary to reserve
19 the portion described in subparagraph (A) without reduc-
20 ing the number of children served by Head Start programs
21 or negatively impacting the quality of Head Start services,
22 relative to the number of children served and the quality
23 of the services during the preceding fiscal year, the Sec-
24 retary may reduce the percentage of funds required to be
25 reserved for the portion described in subparagraph (A) for

1 the fiscal year for which the determination is made, but
2 not below the percentage required to be so reserved for
3 the preceding fiscal year.

4 “(ii) For any fiscal year for which the amount appro-
5 priated under section 639(a) is lowered to a level that re-
6 quires a reduction in the amount made available under
7 this subchapter to Head Start agencies and entities de-
8 scribed in section 645A, relative to the amount made avail-
9 able to the agencies and entities for the preceding fiscal
10 year, adjusted as described in paragraph (3)(A)(ii), the
11 Secretary shall proportionately reduce—

12 “(I) the amounts made available to the entities
13 for programs carried out under section 645A; and

14 “(II) the amounts made available to Head Start
15 agencies for Head Start programs.”.

16 (b) CHILDREN WITH DISABILITIES.—Section 640(d)
17 (42 U.S.C. 9835(d)) is amended—

18 (1) by striking “1982” and inserting “1999”;

19 and

20 (2) by striking “(as defined in section 602(a) of
21 the Individuals with Disabilities Education Act)”.

22 (c) INCREASED APPROPRIATIONS.—Section 640(g)
23 (42 U.S.C. 9835(g)) is amended—

24 (1) in paragraph (2)—

1 (A) in subparagraph (A), by striking the
2 semicolon and inserting “, and the performance
3 history of the applicant in providing services
4 under other Federal programs (other than the
5 program carried out under this subchapter);”;

6 (B) in subparagraph (C), by striking the
7 semicolon and inserting “, and organizations
8 serving children with disabilities;”;

9 (C) in subparagraph (D), by inserting be-
10 fore the semicolon the following: “and the ex-
11 tent to which, and manner in which, the appli-
12 cant demonstrates the ability to collaborate and
13 participate with other local community provid-
14 ers of child care or preschool services to provide
15 full working day, full calendar year services”;

16 (D) in subparagraph (E), by striking “pro-
17 gram; and” and inserting “or any other early
18 childhood program;”;

19 (E) in subparagraph (F), by striking the
20 period and inserting “; and”; and

21 (F) by adding at the end the following:

22 “(G) the extent to which the applicant proposes
23 to foster partnerships with other service providers in
24 a manner that will enhance the resource capacity of
25 the applicant.”; and

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

2 “(4) Notwithstanding subsection (a)(2), after taking
3 into account the provisions of paragraph (1), the Secretary
4 may allocate a portion of the remaining additional funds
5 under subsection (a)(2)(A) for the purpose of increasing
6 funds available for the activities described in such sub-
7 section.”.

8 (d) **MIGRANT OR SEASONAL HEAD START PRO-**
9 **GRAMS.**—Section 640(l) (42 U.S.C. 9835(l)) is amend-
10 ed—

11 (1) by striking “migrant Head Start programs”
12 each place it appears and inserting “migrant or sea-
13 sonal Head Start programs”; and

14 (2) by striking “migrant families” and inserting
15 “migrant or seasonal farmworker families”.

16 (e) **CONFORMING AMENDMENT.**—Section 644(f)(2)
17 (42 U.S.C. 9839(f)(2)) is amended by striking
18 “640(a)(3)(C)(v)” and inserting “640(a)(3)(C)(vi).”

19 **SEC. 108. DESIGNATION OF HEAD START AGENCIES.**

20 Section 641 (42 U.S.C. 9836) is amended—

21 (1) in subsection (a)—

22 (A) in the matter preceding paragraph (1),
23 by inserting “or for-profit” after “nonprofit”;
24 and

1 (B) in paragraph (2), by inserting “(in
2 consultation with the chief executive officer of
3 the State in which the community is located)”
4 after “the Secretary”;

5 (2) in subsection (c)—

6 (A) in paragraph (1)—

7 (i) by striking “shall give priority”
8 and inserting “shall, in consultation with
9 the chief executive officer of the State, give
10 priority”;

11 (ii) by inserting “or for-profit” after
12 “nonprofit”; and

13 (iii) by striking “unless the Secretary
14 makes a finding” and all that follows and
15 inserting the following: “unless the Sec-
16 retary determines that the agency involved
17 fails to meet program and financial man-
18 agement requirements, performance stand-
19 ards described in section 641A(a)(1), and
20 other requirements established by the Sec-
21 retary.”;

22 (B) in paragraph (2), by striking “shall
23 give priority” and inserting “shall, in consulta-
24 tion with the chief executive officer of the State,
25 give priority”; and

1 (C) by aligning the margins of paragraphs
2 (2) and (3) with the margins of paragraph (1);
3 (3) in subsection (d)—

4 (A) in the matter preceding paragraph (1),
5 by inserting after the first sentence the follow-
6 ing new sentence: “In selecting from among
7 qualified applicants for designation as a Head
8 Start agency, the Secretary shall give priority
9 to any qualified agency that functioned as a
10 Head Start delegate agency in the community
11 and carried out a Head Start program that the
12 Secretary determines has met or exceeded the
13 performance standards and outcome-based per-
14 formance measures described in section 641A.”;

15 (B) in paragraph (4)(A), by inserting “(at
16 home and in the center involved where prac-
17 ticable)” after “activities”;

18 (C) by redesignating paragraphs (7) and
19 (8) as paragraphs (9) and (10); and

20 (D) by inserting after paragraph (6) the
21 following:

22 “(7) the plan of such applicant to meet the
23 needs of non-English background children and their
24 families, including needs related to the acquisition of
25 the English language;

1 “(8) the plan of such applicant to meet the
2 needs of children with disabilities;” and

3 (4) by striking subsection (e) and inserting the
4 following:

5 “(e) If no agency in the community receives priority
6 designation, and there is no qualified applicant in the com-
7 munity, the Secretary shall designate an agency to carry
8 out the Head Start program in the community on an in-
9 terim basis until a qualified applicant from the community
10 is so designated.”.

11 **SEC. 109. QUALITY STANDARDS.**

12 (a) QUALITY STANDARDS.—Section 641A(a) (42
13 U.S.C. 9836a(a)) is amended—

14 (1) in paragraph (1)—

15 (A) in the matter preceding subparagraph
16 (A), by inserting “, including minimum levels of
17 overall accomplishment,” after “regulation
18 standards”;

19 (B) in subparagraph (A), by striking “edu-
20 cation,”;

21 (C) by redesignating subparagraphs (B)
22 through (D) as subparagraphs (C) through (E);
23 and

24 (D) by inserting after subparagraph (A)
25 the following:

1 “(B)(i) education performance standards
2 to ensure the school readiness of children par-
3 ticipating in a Head Start program, on comple-
4 tion of the Head Start program and prior to
5 entering school; and

6 “(ii) additional education performance
7 standards to ensure that the children partici-
8 pating in the program, at a minimum—

9 “(I) develop phonemic, print, and
10 numeracy awareness;

11 “(II) understand and use oral lan-
12 guage to communicate needs, wants, and
13 thoughts;

14 “(III) understand and use increas-
15 ingly complex and varied vocabulary;

16 “(IV) develop and demonstrate an ap-
17 preciation of books; and

18 “(V) in the case of non-English back-
19 ground children, progress toward acquisi-
20 tion of the English language.”;

21 (2) by striking paragraph (2);

22 (3) by redesignating paragraphs (3) and (4) as
23 paragraphs (2) and (3); and

24 (4) in paragraph (2) (as redesignated in para-
25 graph (3))—

1 (A) in subparagraph (B)(iii), striking
2 “child” and inserting “early childhood edu-
3 cation and”; and

4 (B) in subparagraph (C)—

5 (i) in clause (i)—

6 (I) by striking “not later than 1
7 year after the date of enactment of
8 this section,”; and

9 (II) by striking “section 651(b)”
10 and all that follows and inserting
11 “this subsection; and”; and

12 (ii) in subclause (ii), by striking “No-
13 vember 2, 1978” and inserting “the date
14 of enactment of the Human Services Reau-
15 thorization Act of 1998”.

16 (b) PERFORMANCE MEASURES.—Section 641A(b)
17 (42 U.S.C. 9836a(b)) is amended—

18 (1) in the subsection heading, by inserting
19 “OUTCOME-BASED” before “PERFORMANCE”;

20 (2) in paragraph (1)—

21 (A) by striking “Not later than 1 year
22 after the date of enactment of this section, the”
23 and inserting “The”;

24 (B) by striking “child” and inserting
25 “early childhood education and”;

1 (C) by striking the period and inserting “,
2 and the impact of the services provided through
3 the programs to children and their families.”;
4 and

5 (D) by adding at the end the following:
6 “The performance measures shall include the
7 performance standards described in subsection
8 (a)(1)(B)(ii).”; and
9 (3) in paragraph (2)—

10 (A) in the paragraph heading, by striking
11 “DESIGN” and inserting “CHARACTERISTICS”;

12 (B) in the matter preceding subparagraph
13 (A), by striking “shall be designed—” and in-
14 serting “shall—”;

15 (C) in subparagraph (A), by striking “to
16 assess” and insert “assess the impact of”;

17 (D) in subparagraph (B)—

18 (i) by striking “to”; and

19 (ii) by striking “and peer review” and
20 inserting “, peer review, and program eval-
21 uation”; and

22 (E) in subparagraph (C), by inserting “be
23 developed” before “for other”.

24 (c) MONITORING.—Section 641A(c)(2) (42 U.S.C.
25 9836a(c)(2)) is amended—

1 (1) in subparagraph (B), by striking “; and”
2 and inserting a semicolon;

3 (2) in subparagraph (C)—

4 (A) by inserting “(including children with
5 disabilities)” after “eligible children”; and

6 (B) by striking the period and inserting “;
7 and”; and

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

9 “(D) as part of the reviews of the pro-
10 grams, include a review and assessment of pro-
11 gram effectiveness, as measured in accordance
12 with the outcome-based performance measures
13 developed pursuant to subsection (b) and with
14 the performance standards established pursuant
15 to subparagraphs (A) and (B) of subsection
16 (a)(1).”.

17 (d) TERMINATION.—Section 641A(d) (42 U.S.C.
18 9836a(d)) is amended—

19 (1) in paragraph (1)(B), to read as follows:

20 “(B) with respect to each identified defi-
21 ciency, require the agency—

22 “(i) to correct the deficiency imme-
23 diately, if the Secretary finds that the defi-
24 ciency threatens the health or safety of

1 staff or program participants or poses a
2 threat to the integrity of Federal funds;

3 “(ii) to correct the deficiency not later
4 than 90 days after the identification of the
5 deficiency if the Secretary finds, in the dis-
6 cretion of the Secretary, that such a 90-
7 day period is reasonable, in light of the na-
8 ture and magnitude of the deficiency; or

9 “(iii) in the discretion of the Sec-
10 retary (taking into consideration the seri-
11 ousness of the deficiency and the time rea-
12 sonably required to correct the deficiency)
13 to comply with the requirements of para-
14 graph (2) concerning a quality improve-
15 ment plan; and”;

16 (2) in paragraph (2)(A), in the matter preced-
17 ing clause (i), by striking “immediately” and insert-
18 ing “immediately or during a 90-day period under
19 clause (i) or (ii) of paragraph (1)(B)”.

20 **SEC. 110. POWERS AND FUNCTIONS OF HEAD START AGEN-**
21 **CIES.**

22 Section 642 (42 U.S.C. 9837) is amended—

23 (1) in subsection (a), by inserting “or for-prof-
24 it” after “nonprofit”;

25 (2) in subsection (c)—

1 (A) by inserting “and collaborate” after
2 “coordinate”; and

3 (B) by striking “section 402(g) of the So-
4 cial Security Act, and other” and inserting “the
5 State program carried out under the Child Care
6 and Development Block Grant Act of 1990 (42
7 U.S.C. 9858 et seq.), and other early childhood
8 education and development”; and

9 (3) in subsection (d)—

10 (A) in paragraph (1)—

11 (i) by striking “shall carry out” and
12 all that follows through “maintain” and in-
13 sserting “shall take steps to ensure, to the
14 maximum extent possible, that children
15 maintain”;

16 (ii) by striking “developmental” and
17 inserting “developmental and educational”;
18 and

19 (iii) by striking “to build” and insert-
20 ing “build”;

21 (B) by striking paragraph (2); and

22 (C) by redesignating paragraphs (3)
23 through (5) as paragraphs (2) through (4), re-
24 spectively.

1 **SEC. 111. HEAD START TRANSITION.**

2 The Head Start Act (42 U.S.C. 9831 et seq.) is
3 amended by inserting after section 642 the following:

4 **“SEC. 642A. HEAD START TRANSITION.**

5 “Each Head Start agency shall take steps to coordi-
6 nate with the local educational agency serving the commu-
7 nity involved and with schools in which children participat-
8 ing in a Head Start program operated by such agency will
9 enroll following such program, including—

10 “(1) developing and implementing a systematic
11 procedure for transferring, with parental consent,
12 Head Start program records for each participating
13 child to the school in which such child will enroll;

14 “(2) establishing channels of communication be-
15 tween Head Start staff and their counterparts in the
16 schools (including teachers, social workers, and
17 health staff) to facilitate coordination of programs;

18 “(3) conducting meetings involving parents,
19 kindergarten or elementary school teachers, and
20 Head Start program teachers to discuss the develop-
21 mental and other needs of individual children;

22 “(4) organizing and participating in joint tran-
23 sition-related training of school staff and Head Start
24 staff;

25 “(5) developing and implementing a family out-
26 reach and support program in cooperation with enti-

1 ties carrying out parental involvement efforts under
2 title I of the Elementary and Secondary Education
3 Act of 1965 (20 U.S.C. 6301 et seq.); and

4 “(6) assisting families, administrators, and
5 teachers in enhancing developmental continuity be-
6 tween Head Start services and elementary school
7 classes.”.

8 **SEC. 112. SUBMISSION OF PLANS TO GOVERNORS.**

9 The first sentence of section 643 (42 U.S.C. 9838)
10 is amended—

11 (1) by striking “within 30 days” and inserting
12 “within 45 days”; and

13 (2) by striking “so disapproved” and inserting
14 “disapproved (for reasons other than failure of the
15 program to comply with State health, safety, and
16 child care laws, including regulations, applicable to
17 comparable child care programs within the State)”.

18 **SEC. 113. PARTICIPATION IN HEAD START PROGRAMS.**

19 (a) REGULATIONS.—Section 645(a)(1) (42 U.S.C.
20 9840(a)(1)) is amended—

21 (1) in subparagraph (B), by striking “that pro-
22 grams” and inserting “that (i) programs”; and

23 (2) by striking the period at the end of sub-
24 paragraph (B) and inserting the following: “, and
25 (ii) a child who has been determined to meet the

1 low-income criteria and who is participating in a
2 Head Start program in a program year shall be con-
3 sidered to continue to meet the low-income criteria
4 through the end of the succeeding program year. In
5 determining, for purposes of this paragraph, whether
6 a child who has applied for enrollment in a Head
7 Start program meets the low-income criteria, an en-
8 tity may consider evidence of family income during
9 the 12 months preceding the month in which the ap-
10 plication is submitted, or during the calendar year
11 preceding the calendar year in which the application
12 is submitted, whichever more accurately reflects the
13 needs of the family at the time of application.”.

14 (b) SLIDING FEE SCALE.—Section 645(b) (42 U.S.C.
15 9840(b)) is amended by adding at the end the following:

16 “A Head Start agency that provides a Head Start
17 program with full-working-day services in collaboration
18 with other agencies or entities may collect a family copay-
19 ment to support extended day services if a copayment is
20 required in conjunction with the partnership. The copay-
21 ment shall not exceed the copayment charged to families
22 with similar incomes and circumstances who are receiving
23 the services through participation in a program carried
24 out by another agency or entity.”.

1 (c) CONTINUOUS RECRUITMENT AND ACCEPTANCE
2 OF APPLICATIONS.—Section 645(c) (42 U.S.C. 9840(c))
3 is amended by adding at the end the following: “Each
4 Head Start program operated in a community shall be
5 permitted to recruit and accept applications for enrollment
6 of children throughout the year.”.

7 **SEC. 114. EARLY HEAD START PROGRAMS FOR FAMILIES**
8 **WITH INFANTS AND TODDLERS.**

9 Section 645A (42 U.S.C. 9840a) is amended—

10 (1) in the section heading, by inserting “**EARLY**
11 **HEAD START**” before “**PROGRAMS FOR**”;

12 (2) in subsection (a)—

13 (A) by striking “for—” and all that follows
14 through “programs providing” and inserting
15 “for programs providing”;

16 (B) by striking “; and” and inserting a pe-
17 riod; and

18 (C) by striking paragraph (2);

19 (3) in subsection (b)(5), by inserting “(includ-
20 ing programs for infants and toddlers with disabil-
21 ities)” after “community”;

22 (4) in subsection (c)—

23 (A) in the matter preceding paragraph (1),
24 by striking “subsection (a)(1)” and inserting
25 “subsection (a)”; and

1 (B) in paragraph (2), by striking “3 (or
2 under” and all that follows and inserting “3;”;
3 (5) in subsection (d)—

4 (A) by striking paragraph (2); and

5 (B) by redesignating paragraph (3) as
6 paragraph (2);

7 (6) by striking subsection (e);

8 (7) by redesignating subsections (f) and (g) as
9 subsections (e) and (f), respectively;

10 (8) in subsection (e) (as redesignated in para-
11 graph (7))—

12 (A) in the subsection heading, by striking
13 “OTHER”; and

14 (B) by striking “From the balance remain-
15 ing of the portion specified in section 640(a)(6),
16 after making grants to the eligible entities spec-
17 ified in subsection (e),” and inserting “From
18 the portion specified in section 640(a)(6),”; and

19 (9) by striking subsection (h) and inserting the
20 following:

21 “(h) MONITORING, TRAINING, TECHNICAL ASSIST-
22 ANCE, AND EVALUATION.—In order to ensure the success-
23 ful operation of programs assisted under this section, the
24 Secretary shall use funds from the portion specified in sec-
25 tion 640(a)(6) to monitor the operation of such programs,

1 evaluate their effectiveness, and provide training and tech-
2 nical assistance tailored to the particular needs of such
3 programs.

4 “(i) TRAINING AND TECHNICAL ASSISTANCE AC-
5 COUNT.—

6 “(1) IN GENERAL.—Of the amount made avail-
7 able to carry out this section for any fiscal year, not
8 less than 5 percent and not more than 10 percent
9 shall be reserved to fund a training and technical as-
10 sistance account.

11 “(2) ACTIVITIES.—Funds in the account may
12 be used for purposes including—

13 “(A) making grants to, and entering into
14 contracts with, organizations with specialized
15 expertise relating to infants, toddlers, and fami-
16 lies and the capacity needed to provide direction
17 and support to a national training and technical
18 assistance system, in order to provide such di-
19 rection and support;

20 “(B) providing ongoing training and tech-
21 nical assistance for regional and program staff
22 charged with monitoring and overseeing the ad-
23 ministration of the program carried out under
24 this section;

1 “(C) providing ongoing training and tech-
2 nical assistance for existing recipients of grants
3 under subsection (a) and support and program
4 planning and implementation assistance for new
5 recipients of such grants; and

6 “(D) providing professional development
7 and personnel enhancement activities, including
8 the provision of funds to recipients of grants
9 under subsection (a) for the recruitment and re-
10 tention of qualified staff with an appropriate
11 level of education and experience.”.

12 **SEC. 115. TECHNICAL ASSISTANCE AND TRAINING.**

13 (a) FULL-WORKING-DAY, FULL CALENDAR YEAR
14 SERVICES.—Section 648(b) (42 U.S.C. 9843(b)) is
15 amended—

16 (1) in paragraph (1), by striking “; and” and
17 inserting a semicolon;

18 (2) in paragraph (2), by striking the period and
19 inserting “; and”; and

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

21 “(3) ensure the provision of technical assistance
22 to assist Head Start agencies, entities carrying out
23 other child care and early childhood programs, com-
24 munities, and States in collaborative efforts to pro-
25 vide quality full-working-day, full calendar year serv-

1 ices, including technical assistance related to identi-
2 fying and assisting in resolving barriers to collabora-
3 tion.”.

4 (b) ALLOCATING RESOURCES.—Section 648(c) (42
5 U.S.C. 9843(c)) is amended—

6 (1) in paragraph (4)—

7 (A) by striking “developing” and inserting
8 “developing and implementing”; and

9 (B) by striking “a longer day;” and insert-
10 ing the following: “the day, and assist the agen-
11 cies and programs in expediting the sharing of
12 information about innovative models for provid-
13 ing full-working-day, full calendar year services
14 for children;”;

15 (2) in paragraph (7), by striking “; and” and
16 inserting a semicolon;

17 (3) in paragraph (8), by striking the period and
18 inserting “; and”; and

19 (4) by adding at the end the following:

20 “(9) assist Head Start agencies in—

21 “(A) ensuring the school readiness of chil-
22 dren; and

23 “(B) meeting the education performance
24 standards described in this subchapter.”.

1 (c) SERVICES.—Section 648(e) (42 U.S.C. 9843(e))
2 is amended by inserting “(including services to promote
3 the acquisition of the English language)” after “non-
4 English language background children”.

5 **SEC. 116. STAFF QUALIFICATIONS AND DEVELOPMENT.**

6 Section 648A(a) (42 U.S.C. 9843a(a)) is amended—

7 (1) in paragraph (1)—

8 (A) by redesignating subparagraphs (B)
9 through (D) as clauses (ii) through (iv), respec-
10 tively;

11 (B) by striking “(A)” and inserting
12 “(B)(i)”;

13 (C) by inserting before subparagraph (B)
14 (as redesignated in subparagraph (B) of this
15 paragraph) the following:

16 “(A) demonstrated competency to perform
17 functions that include—

18 “(i) planning and implementing learn-
19 ing experiences that advance the intellec-
20 tual and physical development of children,
21 including improving the readiness of chil-
22 dren for school by developing their literacy
23 and phonemic, print, and numeracy aware-
24 ness, their understanding and use of oral
25 language, their understanding and use of

1 increasingly complex and varied vocabu-
2 lary, their appreciation of books, and their
3 problem solving abilities;

4 “(ii) establishing and maintaining a
5 safe, healthy learning environment;

6 “(iii) supporting the social and emo-
7 tional development of children; and

8 “(iv) encouraging the involvement of
9 the families of the children in a Head
10 Start program and supporting the develop-
11 ment of relationships between children and
12 their families; and”;

13 (2) by striking paragraph (2) and inserting the
14 following:

15 “(2) WAIVER.—On request, the Secretary shall
16 grant a 180-day waiver of the requirements of para-
17 graph (1)(B), for a Head Start agency that can
18 demonstrate that the agency has unsuccessfully at-
19 tempted to recruit an individual who has a creden-
20 tial, certificate, or degree described in paragraph
21 (1)(B), with respect to an individual who—

22 “(A) is enrolled in a program that grants
23 any such credential, certificate, or degree; and

24 “(B) will receive such credential, certifi-
25 cate, or degree under the terms of such pro-

1 gram not later than 180 days after beginning
2 employment as a teacher with such agency.”.

3 **SEC. 117. RESEARCH, DEMONSTRATION, AND EVALUATION.**

4 (a) COMPARATIVE STUDIES.—Section 649(d) (42
5 U.S.C. 9844(d)) is amended—

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

8 (2) in paragraph (7), by striking the period and
9 inserting “; and”; and

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

11 “(8) study the experiences of small, medium,
12 and large States with Head Start programs in order
13 to permit comparisons of children participating in
14 the programs with eligible children who did not par-
15 ticipate in the programs, which study—

16 “(A) may include the use of a data set
17 that existed prior to the initiation of the study;
18 and

19 “(B) shall compare the educational
20 achievement, social adaptation, and health sta-
21 tus of the participating children and the eligible
22 nonparticipating children.

23 The Secretary shall ensure that an appropriate entity car-
24 ries out a study described in paragraph (8), and prepares
25 and submits to the appropriate committees of Congress

1 a report containing the results of the study, not later than
2 September 30, 2002.”.

3 (b) NATIONAL RESEARCH.—Section 649 (42 U.S.C.
4 9844) is amended by inserting after subsection (e) the fol-
5 lowing:

6 “(f) NATIONAL HEAD START IMPACT RESEARCH.—

7 “(1) EXPERT PANEL.—

8 “(A) IN GENERAL.—The Secretary shall
9 appoint an independent panel consisting of ex-
10 perts in program evaluation and research, edu-
11 cation, and early childhood programs—

12 “(i) to review, and make recommenda-
13 tions on, the design and plan for the re-
14 search (whether conducted as a single as-
15 sessment or as a series of assessments),
16 described in paragraph (2), within 1 year
17 after the date of enactment of the Human
18 Services Reauthorization Act of 1998;

19 “(ii) to maintain and advise the Sec-
20 retary regarding the progress of the re-
21 search; and

22 “(iii) to comment, if the panel so de-
23 sires, on the interim and final research re-
24 ports submitted under paragraph (7).

1 “(B) TRAVEL EXPENSES.—The members
2 of the panel shall not receive compensation for
3 the performance of services for the panel, but
4 shall be allowed travel expenses, including per
5 diem in lieu of subsistence, at rates authorized
6 for employees of agencies under subchapter I of
7 chapter 57 of title 5, United States Code, while
8 away from their homes or regular places of
9 business in the performance of services for the
10 panel. Notwithstanding section 1342 of title 31,
11 United States Code, the Secretary may accept
12 the voluntary and uncompensated services of
13 members of the panel.

14 “(2) GENERAL AUTHORITY.—After reviewing
15 the recommendations of the expert panel the Sec-
16 retary shall enter into a grant, contract, or coopera-
17 tive agreement with an organization to conduct inde-
18 pendent research that provides a national analysis of
19 the impact of Head Start programs. The Secretary
20 shall ensure that the organization shall have exper-
21 tise in program evaluation, and research, education,
22 and early childhood programs.

23 “(3) DESIGNS AND TECHNIQUES.—The Sec-
24 retary shall ensure that the research uses rigorous
25 methodological designs and techniques (based on the

1 recommendations of the expert panel), including lon-
2 gitudinal designs, control groups, nationally recog-
3 nized standardized measures, and random selection
4 and assignment, as appropriate. The Secretary may
5 provide that the research shall be conducted as a
6 single comprehensive assessment or as a group of co-
7 ordinated assessments designed to provide, when
8 taken together, a national analysis of the impact of
9 Head Start programs.

10 “(4) PROGRAMS.—The Secretary shall ensure
11 that the research focuses primarily on Head Start
12 programs that operate in the 50 States, the Com-
13 monwealth of Puerto Rico, or the District of Colum-
14 bia and that do not specifically target special popu-
15 lations.

16 “(5) ANALYSIS.—The Secretary shall ensure
17 that the organization conducting the research—

18 “(A)(i) determines if, overall, the Head
19 Start programs have impacts consistent with
20 their primary goal of increasing the social com-
21 petence of children, by increasing the everyday
22 effectiveness of the children in dealing with
23 their present environments and future respon-
24 sibilities, and increasing their school readiness;

1 “(ii) considers whether the Head Start
2 programs—

3 “(I) enhance the growth and develop-
4 ment of children in cognitive, emotional,
5 and physical health areas;

6 “(II) strengthen families as the pri-
7 mary nurturers of their children; and

8 “(III) ensure that children attain
9 school readiness; and

10 “(iii) examines—

11 “(I) the impact of the Head Start
12 programs on increasing access of children
13 to such services as educational, health, and
14 nutritional services, and linking children
15 and families to needed community services;
16 and

17 “(II) how receipt of services described
18 in subclause (I) enriches the lives of chil-
19 dren and families participating in Head
20 Start programs;

21 “(B) examines the impact of Head Start
22 programs on participants on the date the par-
23 ticipants leave Head Start programs, at the end
24 of kindergarten, and at the end of first grade,
25 by examining a variety of factors, including

1 educational achievement, referrals for special
2 education or remedial course work, and absen-
3 teeism;

4 “(C) makes use of random selection from
5 the population of all Head Start programs de-
6 scribed in paragraph (4) in selecting programs
7 for inclusion in the research; and

8 “(D) includes comparisons of individuals
9 who participate in Head Start programs with
10 control groups (including comparison groups)
11 composed of—

12 “(i) individuals who participate in
13 other early childhood programs (such as
14 preschool programs and day care); and

15 “(ii) individuals who do not partici-
16 pate in any other early childhood program.

17 “(6) CONSIDERATION OF SOURCES OF VARI-
18 ATION.—In designing the research, the Secretary
19 shall, to the extent practicable, consider addressing
20 possible sources of variation in impact of Head Start
21 programs, including variations in impact related to
22 such factors as—

23 “(A) Head Start program operations;

24 “(B) Head Start program quality;

1 “(C) the length of time a child attends a
2 Head Start program;

3 “(D) the age of the child on entering the
4 Head Start program;

5 “(E) the type of organization (such as a
6 local educational agency or a community action
7 agency) providing services for the Head Start
8 program;

9 “(F) the number of hours and days of pro-
10 gram operation of the Head Start program
11 (such as whether the program is a full-working-
12 day, full calendar year program, a part-day pro-
13 gram, or a part-year program); and

14 “(G) other characteristics and features of
15 the Head Start program (such as geographic lo-
16 cation, location in an urban or a rural service
17 area, or participant characteristics), as appro-
18 priate.

19 “(7) REPORTS.—

20 “(A) SUBMISSION OF INTERIM REPORTS.—

21 The organization shall prepare and submit to
22 the Secretary 2 interim reports on the research.
23 The first interim report shall describe the de-
24 sign of the research, and the rationale for the
25 design, including a description of how potential

1 sources of variation in impact of Head Start
2 programs have been considered in designing the
3 research. The second interim report shall de-
4 scribe the status of the research and prelimi-
5 nary findings of the research, as appropriate.

6 “(B) SUBMISSION OF FINAL REPORT.—
7 The organization shall prepare and submit to
8 the Secretary a final report containing the find-
9 ings of the research.

10 “(C) TRANSMITTAL OF REPORTS TO CON-
11 GRESS.—

12 “(i) IN GENERAL.—The Secretary
13 shall transmit, to the committees described
14 in clause (ii), the first interim report by
15 September 30, 1999, the second interim
16 report by September 30, 2001, and the
17 final report by September 30, 2003.

18 “(ii) COMMITTEES.—The committees
19 referred to in clause (i) are the Committee
20 on Education and the Workforce of the
21 House of Representatives and the Commit-
22 tee on Labor and Human Resources of the
23 Senate.

24 “(8) DEFINITION.—In this subsection, the term
25 ‘impact’, used with respect to a Head Start pro-

1 gram, means a difference in an outcome for a partic-
2 ipant in the program that would not have occurred
3 without the participation in the program.

4 “(g) QUALITY IMPROVEMENT STUDY.

5 “(1) STUDY.—The Secretary shall conduct a
6 study regarding the use and effects of use of the
7 quality improvement funds made available under sec-
8 tion 640(a)(3) of the Head Start Act (42 U.S.C.
9 9835(a)(3)) since fiscal year 1991.

10 “(2) REPORT.—The Secretary shall prepare
11 and submit to Congress not later than September
12 2000 a report containing the results of the study, in-
13 cluding—

14 “(A) the types of activities funded with the
15 quality improvement funds;

16 “(B) the extent to which the use of the
17 quality improvement funds has accomplished
18 the goals of section 640(a)(3)(B);

19 “(C) the effect of use of the quality im-
20 provement funds on teacher training, salaries,
21 benefits, recruitment, and retention; and

22 “(D) the effect of use of the quality im-
23 provement funds on the cognitive and social de-
24 velopment of children receiving services under
25 the this subchapter.”.

1 (b) CONFORMING AMENDMENT.—Section 650(13)
2 (42 U.S.C. 9846(13)) is amended by striking “, dem-
3 onstration,”.

4 **TITLE II—COMMUNITY SERV-**
5 **ICES BLOCK GRANT PRO-**
6 **GRAM**

7 **SEC. 201. REAUTHORIZATION.**

8 The Community Services Block Grant Act (42 U.S.C.
9 9901 et seq.) is amended to read as follows:

10 **“Subtitle B—Community Services**
11 **Block Grant Program**

12 **“SEC. 671. SHORT TITLE.**

13 “This subtitle may be cited as the ‘Community Serv-
14 ices Block Grant Act’.

15 **“SEC. 672. PURPOSES AND GOALS.**

16 “The purposes of this subtitle are—

17 “(1) to provide financial assistance to States
18 and local communities, working through a network
19 of community action agencies and other neighbor-
20 hood-based organizations, for the reduction of pov-
21 erty, the revitalization of low-income communities,
22 and the empowerment of low-income families and in-
23 dividuals in rural and urban areas to become fully
24 self-sufficient (particularly families who are attempt-
25 ing to transition off a State program carried out

1 under part A of title IV of the Social Security Act
2 (42 U.S.C. 601 et seq.);

3 “(2) to accomplish the goal described in para-
4 graph (1) through—

5 “(A) the strengthening of community capa-
6 bilities for planning and coordinating the use of
7 a broad range of Federal, State, and other as-
8 sistance related to the elimination of poverty, so
9 that this assistance can be used in a manner re-
10 sponsive to local needs and conditions;

11 “(B) the organization of a range of serv-
12 ices related to the needs of low-income families
13 and individuals, so that these services may have
14 a measurable and potentially major impact on
15 the causes of poverty in the community and
16 may help the families and individuals to achieve
17 self-sufficiency;

18 “(C) the use of innovative and effective,
19 community-based approaches to attacking the
20 causes and effects of poverty and of community
21 breakdown;

22 “(D) the development and implementation
23 of all programs designated to serve low-income
24 communities and groups with the maximum
25 feasible participation of residents of the com-

1 munities and members of the groups served, so
2 as to best stimulate and take full advantage of
3 capabilities for self-advancement and assure
4 that the programs are otherwise meaningful to
5 the intended beneficiaries of the programs; and

6 “(E) the broadening of the resource base
7 of programs directed to the elimination of pov-
8 erty.

9 **“SEC. 673. DEFINITIONS.**

10 “In this subtitle:

11 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-
12 tity’ means an entity—

13 “(A) that is an eligible entity described in
14 section 673(1) (as in effect on the day before
15 the date of enactment of the Human Services
16 Reauthorization Act of 1998) as of such date of
17 enactment or is designated by the process de-
18 scribed in section 676A (including an organiza-
19 tion serving migrant or seasonal farmworkers
20 that is so described or designated); and

21 “(B) that has a tripartite board or other
22 mechanism described in subsection (a) or (b),
23 as appropriate, of section 676B.

24 “(2) POVERTY LINE.—The term ‘poverty line’
25 means the official poverty line defined by the Sec-

1 retary. The Secretary shall revise the poverty line
2 annually (or at any shorter interval the Secretary
3 determines to be feasible and desirable) which shall
4 be used as a criterion of eligibility in the community
5 services block grant program established under this
6 subtitle. The required revision shall be accomplished
7 by multiplying the official poverty line by the per-
8 centage change in the Consumer Price Index for All
9 Urban Consumers during the annual or other inter-
10 val immediately preceding the time at which the re-
11 vision is made. Whenever a State determines that it
12 serves the objectives of the block grant program es-
13 tablished under this subtitle, the State may revise
14 the poverty line to not to exceed 125 percent of the
15 official poverty line otherwise applicable under this
16 paragraph.

17 “(3) PRIVATE, NONPROFIT ORGANIZATION.—
18 The term ‘private, nonprofit organization’ includes a
19 faith-based organization, to which the provisions of
20 section 679 shall apply.

21 “(4) SECRETARY.—The term ‘Secretary’ means
22 the Secretary of Health and Human Services.

23 “(5) STATE.—The term ‘State’ means each of
24 the several States, the District of Columbia, the
25 Commonwealth of Puerto Rico, Guam, the United

1 States Virgin Islands, American Samoa, the Com-
2 monwealth of the Northern Mariana Islands, and
3 the combined Freely Associated States.

4 **“SEC. 674. AUTHORIZATION OF APPROPRIATIONS.**

5 “(a) IN GENERAL.—There are authorized to be ap-
6 propriated \$625,000,000 for fiscal year 1999 and such
7 sums as may be necessary for each of fiscal years 2000
8 through 2003 to carry out the provisions of this subtitle
9 (other than sections 681 and 682).

10 “(b) RESERVATIONS.—Of the amounts appropriated
11 under subsection (a) for each fiscal year, the Secretary
12 shall reserve—

13 “(1) $\frac{1}{2}$ of 1 percent for carrying out section
14 675A (relating to payments for territories);

15 “(2) not less than $\frac{1}{2}$ of 1 percent and not more
16 than 1 percent for activities authorized in section
17 678A (relating to training and technical assistance);
18 and

19 “(3) 9 percent for carrying out section 680 (re-
20 lating to discretionary activities).

21 **“SEC. 675. ESTABLISHMENT OF BLOCK GRANT PROGRAM.**

22 “The Secretary is authorized to establish a commu-
23 nity services block grant program and make grants
24 through the program to States to ameliorate the causes
25 of poverty in communities within the States.

1 **“SEC. 675A. DISTRIBUTION TO TERRITORIES.**

2 “(a) APPORTIONMENT.—The Secretary shall appor-
3 tion the amount reserved under section 674(b)(1) for each
4 fiscal year on the basis of need among Guam, American
5 Samoa, the United States Virgin Islands, the Common-
6 wealth of the Northern Mariana Islands, and the combined
7 Freely Associated States.

8 “(b) APPLICATION.—Each jurisdiction to which sub-
9 section (a) applies may receive a grant under this subtitle
10 for the amount apportioned under subsection (a) on sub-
11 mitting to the Secretary, and obtaining approval of, an
12 application containing provisions that describe the pro-
13 grams for which assistance is sought under this subtitle,
14 and that are consistent with the requirements of section
15 676.

16 **“SEC. 675B. ALLOTMENTS AND PAYMENTS TO STATES.**

17 “(a) ALLOTMENTS IN GENERAL.—The Secretary
18 shall, from the amount appropriated under section 674(a)
19 for each fiscal year that remains after the Secretary makes
20 the reservations required in section 674(b), allot to each
21 State an amount that bears the same ratio to such remain-
22 ing amount as the amount received by the State for fiscal
23 year 1981 under section 221 of the Economic Opportunity
24 Act of 1964 bore to the total amount received by all States
25 for fiscal year 1981 under such section, except that no

1 State shall receive less than $\frac{1}{4}$ of 1 percent of the amount
2 appropriated under section 674(a) for such fiscal year.

3 “(b) ALLOTMENTS IN YEARS WITH GREATER AVAIL-
4 ABLE FUNDS.—

5 “(1) MINIMUM ALLOTMENTS.—Subject to para-
6 graphs (2) and (3), if the amount appropriated
7 under section 674(a) for each fiscal year that re-
8 mains after the Secretary makes the reservations re-
9 quired in section 674(b) exceeds \$345,000,000, the
10 Secretary shall allot to each State not less than $\frac{1}{2}$
11 of 1 percent of the amount appropriated under sec-
12 tion 674(a) for such fiscal year.

13 “(2) MAINTENANCE OF 1990 LEVELS.—Para-
14 graph (1) shall not apply with respect to a fiscal
15 year if the amount allotted under subsection (a) to
16 any State for that year is less than the amount al-
17 lotted under section 674(a)(1) to such State for fis-
18 cal year 1990.

19 “(3) MAXIMUM ALLOTMENTS.—The amount al-
20 lotted under paragraph (1) to a State shall be re-
21 duced, if necessary, so that the aggregate amount al-
22 lotted to such State under such paragraph and sub-
23 section (a) does not exceed 140 percent of the aggre-
24 gate amount allotted to such State under the cor-
25 responding provisions of this subtitle for the fiscal

1 year preceding the fiscal year for which a determina-
2 tion is made under this subsection.

3 “(c) PAYMENTS.—The Secretary shall make grants
4 to eligible States for the allotments described in sub-
5 sections (a) and (b). The Secretary shall make payments
6 for the grants in accordance with section 6503(a) of title
7 31, United States Code.

8 “(d) DEFINITION.—For purposes of this section, the
9 term ‘State’ does not include Guam, American Samoa, the
10 United States Virgin Islands, the Commonwealth of the
11 Northern Mariana Islands, and the Freely Associated
12 States.

13 **“SEC. 675C. USES OF FUNDS.**

14 “(a) GRANTS TO ELIGIBLE ENTITIES AND OTHER
15 ORGANIZATIONS.—

16 “(1) IN GENERAL.—Not less than 90 percent of
17 the funds allotted to a State under section 675B
18 shall be used by the State to make grants for the
19 purposes described in section 672 to eligible entities.

20 “(2) OBLIGATIONAL AUTHORITY.—Funds dis-
21 tributed to eligible entities through grants made in
22 accordance with paragraph (1) for a fiscal year shall
23 be available for obligation during that fiscal year
24 and the succeeding fiscal year, in accordance with
25 paragraph (3).

1 “(3) RECAPTURE AND REDISTRIBUTION OF UN-
2 OBLIGATED FUNDS.—

3 “(A) AMOUNT.—Beginning on October 1,
4 2000, a State may recapture and redistribute
5 funds distributed to an eligible entity through a
6 grant made under paragraph (1) that are unob-
7 ligated at the end of a fiscal year if such unobli-
8 gated funds exceed 20 percent of the amount so
9 distributed to such eligible entity for such fiscal
10 year.

11 “(B) REDISTRIBUTION.—In redistributing
12 funds recaptured in accordance with this para-
13 graph, States shall redistribute such funds to
14 an eligible entity, or require the original recipi-
15 ent of the funds to redistribute the funds to a
16 private, nonprofit organization, located within
17 the community served by the original recipient
18 of the funds, for activities consistent with the
19 purposes of this subtitle.

20 “(b) OTHER ACTIVITIES.—

21 “(1) USE OF REMAINDER.—If a State uses less
22 than 100 percent of the State allotment to make
23 grants under subsection (a), the State shall use the
24 remainder of the allotment (subject to paragraph
25 (2)) for—

1 “(A) providing training and technical as-
2 sistance to those entities in need of such train-
3 ing and assistance;

4 “(B) coordinating State-operated programs
5 and services targeted to low-income children
6 and families with services provided by eligible
7 entities and other organizations funded under
8 this subtitle, including detailing appropriate
9 employees of State or local agencies to entities
10 funded under this subtitle, to ensure increased
11 access to services provided by such State or
12 local agencies;

13 “(C) supporting statewide coordination and
14 communication among eligible entities;

15 “(D) analyzing the distribution of funds
16 made available under this subtitle within the
17 State to determine if such funds have been tar-
18 geted to the areas of greatest need;

19 “(E) supporting asset-building programs
20 for low-income individuals, such as programs
21 supporting individual development accounts;

22 “(F) supporting innovative programs and
23 activities conducted by community action agen-
24 cies or other neighborhood-based organizations

1 to eliminate poverty, promote self-sufficiency,
2 and promote community revitalization; and

3 “(G) supporting other activities, consistent
4 with the purposes of this subtitle.

5 “(2) ADMINISTRATIVE CAP.—No State may
6 spend more than the greater of \$55,000, or 5 per-
7 cent, of the portion of the State allotment that re-
8 mains after the State makes grants to eligible enti-
9 ties under subsection (a), for administrative ex-
10 penses, including monitoring activities. The cost of
11 activities conducted under paragraph (1)(A) shall
12 not be considered to be administrative expenses.

13 **“SEC. 676. APPLICATION AND PLAN.**

14 “(a) DESIGNATION OF LEAD AGENCY.—

15 “(1) DESIGNATION.—The chief executive officer
16 of a State desiring to receive an allotment under this
17 subtitle shall designate, in an application submitted
18 to the Secretary under subsection (b), an appro-
19 priate State agency that complies with the require-
20 ments of paragraph (2) to act as a lead agency for
21 purposes of carrying out State activities under this
22 subtitle.

23 “(2) DUTIES.—The lead agency shall—

24 “(A) develop the State plan to be submit-
25 ted to the Secretary under subsection (b);

1 “(B) in conjunction with the development
2 of the State plan as required under subsection
3 (b), hold at least 1 hearing in the State with
4 sufficient time and statewide distribution of no-
5 tice of such hearing, to provide to the public an
6 opportunity to comment on the proposed use
7 and distribution of funds to be provided
8 through the allotment for the period covered by
9 the State plan; and

10 “(C) conduct reviews of eligible entities
11 under section 678B.

12 “(3) LEGISLATIVE HEARING.—The State shall
13 hold at least 1 legislative hearing every 3 years in
14 conjunction with the development of the State plan.

15 “(b) STATE APPLICATION AND PLAN.—Beginning
16 with fiscal year 2000, to be eligible to receive an allotment
17 under this subtitle, a State shall prepare and submit to
18 the Secretary an application and State plan covering a pe-
19 riod of not less than 1 fiscal year and not more than 2
20 fiscal years. The plan shall be submitted not later than
21 30 days prior to the beginning of the first fiscal year cov-
22 ered by the plan, and shall contain such information as
23 the Secretary shall require, including—

24 “(1) an assurance that funds made available
25 through the allotment will be used to support activi-

1 ties that are designed to assist low-income families
2 and individuals, including homeless families and in-
3 dividuals, migrant or seasonal farmworkers, and el-
4 derly low-income individuals and families, and a de-
5 scription of how such activities will enable the fami-
6 lies and individuals—

7 “(A) to remove obstacles and solve prob-
8 lems that block the achievement of self-suffi-
9 ciency;

10 “(B) to secure and retain meaningful em-
11 ployment;

12 “(C) to attain an adequate education;

13 “(D) to make better use of available in-
14 come;

15 “(E) to obtain and maintain adequate
16 housing and a suitable living environment;

17 “(F) to obtain emergency assistance
18 through loans, grants, or other means to meet
19 immediate and urgent individual and family
20 needs;

21 “(G) to achieve greater participation in the
22 affairs of the community; and

23 “(H) to make more effective use of other
24 programs related to the purposes of this sub-
25 title (including State welfare reform efforts);

1 “(2) a description of how the State intends to
2 use discretionary funds made available from the re-
3 mainder of the allotment described in section
4 675C(b) in accordance with this subtitle, including a
5 description of how the State will support innovative
6 community and neighborhood-based initiatives relat-
7 ed to the purposes of this subtitle;

8 “(3) based on information provided by eligible
9 entities in the State, a description of—

10 “(A) the service delivery system, for serv-
11 ices provided or coordinated with funds made
12 available through the allotment, targeted to
13 low-income individuals and families in commu-
14 nities within the State;

15 “(B) a description of how linkages will be
16 developed to fill identified gaps in the services,
17 through the provision of information, referrals,
18 case management, and followup consultations;

19 “(C) a description of how funds made
20 available through the allotment will be coordi-
21 nated with other public and private resources;
22 and

23 “(D) a description of how the funds will be
24 used to support innovative community and

1 neighborhood-based initiatives related to the
2 purposes of this subtitle;

3 “(4) an assurance that the State will provide,
4 on an emergency basis, for the provision of such
5 supplies and services, nutritious foods, and related
6 services, as may be necessary to counteract condi-
7 tions of starvation and malnutrition among low-in-
8 come individuals;

9 “(5) an assurance that the State will coordi-
10 nate, and establish linkages between, governmental
11 and other social services programs to assure the ef-
12 fective delivery of such services to low-income indi-
13 viduals;

14 “(6) an assurance that the State will ensure co-
15 ordination between antipoverty programs in each
16 community, and ensure, where appropriate, that
17 emergency energy crisis intervention programs under
18 title XXVI (relating to low-income home energy as-
19 sistance) are conducted in such community;

20 “(7) an assurance that the State will permit
21 and cooperate with Federal investigations under-
22 taken in accordance with section 678D;

23 “(8) an assurance that any eligible entity that
24 received funding in the previous fiscal year under
25 this subtitle will not have its funding terminated

1 under this subtitle, or reduced below the propor-
2 tional share of funding the entity received in the
3 previous fiscal year unless, after providing notice
4 and an opportunity for a hearing on the record, the
5 State determines that cause exists for such termi-
6 nation or such reduction, subject to review by the
7 Secretary as provided in section 678C(b);

8 “(9) an assurance that the State will, to the
9 maximum extent possible, coordinate programs with
10 and form partnerships with other organizations serv-
11 ing low-income residents of the communities and
12 members of the groups served by the State, includ-
13 ing faith-based organizations, charitable groups, and
14 community organizations;

15 “(10) an assurance that the State will require
16 each eligible entity to establish procedures under
17 which a low-income individual, community organiza-
18 tion, or faith-based organization, or representative of
19 low-income individuals that considers its organiza-
20 tion, or low-income individuals, to be inadequately
21 represented on the board (or other mechanism) of
22 the eligible entity to petition for adequate represen-
23 tation;

24 “(11) an assurance that the State will secure
25 from each eligible entity, as a condition to receipt of

1 funding by the entity under this subtitle for a pro-
2 gram, a community action plan (which shall be sub-
3 mitted to the Secretary, at the request of the Sec-
4 retary, with the State plan) that includes a commu-
5 nity-needs assessment for the community served,
6 which may be coordinated with community-needs as-
7 sessments conducted for other programs;

8 “(12) an assurance that the State and all eligi-
9 ble entities in the State will, not later than fiscal
10 year 2002, participate in the Results Oriented Man-
11 agement and Accountability System, any other per-
12 formance measure system established by the Sec-
13 retary under section 678E(b), or an alternative sys-
14 tem for measuring performance and results that
15 meets the requirements of that section, and a de-
16 scription of outcome measures to be used to measure
17 eligible entity performance in promoting self-suffi-
18 ciency, family stability, and community revitaliza-
19 tion; and

20 “(13) information describing how the State will
21 carry out the assurances described in this sub-
22 section.

23 “(c) DETERMINATIONS.—For purposes of making a
24 determination in accordance with subsection (b)(8) with
25 respect to—

1 “(1) a funding reduction, the term ‘cause’ in-
2 cludes—

3 “(A) a statewide redistribution of funds
4 provided under this subtitle to respond to—

5 “(i) the results of the most recently
6 available census or other appropriate data;

7 “(ii) the designation of a new eligible
8 entity; or

9 “(iii) severe economic dislocation; or

10 “(B) the failure of an eligible entity to
11 comply with the terms of an agreement to pro-
12 vide services under this subtitle; and

13 “(2) a termination, the term ‘cause’ includes
14 the material failure of an eligible entity to comply
15 with the terms of such an agreement and the State
16 plan to provide services under this subtitle or the
17 consistent failure of the entity to achieve perform-
18 ance measures as determined by the State.

19 “(d) PROCEDURES AND INFORMATION.—The Sec-
20 retary may prescribe procedures only for the purpose of
21 assessing the effectiveness of eligible entities in carrying
22 out the purposes of this subtitle.

23 “(e) REVISIONS AND INSPECTION.—

24 “(1) REVISIONS.—The chief executive officer of
25 each State may revise any plan prepared under this

1 section and shall submit the revised plan to the Sec-
2 retary.

3 “(2) PUBLIC INSPECTION.—Each plan or re-
4 vised plan prepared under this section shall be made
5 available for public inspection within the State in
6 such a manner as will facilitate review of, and com-
7 ment on, the plan.

8 **“SEC. 676A. DESIGNATION AND REDESIGNATION OF ELIGI-
9 BLE ENTITIES IN UNSERVED AREAS.**

10 “(a) QUALIFIED ORGANIZATION IN OR NEAR
11 AREA.—

12 “(1) IN GENERAL.—If any geographic area of a
13 State is not, or ceases to be, served by an eligible
14 entity under this subtitle, and if the chief executive
15 officer of the State decides to serve such area, the
16 chief executive officer may solicit applications from,
17 and designate as an eligible entity, 1 or more—

18 “(A) private nonprofit organizations geo-
19 graphically located in the unserved area that
20 meet the requirements of this subtitle; or

21 “(B) private nonprofit organizations
22 (which may include eligible entities) located in
23 an area contiguous to or within reasonable
24 proximity of the unserved area that are already
25 providing related services in the unserved area.

1 “(2) REQUIREMENT.—In order to serve as the
2 eligible entity for the area, an entity described in
3 paragraph (1)(B) shall agree to add additional mem-
4 bers to the board of the entity to ensure adequate
5 representation—

6 “(A) in each of the 3 required categories
7 described in subparagraphs (A), (B), and (C) of
8 section 676B(a)(2), by members that reside in
9 the community comprised by the unserved area;
10 and

11 “(B) in the category described in section
12 676B(a)(2), by members that reside in the
13 neighborhood served.

14 “(b) SPECIAL CONSIDERATION.—In designating an
15 eligible entity under subsection (a), the chief executive of-
16 ficer shall grant the designation to an organization of
17 demonstrated effectiveness in meeting the goals and pur-
18 poses of this subtitle and may give priority, in granting
19 the designation, to local entities that are providing services
20 in the unserved area, consistent with the needs identified
21 by a community-needs assessment.

22 “(c) NO QUALIFIED ORGANIZATION IN OR NEAR
23 AREA.—If no private, nonprofit organization is identified
24 or determined to be qualified under subsection (a) to serve
25 the unserved area as an eligible entity the chief executive

1 officer may designate an appropriate political subdivision
2 of the State to serve as an eligible entity for the area.
3 In order to serve as the eligible entity for that area, the
4 political subdivision shall have a board or other mecha-
5 nism as required in section 676B(b).

6 **“SEC. 676B. TRIPARTITE BOARDS.**

7 “(a) PRIVATE NONPROFIT ENTITIES.—

8 “(1) BOARD.—In order for a private, nonprofit
9 entity to be considered to be an eligible entity for
10 purposes of section 673(1), the entity shall admin-
11 ister the community services block grant program
12 through a tripartite board described in paragraph
13 (2) that fully participates in the development and
14 implementation of the program to serve low-income
15 communities or groups.

16 “(2) SELECTION AND COMPOSITION OF
17 BOARD.—The members of the board referred to in
18 paragraph (1) shall be selected by the entity and the
19 board shall be composed so as to assure that—

20 “(A) $\frac{1}{3}$ of the members of the board are
21 elected public officials, holding office on the
22 date of selection, or their representatives, ex-
23 cept that if the number of elected officials rea-
24 sonably available and willing to serve on the
25 board is less than $\frac{1}{3}$ of the membership of the

1 board, membership on the board of appointive
2 public officials or their representatives may be
3 counted in meeting such $\frac{1}{3}$ requirement;

4 “(B) not fewer than $\frac{1}{3}$ of the members are
5 persons chosen in accordance with democratic
6 selection procedures adequate to assure that
7 these members are representative of low-income
8 individuals and families in the neighborhood
9 served;

10 “(C) the remainder of the members are of-
11 ficials or members of business, industry, labor,
12 religious, law enforcement, education, or other
13 major groups and interests in the community
14 served; and

15 “(D)(i) each member resides in the com-
16 munity; and

17 “(ii) each representative of low-income in-
18 dividuals and families selected to represent a
19 specific neighborhood within a community
20 under this paragraph resides in the neighbor-
21 hood represented by the member.

22 “(b) PUBLIC ORGANIZATIONS.—In order for a public
23 organization to be considered to be an eligible entity for
24 purposes of section 673(1), the entity shall administer the
25 community services block grant program through—

1 “(1) a tripartite board, which shall have mem-
2 bers selected by the organization and shall be com-
3 posed so as to assure that not fewer than $\frac{1}{3}$ of the
4 members are persons chosen in accordance with
5 democratic selection procedures adequate to assure
6 that these members—

7 “(A) are representative of low-income indi-
8 viduals and families in the neighborhood served;

9 “(B) reside in the neighborhood served;
10 and

11 “(C) are able to participate actively in the
12 planning and implementation of programs fund-
13 ed under this subtitle; or

14 “(2) another mechanism specified by the State
15 to assure decisionmaking and participation by low-
16 income individuals in the planning, administration,
17 and evaluation of programs funded under this sub-
18 title.

19 **“SEC. 677. PAYMENTS TO INDIAN TRIBES.**

20 “(a) RESERVATION.—If, with respect to any State,
21 the Secretary—

22 “(1) receives a request from the governing body
23 of an Indian tribe or tribal organization within the
24 State that assistance under this subtitle be made di-
25 rectly to such tribe or organization; and

1 “(2) determines that the members of such tribe
2 or tribal organization would be better served by
3 means of grants made directly to provide benefits
4 under this subtitle,

5 the Secretary shall reserve from amounts that would oth-
6 erwise be allotted to such State under section 675B for
7 the fiscal year the amount determined under subsection
8 (b).

9 “(b) DETERMINATION OF RESERVED AMOUNT.—The
10 Secretary shall reserve for the purpose of subsection (a)
11 from amounts that would otherwise be allotted to such
12 State, not less than 100 percent of an amount that bears
13 the same ratio to the State allotment for the fiscal year
14 involved as the population of all eligible Indians for whom
15 a determination has been made under subsection (a) bears
16 to the population of all individuals eligible for assistance
17 under this subtitle in such State.

18 “(c) AWARDS.—The sums reserved by the Secretary
19 on the basis of a determination made under subsection (a)
20 shall be made available by grant to the Indian tribe or
21 tribal organization serving the individuals for whom such
22 a determination has been made.

23 “(d) PLAN.—In order for an Indian tribe or tribal
24 organization to be eligible for a grant award for a fiscal
25 year under this section, the tribe or organization shall sub-

1 mit to the Secretary a plan for such fiscal year that meets
2 such criteria as the Secretary may prescribe by regulation.

3 “(e) DEFINITIONS.—In this section:

4 “(1) INDIAN TRIBE; TRIBAL ORGANIZATION.—

5 The terms ‘Indian tribe’ and ‘tribal organization’
6 mean a tribe, band, or other organized group recog-
7 nized in the State in which the tribe, band, or group
8 resides, or considered by the Secretary of the Inte-
9 rior, to be an Indian tribe or an Indian organization
10 for any purpose.

11 “(2) INDIAN.—The term ‘Indian’ means a
12 member of an Indian tribe or of a tribal organiza-
13 tion.

14 **“SEC. 678. OFFICE OF COMMUNITY SERVICES.**

15 “(a) OFFICE.—The Secretary shall carry out the
16 functions of this subtitle through an Office of Community
17 Services, which shall be established in the Department of
18 Health and Human Services. The Office shall be headed
19 by a Director.

20 “(b) GRANTS, CONTRACTS, COOPERATIVE AGREE-
21 MENTS.—The Secretary shall carry out functions of this
22 subtitle through grants, contracts, or cooperative agree-
23 ments.

1 **“SEC. 678A. TRAINING AND TECHNICAL ASSISTANCE.**

2 “(a) ACTIVITIES.—The Secretary shall use the
3 amounts reserved in section 674(b)(2) for training, tech-
4 nical assistance, planning, evaluation, and data collection
5 activities related to programs carried out under this sub-
6 title.

7 “(b) PROCESS.—The process for determining the
8 training and technical assistance to be carried out under
9 this section shall—

10 “(1) ensure that the needs of eligible entities
11 and programs relating to improving program quality,
12 including financial management practices, are ad-
13 dressed to the maximum extent feasible; and

14 “(2) incorporate mechanisms to ensure respon-
15 siveness to local needs, including an ongoing proce-
16 dure for obtaining input from the national and State
17 network of eligible entities.

18 **“SEC. 678B. MONITORING OF ELIGIBLE ENTITIES.**

19 “(a) IN GENERAL.—In order to determine whether
20 eligible entities meet the performance goals, administra-
21 tive standards, financial management requirements, and
22 other requirements of a State, the State shall conduct the
23 following reviews of eligible entities:

24 “(1) A full onsite review of each such entity at
25 least once during each 3-year period.

1 “(2) require the entity to correct the deficiency;

2 “(3)(A) offer training and technical assistance,
3 if appropriate, to help correct the deficiency, and
4 prepare and submit to the Secretary a report de-
5 scribing the training and technical assistance of-
6 fered; or

7 “(B) if the State determines that such training
8 and technical assistance are not appropriate, prepare
9 and submit to the Secretary a report stating the rea-
10 sons for the determination;

11 “(4)(A) at the discretion of the State (taking
12 into account the seriousness of the deficiency and
13 the time reasonably required to correct the defi-
14 ciency), allow the entity to develop and implement,
15 within 60 days after being informed of the defi-
16 ciency, a quality improvement plan to correct such
17 deficiency within a reasonable period of time, as de-
18 termined by the State; and

19 “(B) not later than 30 days after receiving
20 from an eligible entity a proposed quality improve-
21 ment plan pursuant to subparagraph (A), either ap-
22 prove such proposed plan or specify the reasons why
23 the proposed plan cannot be approved; and

24 “(5) after providing adequate notice and an op-
25 portunity for a hearing, initiate proceedings to ter-

1 minate the designation of or reduce the funding
2 under this subtitle of the eligible entity unless the
3 entity corrects the deficiency.

4 “(b) REVIEW.—A determination to terminate the
5 designation or reduce the funding of an eligible entity is
6 reviewable by the Secretary. The Secretary shall, upon re-
7 quest, review such a determination. The review shall be
8 completed not later than 60 days after the determination
9 to terminate the designation or reduce the funding. If the
10 review is not completed within 60 days, the determination
11 of the State shall become final at the end of the 60th day.

12 **“SEC. 678D. FISCAL CONTROLS, AUDITS, AND WITHHOLD-**
13 **ING.**

14 “(a) FISCAL CONTROLS, PROCEDURES, AUDITS, AND
15 INSPECTIONS.—

16 “(1) IN GENERAL.—A State that receives funds
17 under this subtitle shall—

18 “(A) establish fiscal control and fund ac-
19 counting procedures necessary to assure the
20 proper disbursement of and accounting for Federal
21 funds paid to the State under this subtitle, in-
22 cluding procedures for monitoring the funds
23 provided under this subtitle;

24 “(B) ensure that cost and accounting
25 standards of the Office of Management and

1 Budget apply to a recipient of funds under this
2 subtitle;

3 “(C) prepare, at least every year (or in the
4 case of a State with a 2-year State plan, every
5 2 years) in accordance with paragraph (2) an
6 audit of the expenditures of the State of
7 amounts received under this subtitle and
8 amounts transferred to carry out the purposes
9 of this subtitle; and

10 “(D) make appropriate books, documents,
11 papers, and records available to the Secretary
12 and the Comptroller General of the United
13 States, or any of their duly authorized rep-
14 resentatives, for examination, copying, or me-
15 chanical reproduction on or off the premises of
16 the appropriate entity upon a reasonable re-
17 quest for the items.

18 “(2) AUDITS.—Each audit required by sub-
19 section (a)(1)(C) shall be conducted by an entity
20 independent of any agency administering activities
21 or services carried out under this subtitle and shall
22 be conducted in accordance with generally accepted
23 accounting principles. Within 30 days after the com-
24 pletion of each such audit in a State, the chief exec-
25 utive officer of the State shall submit a copy of such

1 audit to any eligible entity that was the subject of
2 the audit at no charge, to the legislature of the
3 State, and to the Secretary.

4 “(3) REPAYMENTS.—The State shall repay to
5 the United States amounts found not to have been
6 expended in accordance with this subtitle or the Sec-
7 retary may offset such amounts against any other
8 amount to which the State is or may become entitled
9 under this subtitle.

10 “(b) WITHHOLDING.—

11 “(1) IN GENERAL.—The Secretary shall, after
12 providing adequate notice and an opportunity for a
13 hearing conducted within the affected State, with-
14 hold funds from any State that does not utilize the
15 State allotment substantially in accordance with the
16 provisions of this subtitle, including the assurances
17 such State provided under section 676.

18 “(2) RESPONSE TO COMPLAINTS.—The Sec-
19 retary shall respond in an expeditious and speedy
20 manner to complaints of a substantial or serious na-
21 ture that a State has failed to use funds in accord-
22 ance with the provisions of this subtitle, including
23 the assurances provided by the State under section
24 676. For purposes of this paragraph, a complaint of
25 a failure to meet any 1 of the assurances provided

1 under section 676 that constitutes disregarding that
2 assurance shall be considered to be a complaint of
3 a serious nature.

4 “(3) INVESTIGATIONS.—Whenever the Sec-
5 retary determines that there is a pattern of com-
6 plaints of failures described in paragraph (2) from
7 any State in any fiscal year, the Secretary shall con-
8 duct an investigation of the use of funds received
9 under this subtitle by such State in order to ensure
10 compliance with the provisions of this subtitle.

11 **“SEC. 678E. ACCOUNTABILITY AND REPORTING REQUIRE-**
12 **MENTS.**

13 “(a) STATE ACCOUNTABILITY AND REPORTING RE-
14 QUIREMENTS.—

15 “(1) PERFORMANCE MEASUREMENT.—

16 “(A) IN GENERAL.—By October 1, 2001,
17 each State that receives funds under this sub-
18 title shall participate, and shall ensure that all
19 eligible entities in the State participate, in a
20 performance measurement system, which may
21 be a performance measurement system estab-
22 lished by the Secretary pursuant to subsection
23 (b), or an alternative system that meets the re-
24 quirements of subsection (b).

1 “(B) LOCAL AGENCIES.—The State may
2 elect to have local agencies who are subcontractors of the eligible entities under this subtitle
3 participate in the performance measurement
4 system. If the State makes that election, references in this section to eligible entities shall
5 be considered to include the local agencies.
6

7 “(2) ANNUAL REPORT.—Each State shall annually prepare and submit to the Secretary a report on
8 the measured performance of the State and the eligible entities in the State. Each State shall also include in the report an accounting of the expenditure
9 of funds received by the State through the community services block grant program, including an accounting of funds spent on administrative costs by
10 the State and the eligible entities, and funds spent by eligible entities on the direct delivery of local
11 services, and shall include information on the number of and characteristics of clients served under this
12 subtitle in the State, based on data collected from the eligible entities. The State shall also include in
13 the report a summary describing the training and technical assistance offered by the State under section 678C(a)(3) during the year covered by the report.
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1 “(b) SECRETARY’S ACCOUNTABILITY AND REPORT-
2 ING REQUIREMENTS.—

3 “(1) PERFORMANCE MEASUREMENT.—The Sec-
4 retary, in collaboration with the States and with eli-
5 gible entities throughout the Nation, shall establish
6 1 or more model performance measurement systems,
7 which may be used by the States and by eligible en-
8 tities to measure their performance in carrying out
9 the requirements of this subtitle and in achieving the
10 goals of community action plans. The Secretary shall
11 provide technical assistance, including support for
12 the enhancement of electronic data systems, to
13 States and to eligible entities to enhance their capa-
14 bility to collect and report data for such a system
15 and to aid in their participation in such a system.

16 “(2) REPORTING REQUIREMENTS.—At the end
17 of each fiscal year beginning after September 30,
18 1999, the Secretary shall, directly or by grant or
19 contract, prepare a report containing—

20 “(A) a summary of the planned use of
21 funds by each State, and the eligible entities in
22 the State, under the community services block
23 grant program, as contained in each State plan
24 submitted pursuant to section 676;

1 “(B) a description of how funds were actu-
2 ally spent by the State and eligible entities in
3 the State, including a breakdown of funds spent
4 on administrative costs and on the direct deliv-
5 ery of local services by eligible entities;

6 “(C) information on the number of entities
7 eligible for funds under this subtitle, the num-
8 ber of low-income persons served under this
9 subtitle, and such demographic data on the low-
10 income populations served by eligible entities as
11 is determined by the Secretary to be feasible;

12 “(D) a comparison of the planned uses of
13 funds for each State and the actual uses of the
14 funds;

15 “(E) a summary of each State’s perform-
16 ance results, and the results for the eligible en-
17 tities, as collected and submitted by the States
18 in accordance with subsection (a)(2); and

19 “(F) any additional information that the
20 Secretary considers to be appropriate to carry
21 out this subtitle, if the Secretary informs the
22 States of the need for such additional informa-
23 tion and allows a reasonable period of time for
24 the States to collect and provide the informa-
25 tion.

1 “(3) SUBMISSION.—The Secretary shall submit
2 to the Committee on Education and the Workforce
3 of the House of Representatives and the Committee
4 on Labor and Human Resources of the Senate the
5 report described in paragraph (2), and any com-
6 ments the Secretary may have with respect to such
7 report. The report shall include definitions of direct,
8 indirect, and administrative costs used by the De-
9 partment of Health and Human Services for pro-
10 grams funded under this subtitle.

11 “(4) COSTS.—Of the funds reserved under sec-
12 tion 674(b)(3), not more than \$350,000 shall be
13 available to carry out the reporting requirements
14 contained in paragraph (2) and the provision of
15 technical assistance described in paragraph (1).

16 **“SEC. 678F. LIMITATIONS ON USE OF FUNDS.**

17 “(a) CONSTRUCTION OF FACILITIES.—

18 “(1) LIMITATIONS.—Except as provided in
19 paragraph (2), grants made under this subtitle
20 (other than amounts reserved under section
21 674(b)(3)) may not be used by the State, or by any
22 other person with which the State makes arrange-
23 ments to carry out the purposes of this subtitle, for
24 the purchase or improvement of land, or the pur-
25 chase, construction, or permanent improvement

1 (other than low-cost residential weatherization or
2 other energy-related home repairs) of any building
3 or other facility.

4 “(2) WAIVER.—The Secretary may waive the
5 limitation contained in paragraph (1) upon a State
6 request for such a waiver, if the Secretary finds that
7 the request describes extraordinary circumstances to
8 justify the purchase of land or the construction of
9 facilities (or the making of permanent improve-
10 ments) and that permitting the waiver will contrib-
11 ute to the ability of the State to carry out the pur-
12 poses of this subtitle.

13 “(b) POLITICAL ACTIVITIES.—

14 “(1) TREATMENT AS A STATE OR LOCAL AGEN-
15 CY.—For purposes of chapter 15 of title 5, United
16 States Code, any entity that assumes responsibility
17 for planning, developing, and coordinating activities
18 under this subtitle and receives assistance under this
19 subtitle shall be deemed to be a State or local agen-
20 cy. For purposes of paragraphs (1) and (2) of sec-
21 tion 1502(a) of such title, any entity receiving as-
22 sistance under this subtitle shall be deemed to be a
23 State or local agency.

24 “(2) PROHIBITIONS.—Programs assisted under
25 this subtitle shall not be carried on in a manner in-

1 volving the use of program funds, the provision of
2 services, or the employment or assignment of per-
3 sonnel, in a manner supporting or resulting in the
4 identification of such programs with—

5 “(A) any partisan or nonpartisan political
6 activity or any political activity associated with
7 a candidate, or contending faction or group, in
8 an election for public or party office;

9 “(B) any activity to provide voters or pro-
10 spective voters with transportation to the polls
11 or similar assistance in connection with any
12 such election; or

13 “(C) any voter registration activity.

14 “(3) RULES AND REGULATIONS.—The Sec-
15 retary, after consultation and regulations with the
16 Office of Personnel Management, shall issue rules
17 and regulations to provide for the enforcement of
18 this subsection, which shall include provisions for
19 summary suspension of assistance or other action
20 necessary to permit enforcement on an emergency
21 basis.

22 “(c) NONDISCRIMINATION.—

23 “(1) IN GENERAL.—No person shall, on the
24 basis of race, color, religion, national origin, or sex
25 be excluded from participation in, be denied the ben-

1 efits of, or be subjected to discrimination under, any
2 program or activity funded in whole or in part with
3 funds made available under this subtitle. Any prohi-
4 bition against discrimination on the basis of age
5 under the Age Discrimination Act of 1975 (42
6 U.S.C. 6101 et seq.) or with respect to an otherwise
7 qualified individual with a disability as provided in
8 section 504 of the Rehabilitation Act of 1973 (29
9 U.S.C. 794) or title II of the Americans with Dis-
10 abilities Act of 1990 (42 U.S.C. 12131 et seq.) shall
11 also apply to any such program or activity.

12 “(2) ACTION OF SECRETARY.—Whenever the
13 Secretary determines that a State that has received
14 a payment under this subtitle has failed to comply
15 with paragraph (1) or an applicable regulation, the
16 Secretary shall notify the chief executive officer of
17 the State and shall request that the officer secure
18 compliance. If within a reasonable period of time,
19 not to exceed 60 days, the chief executive officer
20 fails or refuses to secure compliance, the Secretary
21 is authorized to—

22 “(A) refer the matter to the Attorney Gen-
23 eral with a recommendation that an appropriate
24 civil action be instituted;

1 “(B) exercise the powers and functions
2 provided by title VI of the Civil Rights Act of
3 1964 (42 U.S.C. 2000d et seq.), the Age Dis-
4 crimination Act of 1975 (42 U.S.C. 6101 et
5 seq.), or section 504 of the Rehabilitation Act
6 of 1973 (29 U.S.C. 794), as may be applicable;
7 or

8 “(C) take such other action as may be pro-
9 vided by law.

10 “(3) ACTION OF ATTORNEY GENERAL.—When a
11 matter is referred to the Attorney General pursuant
12 to paragraph (2), or whenever the Attorney General
13 has reason to believe that the State is engaged in a
14 pattern or practice of discrimination in violation of
15 the provisions of this subsection, the Attorney Gen-
16 eral may bring a civil action in any appropriate
17 United States district court for such relief as may
18 be appropriate, including injunctive relief.

19 **“SEC. 679. OPERATIONAL RULE.**

20 “(a) FAITH-BASED ORGANIZATIONS INCLUDED AS
21 NONGOVERNMENTAL PROVIDERS.—For any program car-
22 ried out by the Federal Government, or by a State or local
23 government under this subtitle, the government shall con-
24 sider, on the same basis as other nongovernmental organi-
25 zations, faith-based organizations to provide the assistance

1 under the program, so long as the program is implemented
2 in a manner consistent with the Establishment Clause of
3 the first amendment to the Constitution. Neither the Fed-
4 eral Government nor a State or local government receiving
5 funds under this subtitle shall discriminate against an or-
6 ganization that provides assistance under, or applies to
7 provide assistance under, this subtitle, on the basis that
8 the organization has a faith-based character.

9 “(b) **ADDITIONAL SAFEGUARDS.**—Neither the Fed-
10 eral Government nor a State or local government shall re-
11 quire a faith-based organization to remove religious art,
12 icons, scripture, or other symbols in order to be eligible
13 to provide assistance under a program described in sub-
14 section (a).

15 “(c) **LIMITATIONS ON USE OF FUNDS FOR CERTAIN**
16 **PURPOSES.**—No funds provided through a grant or con-
17 tract to a faith-based organization to provide assistance
18 under any program described in subsection (a) shall be
19 expended for sectarian worship, instruction, or proselytiza-
20 tion.

21 “(d) **FISCAL ACCOUNTABILITY.**—

22 “(1) **IN GENERAL.**—Except as provided in para-
23 graph (2), any faith-based organization providing as-
24 sistance under any program described in subsection
25 (a) shall be subject to the same regulations as other

1 nongovernmental organizations to account in accord
2 with generally accepted accounting principles for the
3 use of such funds provided under such program.

4 “(2) LIMITED AUDIT.—Such organization shall
5 segregate government funds provided under such
6 program into a separate account. Only the govern-
7 ment funds shall be subject to audit by the govern-
8 ment.

9 **“SEC. 680. DISCRETIONARY AUTHORITY OF THE SEC-**
10 **RETARY.**

11 “(a) GRANTS, CONTRACTS, ARRANGEMENTS, LOANS,
12 AND GUARANTEES.—

13 “(1) IN GENERAL.—The Secretary shall, from
14 funds reserved under section 674(b)(3), make
15 grants, loans, or guarantees to States and public
16 agencies and private, nonprofit organizations, or
17 enter into contracts or jointly financed cooperative
18 arrangements with States and public agencies and
19 private, nonprofit organizations (and for-profit orga-
20 nizations, to the extent specified in paragraph
21 (2)(E)) for each of the objectives described in para-
22 graphs (2) through (4).

23 “(2) COMMUNITY ECONOMIC DEVELOPMENT.—

24 “(A) ECONOMIC DEVELOPMENT ACTIVI-
25 TIES.—The Secretary shall make grants de-

1 scribed in paragraph (1) on a competitive basis
2 to private, non-profit organizations that are
3 community development corporations to provide
4 technical and financial assistance for economic
5 development activities designed to address the
6 economic needs of low-income individuals and
7 families by creating employment and business
8 development opportunities.

9 “(B) CONSULTATION.—The Secretary
10 shall exercise the authority provided under sub-
11 paragraph (A) after consultation with other rel-
12 evant Federal officials.

13 “(C) GOVERNING BOARDS.—For a commu-
14 nity development corporation to receive funds to
15 carry out this paragraph, the corporation shall
16 be governed by a board that shall consist of
17 residents of the community and business and
18 civic leaders and shall have as a principal pur-
19 pose planning, developing, or managing low-in-
20 come housing or community development
21 projects.

22 “(D) GEOGRAPHIC DISTRIBUTION.—In
23 making grants to carry out this paragraph, the
24 Secretary shall take into consideration the geo-
25 graphic distribution of funding among States

1 and the relative proportion of funding among
2 rural and urban areas.

3 “(E) RESERVATION.—Of the amounts
4 made available to carry out this paragraph, the
5 Secretary may reserve not more than 1 percent
6 for each fiscal year to make grants to private,
7 nonprofit organizations or to enter into con-
8 tracts with private, nonprofit or for-profit orga-
9 nizations to provide technical assistance to aid
10 community development corporations in devel-
11 oping or implementing activities funded to carry
12 out this paragraph and to evaluate activities
13 funded to carry out this paragraph.

14 “(3) RURAL COMMUNITY DEVELOPMENT AC-
15 TIVITIES.—The Secretary shall provide the assist-
16 ance described in paragraph (1) for rural community
17 development activities, which shall include—

18 “(A) grants to private, nonprofit corpora-
19 tions that provide assistance concerning home
20 repair to rural low-income families and plan-
21 ning and developing low-income rural rental
22 housing units; and

23 “(B) grants to multistate, regional, pri-
24 vate, nonprofit organizations to provide training

1 and technical assistance to small, rural commu-
2 nities in meeting their community facility needs.

3 “(4) NEIGHBORHOOD INNOVATION
4 PROJECTS.—The Secretary shall provide the assist-
5 ance described in paragraph (1) for neighborhood in-
6 novation projects, which shall include grants to
7 neighborhood-based private, nonprofit organizations
8 to test or assist in the development of new ap-
9 proaches or methods that will aid in overcoming spe-
10 cial problems identified by communities or neighbor-
11 hoods or otherwise assist in furthering the purposes
12 of this subtitle, and which may include projects that
13 are designed to serve low-income individuals and
14 families who are not being effectively served by other
15 programs.

16 “(b) EVALUATION.—The Secretary shall require all
17 activities receiving assistance under this section to be eval-
18 uated for their effectiveness. Funding for such evaluations
19 shall be provided as a stated percentage of the assistance
20 or through a separate grant awarded by the Secretary spe-
21 cifically for the purpose of evaluation of a particular activ-
22 ity or group of activities.

23 “(c) ANNUAL REPORT.—The Secretary shall compile
24 an annual report containing a summary of the evaluations
25 required in subsection (b) and a listing of all activities as-

1 sisted under this section. The Secretary shall annually
2 submit the report to the Chairperson of the Committee
3 on Education and the Workforce of the House of Rep-
4 resentatives and the Chairperson of the Committee on
5 Labor and Human Resources of the Senate.

6 **“SEC. 681. COMMUNITY FOOD AND NUTRITION PROGRAMS.**

7 “(a) GRANTS.—The Secretary may, through grants
8 to public and private, nonprofit agencies, provide for com-
9 munity-based, local, statewide, and national programs—

10 “(1) to coordinate private and public food as-
11 sistance resources, wherever the grant recipient de-
12 termines such coordination to be inadequate, to bet-
13 ter serve low-income populations;

14 “(2) to assist low-income communities to iden-
15 tify potential sponsors of child nutrition programs
16 and to initiate such programs in underserved or
17 unserved areas; and

18 “(3) to develop innovative approaches at the
19 State and local level to meet the nutrition needs of
20 low-income individuals.

21 “(b) ALLOTMENTS AND DISTRIBUTION OF FUNDS.—

22 “(1) IN GENERAL.—Of the amount appro-
23 priated for a fiscal year to carry out this section, the
24 Secretary shall distribute funds for grants under
25 subsection (a) as follows:

1 “(A) ALLOTMENTS.—From 60 percent of
2 such amount (but not to exceed \$3,600,000),
3 the Secretary shall allot for grants to eligible
4 agencies for statewide programs in each State
5 the amount that bears the same ratio to 60 per-
6 cent of such amount as the low-income and un-
7 employed population of such State bears to the
8 low-income and unemployed population of all
9 the States.

10 “(B) COMPETITIVE GRANTS.—From 40
11 percent of such amount (but not to exceed
12 \$2,400,000), the Secretary shall make grants
13 on a competitive basis to eligible agencies for
14 local and statewide programs.

15 “(2) GREATER AVAILABLE APPROPRIATIONS.—
16 Any amounts appropriated for a fiscal year to carry
17 out this section in excess of \$6,000,000 shall be al-
18 lotted as follows:

19 “(A) ALLOTMENTS.—The Secretary shall
20 use 40 percent of such excess to make allot-
21 ments for grants under subsection (a) to eligi-
22 ble agencies for statewide programs in each
23 State in an amount that bears the same ratio
24 to 40 percent of such excess as the low-income
25 and unemployed population of such State bears

1 to the low-income and unemployed population
2 of all the States.

3 “(B) COMPETITIVE GRANTS FOR LOCAL
4 AND STATEWIDE PROGRAMS.—The Secretary
5 shall use 40 percent of such excess to make
6 grants under subsection (a) on a competitive
7 basis to eligible agencies for local and statewide
8 programs.

9 “(C) COMPETITIVE GRANTS FOR NATION-
10 WIDE PROGRAMS.—The Secretary shall use the
11 remaining 20 percent of such excess to make
12 grants under subsection (a) on a competitive
13 basis to eligible agencies for nationwide pro-
14 grams, including programs benefiting Indians
15 as defined in section 677 and migrant or sea-
16 sonal farmworkers.

17 “(3) ELIGIBILITY FOR ALLOTMENTS FOR
18 STATEWIDE PROGRAMS.—To be eligible to receive an
19 allotment under paragraph (1)(A) or (2)(A), an eli-
20 gible agency shall demonstrate that the proposed
21 program is statewide in scope and represents a com-
22 prehensive and coordinated effort to alleviate hunger
23 within the State.

24 “(4) MINIMUM ALLOTMENTS FOR STATEWIDE
25 PROGRAMS.—

1 “(A) IN GENERAL.—From the amounts al-
2 lotted under paragraphs (1)(A) and (2)(A), the
3 minimum total allotment for each State for
4 each fiscal year shall be—

5 “(i) \$15,000 if the total amount ap-
6 propriated to carry out this section is not
7 less than \$7,000,000 but less than
8 \$10,000,000;

9 “(ii) \$20,000 if the total amount ap-
10 propriated to carry out this section is not
11 less than \$10,000,000 but less than
12 \$15,000,000; or

13 “(iii) \$30,000 if the total amount ap-
14 propriated to carry out this section is not
15 less than \$15,000,000.

16 “(B) DEFINITION.—In this paragraph, the
17 term ‘State’ does not include Guam, American
18 Samoa, the United States Virgin Islands, the
19 Commonwealth of the Northern Mariana Is-
20 lands, or the Freely Associated States.

21 “(5) MAXIMUM GRANTS.—From funds made
22 available under paragraphs (1)(B) and (2)(B) for
23 any fiscal year, the Secretary may not make grants
24 under subsection (a) to an eligible agency in an ag-
25 gregate amount exceeding \$50,000. From funds

1 made available under paragraph (2)(C) for any fiscal
2 year, the Secretary may not make grants under sub-
3 section (a) to an eligible agency in an aggregate
4 amount exceeding \$300,000.

5 “(c) REPORT.—For each fiscal year, the Secretary
6 shall prepare and submit, to the Committee on Education
7 and the Workforce of the House of Representatives and
8 the Committee on Labor and Human Resources of the
9 Senate, a report concerning the grants made under this
10 section. Such report shall include—

11 “(1) a list of grant recipients;

12 “(2) information on the amount of funding
13 awarded to each grant recipient; and

14 “(3) a summary of the activities performed by
15 the grant recipients with funding awarded under this
16 section and a description of the manner in which
17 such activities meet the objectives described in sub-
18 section (a).

19 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
20 are authorized to be appropriated to carry out this section
21 \$25,000,000 for fiscal year 1999, and such sums as may
22 be necessary for each of fiscal years 2000 through 2003.

1 **“SEC. 682. NATIONAL OR REGIONAL PROGRAMS DESIGNED**
2 **TO PROVIDE INSTRUCTIONAL ACTIVITIES**
3 **FOR LOW-INCOME YOUTH.**

4 “(a) GENERAL AUTHORITY.—The Secretary is au-
5 thorized to make a grant to an eligible service provider
6 to administer national or regional programs to provide in-
7 structional activities for low-income youth. In making such
8 a grant, the Secretary shall give priority to eligible service
9 providers that have a demonstrated ability to operate such
10 a program.

11 “(b) PROGRAM REQUIREMENTS.—Any instructional
12 activity carried out by an eligible service provider receiving
13 a grant under this section shall be carried out on the cam-
14 pus of an institution of higher education (as defined in
15 section 1201(a) of the Higher Education Act of 1965 (20
16 U.S.C. 1141(a))) and shall include—

17 “(1) access to the facilities and resources of
18 such an institution;

19 “(2) an initial medical examination and follow-
20 up referral or treatment, without charge, for youth
21 during their participation in such activity;

22 “(3) at least 1 nutritious meal daily, without
23 charge, for participating youth during each day of
24 participation;

25 “(4) high quality instruction in a variety of
26 sports (that shall include swimming and that may

1 include dance and any other high quality rec-
2 reational activity) provided by coaches and teachers
3 from institutions of higher education and from ele-
4 mentary and secondary schools (as defined in section
5 14101 of the Elementary and Secondary Education
6 Act of 1965 (20 U.S.C. 8801)); and

7 “(5) enrichment instruction and information on
8 matters relating to the well-being of youth, to in-
9 clude educational opportunities and information on
10 study practices, education for the prevention of drug
11 and alcohol abuse, and information on health and
12 nutrition, career opportunities, and family and job
13 responsibilities.

14 “(c) ADVISORY COMMITTEE; PARTNERSHIPS.—The
15 eligible service provider shall, in each community in which
16 a program is funded under this section—

17 “(1) ensure that—

18 “(A) a community-based advisory commit-
19 tee is established, with representatives from
20 local youth, family, and social service organiza-
21 tions, schools, entities providing park and recre-
22 ation services, and other community-based orga-
23 nizations serving high-risk youth; or

24 “(B) an existing community-based advisory
25 board, commission, or committee with similar

1 membership is utilized to serve as the commit-
2 tee described in subparagraph (A); and

3 “(2) enter into formal partnerships with youth-
4 serving organizations or other appropriate social
5 service entities in order to link program participants
6 with year-round services in their home communities
7 that support and continue the objectives of this sub-
8 title.

9 “(d) ELIGIBLE PROVIDERS.—A service provider that
10 is a national private, nonprofit organization, a coalition
11 of such organizations, or a private, nonprofit organization
12 applying jointly with a business concern shall be eligible
13 for a grant under this section if—

14 “(1) the applicant has demonstrated experience
15 in operating a program providing instruction to low-
16 income youth;

17 “(2) the applicant agrees to contribute an
18 amount (in cash or in kind, fairly evaluated) of not
19 less than 25 percent of the amount requested;

20 “(3) the applicant agrees to use no funds from
21 a grant authorized under this section for administra-
22 tive expenses; and

23 “(4) the applicant agrees to comply with the
24 regulations or program guidelines promulgated by

1 the Secretary for use of funds made available
2 through the grant.

3 “(e) APPLICATIONS PROCESS.—To be eligible to re-
4 ceive a grant under this section, a service provider shall
5 submit to the Secretary, for approval, an application at
6 such time, in such manner, and containing such informa-
7 tion as the Secretary may require.

8 “(f) PROMULGATION OF REGULATIONS OR PROGRAM
9 GUIDELINES.—The Secretary shall promulgate regula-
10 tions or program guidelines to ensure funds made avail-
11 able through a grant made under this section are used
12 in accordance with the objectives of this subtitle.

13 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
14 is authorized to be appropriated \$15,000,000 for each of
15 fiscal years 1999 through 2003 for grants to carry out
16 this section.

17 **“SEC. 683. REFERENCES.**

18 “Any reference in any provision of law to the poverty
19 line set forth in section 624 or 625 of the Economic Op-
20 portunity Act of 1964 shall be construed to be a reference
21 to the poverty line defined in section 673. Any reference
22 in any provision of law to any community action agency
23 designated under title II of the Economic Opportunity Act
24 of 1964 shall be construed to be a reference to an entity

1 eligible to receive funds under the community services
2 block grant program.”.

3 **SEC. 202. CONFORMING AMENDMENTS.**

4 (a) PREPARATION.—After consultation with the ap-
5 propriate committees of Congress and the Director of the
6 Office of Management and Budget, the Secretary of
7 Health and Human Services shall prepare recommended
8 legislation containing technical and conforming amend-
9 ments to reflect the changes made by this title.

10 (b) SUBMISSION TO CONGRESS.—Not later than 6
11 months after the date of enactment of this Act, the Sec-
12 retary shall submit to Congress the recommended legisla-
13 tion referred to under subsection (a).

14 **SEC. 203. REPEALERS.**

15 Sections 407 and 408 of the Human Services Reau-
16 thorization Act of 1986 (42 U.S.C 9812a and 9910b) are
17 repealed.

18 **TITLE III—LOW-INCOME HOME**
19 **ENERGY ASSISTANCE**

20 **SEC. 301. AUTHORIZATION.**

21 (a) IN GENERAL.—Section 2602(b) of the Low-In-
22 come Home Energy Assistance Act of 1981 (42 U.S.C.
23 8621(b)) is amended by striking “fiscal years 1995
24 through 1999” and inserting “fiscal years 1999 through
25 2004”.

1 (b) PROGRAM YEAR.—Section 2602(e) of such Act
2 (42 U.S.C. 8621(e)) is amended to read as follows:

3 “(c)(1) Amounts appropriated under this section in
4 any fiscal year for programs and activities under this title
5 shall be made available for obligation in the succeeding
6 fiscal year.”.

7 (c) INCENTIVE PROGRAM FOR LEVERAGING NON-
8 FEDERAL RESOURCES.—Section 2602(d) of such Act (42
9 U.S.C. 8621(d)) is amended—

10 (1) by striking “(d)” and inserting “(d)(1)”;

11 (2) by striking “\$50,000,000” and all that fol-
12 lows and inserting the following: “\$30,000,000 for
13 each of fiscal years 1999 through 2004, except as
14 provided in paragraph (2).”; and

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

16 “(2) For any fiscal year for which the amount appro-
17 priated under subsection (b) is not less than
18 \$1,400,000,000, there are authorized to be appropriated
19 to carry out section 2607A \$50,000,000 for each of fiscal
20 years 1999 through 2004.”.

21 (d) TECHNICAL AMENDMENT.—Section 2602(e) of
22 such Act (42 U.S.C. 8621(e)) is amended by striking
23 “subsection (g)” and inserting “subsection (e) of such sec-
24 tion”.

1 **SEC. 302. DEFINITIONS.**

2 Section 2603(4) of the Low-Income Home Energy
3 Assistance Act of 1981 (42 U.S.C. 8622(4)) is amended—

4 (1) by striking “the term” and inserting “The
5 term”; and

6 (2) by striking the semicolon and inserting a
7 period.

8 **SEC. 303. NATURAL DISASTERS AND OTHER EMERGENCIES.**

9 (a) **DEFINITIONS.**—Section 2603 of the Low-Income
10 Home Energy Assistance Act of 1981 is amended—

11 (1) by redesignating paragraphs (6) through
12 (9) as paragraphs (8) through (11), respectively;

13 (2) by inserting before paragraph (8) (as reded-
14 igned in paragraph (1)) the following:

15 “(7) **NATURAL DISASTER.**—The term ‘natural
16 disaster’ means a weather event (relating to cold or
17 hot weather), flood, earthquake, tornado, hurricane,
18 or ice storm, or an event meeting such other criteria
19 as the Secretary, in the discretion of the Secretary,
20 may determine to be appropriate.”;

21 (3) by redesignating paragraphs (1) through
22 (5) as paragraphs (2) through (6), respectively; and

23 (4) by inserting before paragraph (2) (as reded-
24 igned in paragraph (3)) the following:

25 “(1) **EMERGENCY.**—The term ‘emergency’ means—

26 “(A) a natural disaster;

1 “(B) a significant home energy supply shortage
2 or disruption;

3 “(C) a significant increase in the cost of home
4 energy, as determined by the Secretary;

5 “(D) a significant increase in home energy dis-
6 connections reported by a utility, a State regulatory
7 agency, or another agency with necessary data;

8 “(E) a significant increase in participation in a
9 public benefit program such as the food stamp pro-
10 gram carried out under the Food Stamp Act of 1977
11 (7 U.S.C. 2011 et seq.), the national program to
12 provide supplemental security income carried out
13 under title XVI of the Social Security Act (42
14 U.S.C. 1381 et seq.), or the State temporary assist-
15 ance for needy families program carried out under
16 part A of title IV of the Social Security Act (42
17 U.S.C. 601 et seq.), as determined by the head of
18 the appropriate Federal agency;

19 “(F) a significant increase in unemployment,
20 layoffs, or the number of households with an individ-
21 ual applying for unemployment benefits, as deter-
22 mined by the Secretary of Labor; or

23 “(G) an event meeting such criteria as the Sec-
24 retary, in the discretion of the Secretary, may deter-
25 mined to be appropriate.”.

1 (b) CONSIDERATIONS.—Section 2604(g) of such Act
2 (42 U.S.C. 8623(g)) is amended by striking the last 2 sen-
3 tences and inserting the following: “In determining wheth-
4 er to make such an allotment to a State, the Secretary
5 shall take into account the extent to which the State was
6 affected by the emergency or disaster involved, the avail-
7 ability to the State of other resources under the program
8 carried out under this title or any other program, whether
9 a Member of Congress has requested that the State receive
10 the allotment, and such other factors as the Secretary may
11 find to be relevant. Not later than 30 days after making
12 the determination, but prior to releasing an allotted
13 amount to a State, the Secretary shall notify Congress of
14 the allotments made pursuant to this subsection.”.

15 **SEC. 304. STATE ALLOTMENTS.**

16 Section 2604 of the Low-Income Home Energy As-
17 sistance Act of 1981 (42 U.S.C. 8623) is amended—

18 (1) in subsection (b)(1), by striking “the North-
19 ern Mariana Islands, and the Trust Territory of the
20 Pacific Islands.” and inserting “the Commonwealth
21 of the Northern Mariana Islands, and the combined
22 Freely Associated States.”;

23 (2) in subsection (c)(3)(B)(ii), by striking “ap-
24 plication” and inserting “applications”;

25 (3) by striking subsection (f);

1 (4) in subsection (g)—

2 (A) in the first sentence, by striking “(a)
3 through (f)” and inserting “(a) through (d)”;
4 and

5 (B) in the second sentence, by striking
6 “emergency or disaster,” and inserting “natural
7 disaster or other emergency,”; and

8 (5) by redesignating subsection (g) as sub-
9 section (e).

10 **SEC. 305. ADMINISTRATION.**

11 Section 2605 of the Low-Income Home Energy As-
12 sistance Act of 1981 (42 U.S.C. 8624) is amended—

13 (1) in subsection (b)—

14 (A) in paragraph (9)(A), by striking “and
15 not transferred pursuant to section 2604(f) for
16 use under another block grant”;

17 (B) in paragraph (14), by striking “; and”
18 and inserting a semicolon;

19 (C) in the matter following paragraph
20 (14), by striking “The Secretary may not pre-
21 scribe the manner in which the States will com-
22 ply with the provisions of this subsection.”; and

23 (D) in the matter following paragraph
24 (16), by inserting before “The Secretary shall
25 issue” the following: “The Secretary may not

1 prescribe the manner in which the States will
2 comply with the provisions of this subsection.”;

3 and

4 (2) in subsection (c)(1)—

5 (A) in subparagraph (B), by striking
6 “States” and inserting “State”; and

7 (B) in subparagraph (G)(i), by striking
8 “has” and inserting “had”.

9 **SEC. 306. PAYMENTS TO STATES.**

10 Section 2607(b)(2)(B) of the Low-Income Home En-
11 ergy Assistance Act of 1981 (42 U.S.C. 8626(b)(2)(B))
12 is amended—

13 (1) in the first sentence, by striking “and not
14 transferred pursuant to section 2604(f)”;

15 (2) in the second sentence, by striking “but not
16 transferred by the State”.

17 **SEC. 307. RESIDENTIAL ENERGY ASSISTANCE CHALLENGE**
18 **OPTION.**

19 (a) **EVALUATION.**—The Comptroller General shall
20 conduct an evaluation of the Residential Energy Assist-
21 ance Challenge program described in section 2607B of the
22 Low-Income Home Energy Assistance Act of 1981 (42
23 U.S.C. 8626b).

1 (b) REPORT.—Not later than 2 years after the date
2 of enactment of this Act, the Comptroller General shall
3 prepare and submit to Congress a report containing—

4 (1) the findings resulting from the evaluation
5 described in subsection (a); and

6 (2) the State evaluations described in para-
7 graphs (1) and (2) of subsection (b) of such section
8 2607B.

9 (c) INCENTIVE GRANTS.—Section 2607B(b)(1) of the
10 Low-Income Home Energy Assistance Act of 1981 (42
11 U.S.C. 8626b(b)(1)) is amended by striking “For each of
12 the fiscal years 1996 through 1999” and inserting “For
13 each fiscal year”.

14 (d) TECHNICAL AMENDMENTS.—Section 2607B of
15 such Act (42 U.S.C. 8626b) is amended—

16 (1) in subsection (e)(2)—

17 (A) by redesignating subparagraphs (F)
18 through (N) as subparagraphs (E) through
19 (M), respectively; and

20 (B) in clause (i) of subparagraph (I) (as
21 redesignated in subparagraph (A)), by striking
22 “on” and inserting “of”; and

23 (2) by redesignating subsection (g) as sub-
24 section (f).

1 **SEC. 308. TECHNICAL ASSISTANCE, TRAINING, AND COM-**
2 **PLIANCE REVIEWS.**

3 (a) IN GENERAL.—Section 2609A(a) of the Low-In-
4 come Home Energy Assistance Act of 1981 (42 U.S.C.
5 8628a(a)) is amended—

6 (1) in the matter preceding paragraph (1)—

7 (A) by striking “\$250,000” and inserting
8 “\$300,000”; and

9 (B) by striking “Secretary—” and insert-
10 ing “Secretary to conduct onsite compliance re-
11 views of programs supported under this title
12 or—”; and

13 (2) in paragraph (2)—

14 (A) by inserting “or interagency agree-
15 ments” after “cooperative arrangements”; and

16 (B) by inserting “(including Federal agen-
17 cies)” after “public agencies”.

18 (b) CONFORMING AMENDMENT.—The section head-
19 ing of section 2609A of such Act (42 U.S.C. 8628a) is
20 amended to read as follows:

1 “TECHNICAL ASSISTANCE, TRAINING, AND COMPLIANCE
2 REVIEWS”.

3 **TITLE IV—ASSETS FOR**
4 **INDEPENDENCE**

5 **SEC. 401. SHORT TITLE.**

6 This title may be cited as the “Assets for Independ-
7 ence Act”.

8 **SEC. 402. FINDINGS.**

9 Congress makes the following findings:

10 (1) Economic well-being does not come solely
11 from income, spending, and consumption, but also
12 requires savings, investment, and accumulation of
13 assets because assets can improve economic inde-
14 pendence and stability, connect individuals with a
15 viable and hopeful future, stimulate development of
16 human and other capital, and enhance the welfare of
17 offspring.

18 (2) Fully 1/2 of all Americans have either no,
19 negligible, or negative assets available for invest-
20 ment, just as the price of entry to the economic
21 mainstream, the cost of a house, an adequate edu-
22 cation, and starting a business, is increasing. Fur-
23 ther, the household savings rate of the United States
24 lags far behind other industrial nations presenting a
25 barrier to economic growth.

1 (3) In the current tight fiscal environment, the
2 United States should invest existing resources in
3 high-yield initiatives. There is reason to believe that
4 the financial returns, including increased income, tax
5 revenue, and decreased welfare cash assistance, re-
6 sulting from individual development accounts will far
7 exceed the cost of investment in those accounts.

8 (4) Traditional public assistance programs con-
9 centrating on income and consumption have rarely
10 been successful in promoting and supporting the
11 transition to increased economic self-sufficiency. In-
12 come-based domestic policy should be complemented
13 with asset-based policy because, while income-based
14 policies ensure that consumption needs (including
15 food, child care, rent, clothing, and health care) are
16 met, asset-based policies provide the means to
17 achieve greater independence and economic well-
18 being.

19 **SEC. 403. PURPOSES.**

20 The purposes of this title are to provide for the estab-
21 lishment of demonstration projects designed to deter-
22 mine—

23 (1) the social, civic, psychological, and economic
24 effects of providing to individuals and families with

1 limited means an incentive to accumulate assets by
2 saving a portion of their earned income;

3 (2) the extent to which an asset-based policy
4 that promotes saving for postsecondary education,
5 homeownership, and microenterprise development
6 may be used to enable individuals and families with
7 limited means to increase their economic self-suffi-
8 ciency; and

9 (3) the extent to which an asset-based policy
10 stabilizes and improves families and the community
11 in which they live.

12 **SEC. 404. DEFINITIONS.**

13 In this title:

14 (1) **APPLICABLE PERIOD.**—The term “applica-
15 ble period” means, with respect to amounts to be
16 paid from a grant made for a project year, the cal-
17 endar year immediately preceding the calendar year
18 in which the grant is made.

19 (2) **ELIGIBLE INDIVIDUAL.**—The term “eligible
20 individual” means an individual who is selected to
21 participate by a qualified entity under section 409.

22 (3) **EMERGENCY WITHDRAWAL.**—The term
23 “emergency withdrawal” means a withdrawal by an
24 eligible individual that—

1 (A) is a withdrawal of only those funds, or
2 a portion of those funds, deposited by the indi-
3 vidual in the individual development account of
4 the individual;

5 (B) is permitted by a qualified entity on a
6 case-by-case basis; and

7 (C) is made for—

8 (i) expenses for medical care or nec-
9 essary to obtain medical care, for the indi-
10 vidual or a spouse or dependent of the in-
11 dividual described in paragraph (8)(D);

12 (ii) payments necessary to prevent the
13 eviction of the individual from the resi-
14 dence of the individual, or foreclosure on
15 the mortgage for the principal residence of
16 the individual, as defined in paragraph
17 (8)(B); or

18 (iii) payments necessary to enable the
19 individual to meet necessary living ex-
20 penses following loss of employment.

21 (4) HOUSEHOLD.—The term “household”
22 means all individuals who share use of a dwelling
23 unit as primary quarters for living and eating sepa-
24 rate from other individuals.

25 (5) INDIVIDUAL DEVELOPMENT ACCOUNT.—

1 (A) IN GENERAL.—The term “individual
2 development account” means a trust created or
3 organized in the United States exclusively for
4 the purpose of paying the qualified expenses of
5 an eligible individual, or enabling the eligible in-
6 dividual to make an emergency withdrawal, but
7 only if the written governing instrument creat-
8 ing the trust meets the following requirements:

9 (i) No contribution will be accepted
10 unless it is in cash or by check.

11 (ii) The trustee is a federally insured
12 financial institution, or a State insured fi-
13 nancial institution if no federally insured
14 financial institution is available.

15 (iii) The assets of the trust will be in-
16 vested in accordance with the direction of
17 the eligible individual after consultation
18 with the qualified entity providing deposits
19 for the individual under section 410.

20 (iv) The assets of the trust will not be
21 commingled with other property except in
22 a common trust fund or common invest-
23 ment fund.

24 (v) Except as provided in clause (vi),
25 any amount in the trust which is attrib-

1 utable to a deposit provided under section
2 410 may be paid or distributed out of the
3 trust only for the purpose of paying the
4 qualified expenses of the eligible individual,
5 or enabling the eligible individual to make
6 an emergency withdrawal.

7 (vi) Any balance in the trust on the
8 day after the date on which the individual
9 for whose benefit the trust is established
10 dies shall be distributed within 30 days of
11 that date as directed by that individual to
12 another individual development account es-
13 tablished for the benefit of an eligible indi-
14 vidual.

15 (B) CUSTODIAL ACCOUNTS.—For purposes
16 of subparagraph (A), a custodial account shall
17 be treated as a trust if the assets of the custo-
18 dial account are held by a bank (as defined in
19 section 408(n) of the Internal Revenue Code of
20 1986) or another person who demonstrates, to
21 the satisfaction of the Secretary, that the man-
22 ner in which such person will administer the
23 custodial account will be consistent with the re-
24 quirements of this title, and if the custodial ac-
25 count would, except for the fact that it is not

1 a trust, constitute an individual development
2 account described in subparagraph (A). For
3 purposes of this title, in the case of a custodial
4 account treated as a trust by reason of the pre-
5 ceding sentence, the custodian of that custodial
6 account shall be treated as the trustee thereof.

7 (6) PROJECT YEAR.—The term “project year”
8 means, with respect to a demonstration project, any
9 of the 4 consecutive 12-month periods beginning on
10 the date the project is originally authorized to be
11 conducted.

12 (7) QUALIFIED ENTITY.—

13 (A) IN GENERAL.—The term “qualified en-
14 tity” means—

15 (i) one or more not-for-profit organi-
16 zations described in section 501(c)(3) of
17 the Internal Revenue Code of 1986 and ex-
18 empt from taxation under section 501(a)
19 of such Code; or

20 (ii) a State or local government agen-
21 cy, or a tribal government, submitting an
22 application under section 405 jointly with
23 an organization described in clause (i).

24 (B) RULE OF CONSTRUCTION.—Nothing in
25 this paragraph shall be construed as preventing

1 an organization described in subparagraph
2 (A)(i) from collaborating with a financial insti-
3 tution or for-profit community development cor-
4 poration to carry out the purposes of this title.

5 (8) QUALIFIED EXPENSES.—The term “quali-
6 fied expenses” means 1 or more of the following, as
7 provided by the qualified entity:

8 (A) POSTSECONDARY EDUCATIONAL EX-
9 PENSES.—Postsecondary educational expenses
10 paid from an individual development account di-
11 rectly to an eligible educational institution. In
12 this subparagraph:

13 (i) POSTSECONDARY EDUCATIONAL
14 EXPENSES.—The term “postsecondary
15 educational expenses” means the following:

16 (I) TUITION AND FEES.—Tuition
17 and fees required for the enrollment
18 or attendance of a student at an eligi-
19 ble educational institution.

20 (II) FEES, BOOKS, SUPPLIES,
21 AND EQUIPMENT.—Fees, books, sup-
22 plies, and equipment required for
23 courses of instruction at an eligible
24 educational institution.

1 (ii) ELIGIBLE EDUCATIONAL INSTITU-
2 TION.—The term “eligible educational in-
3 stitution” means the following:

4 (I) INSTITUTION OF HIGHER
5 EDUCATION.—An institution described
6 in section 481(a)(1) or 1201(a) of the
7 Higher Education Act of 1965 (20
8 U.S.C. 1088(a)(1) or 1141(a)), as
9 such sections are in effect on the date
10 of enactment of this title.

11 (II) POSTSECONDARY VOCA-
12 TIONAL EDUCATION SCHOOL.—An
13 area vocational education school (as
14 defined in subparagraph (C) or (D) of
15 section 521(4) of the Carl D. Perkins
16 Vocational and Applied Technology
17 Education Act (20 U.S.C. 2471(4)))
18 which is in any State (as defined in
19 section 521(33) of such Act), as such
20 sections are in effect on the date of
21 enactment of this title.

22 (B) FIRST-HOME PURCHASE.—Qualified
23 acquisition costs with respect to a principal res-
24 idence for a qualified first-time homebuyer, if
25 paid from an individual development account di-

1 rectly to the persons to whom the amounts are
2 due. In this subparagraph:

3 (i) PRINCIPAL RESIDENCE.—The term
4 “principal residence” means a principal
5 residence, the qualified acquisition costs of
6 which do not exceed 100 percent of the av-
7 erage area purchase price applicable to
8 such residence.

9 (ii) QUALIFIED ACQUISITION COSTS.—
10 The term “qualified acquisition costs”
11 means the costs of acquiring, constructing,
12 or reconstructing a residence. The term in-
13 cludes any usual or reasonable settlement,
14 financing, or other closing costs.

15 (iii) QUALIFIED FIRST-TIME HOME-
16 BUYER.—

17 (I) IN GENERAL.—The term
18 “qualified first-time homebuyer”
19 means an individual participating in
20 the project (and, if married, the indi-
21 vidual’s spouse) who has no present
22 ownership interest in a principal resi-
23 dence during the 3-year period ending
24 on the date of acquisition of the prin-

1 principal residence to which this subpara-
2 graph applies.

3 (II) DATE OF ACQUISITION.—

4 The term “date of acquisition” means
5 the date on which a binding contract
6 to acquire, construct, or reconstruct
7 the principal residence to which this
8 subparagraph applies is entered into.

9 (C) BUSINESS CAPITALIZATION.—Amounts
10 paid from an individual development account di-
11 rectly to a business capitalization account which
12 is established in a federally insured financial in-
13 stitution and is restricted to use solely for
14 qualified business capitalization expenses. In
15 this subparagraph:

16 (i) QUALIFIED BUSINESS CAPITALIZA-
17 TION EXPENSES.—The term “qualified
18 business capitalization expenses” means
19 qualified expenditures for the capitalization
20 of a qualified business pursuant to a quali-
21 fied plan.

22 (ii) QUALIFIED EXPENDITURES.—The
23 term “qualified expenditures” means ex-
24 penditures included in a qualified plan, in-

1 cluding capital, plant, equipment, working
2 capital, and inventory expenses.

3 (iii) QUALIFIED BUSINESS.—The term
4 “qualified business” means any business
5 that does not contravene any law or public
6 policy (as determined by the Secretary).

7 (iv) QUALIFIED PLAN.—The term
8 “qualified plan” means a business plan, or
9 a plan to use a business asset purchased,
10 which—

11 (I) is approved by a financial in-
12 stitution, a microenterprise develop-
13 ment organization, or a nonprofit loan
14 fund having demonstrated fiduciary
15 integrity;

16 (II) includes a description of
17 services or goods to be sold, a market-
18 ing plan, and projected financial
19 statements; and

20 (III) may require the eligible in-
21 dividual to obtain the assistance of an
22 experienced entrepreneurial adviser.

23 (D) TRANSFERS TO IDAS OF FAMILY MEM-
24 BERS.—Amounts paid from an individual devel-
25 opment account directly into another such ac-

1 count established for the benefit of an eligible
2 individual who is—

3 (i) the individual’s spouse; or

4 (ii) any dependent of the individual
5 with respect to whom the individual is al-
6 lowed a deduction under section 151 of the
7 Internal Revenue Code of 1986.

8 (9) QUALIFIED SAVINGS OF THE INDIVIDUAL
9 FOR THE PERIOD.—The term “qualified savings of
10 the individual for the period” means the aggregate
11 of the amounts contributed by the individual to the
12 individual development account of the individual
13 during the period.

14 (10) SECRETARY.—The term “Secretary”
15 means the Secretary of Health and Human Services.

16 (11) TRIBAL GOVERNMENT.—The term “tribal
17 government” means a tribal organization, as defined
18 in section 4 of the Indian Self-Determination and
19 Education Assistance Act (25 U.S.C. 450b) or a Na-
20 tive Hawaiian organization, as defined in section
21 9212 of the Native Hawaiian Education Act (20
22 U.S.C. 7912).

23 **SEC. 405. APPLICATIONS.**

24 (a) ANNOUNCEMENT OF DEMONSTRATION
25 PROJECTS.—Not later than 3 months after the date of

1 enactment of this title, the Secretary shall publicly an-
2 nounce the availability of funding under this title for dem-
3 onstration projects and shall ensure that applications to
4 conduct the demonstration projects are widely available to
5 qualified entities.

6 (b) SUBMISSION.—Not later than 6 months after the
7 date of enactment of this title, a qualified entity may sub-
8 mit to the Secretary an application to conduct a dem-
9 onstration project under this title.

10 (c) CRITERIA.—In considering whether to approve an
11 application to conduct a demonstration project under this
12 title, the Secretary shall assess the following:

13 (1) SUFFICIENCY OF PROJECT.—The degree to
14 which the project described in the application ap-
15 pears likely to aid project participants in achieving
16 economic self-sufficiency through activities requiring
17 qualified expenses. In making such assessment, the
18 Secretary shall consider the overall quality of project
19 activities in making any particular kind or combina-
20 tion of qualified expenses to be an essential feature
21 of any project.

22 (2) ADMINISTRATIVE ABILITY.—The experience
23 and ability of the applicant to responsibly administer
24 the project.

1 (3) ABILITY TO ASSIST PARTICIPANTS.—The
2 experience and ability of the applicant in recruiting,
3 educating, and assisting project participants to in-
4 crease their economic independence and general well-
5 being through the development of assets.

6 (4) COMMITMENT OF NON-FEDERAL FUNDS.—
7 The aggregate amount of direct funds from non-
8 Federal public sector and from private sources that
9 are formally committed to the project as matching
10 contributions.

11 (5) ADEQUACY OF PLAN FOR PROVIDING IN-
12 FORMATION FOR EVALUATION.—The adequacy of
13 the plan for providing information relevant to an
14 evaluation of the project.

15 (6) OTHER FACTORS.—Such other factors rel-
16 evant to the purposes of this title as the Secretary
17 may specify.

18 (d) PREFERENCES.—In considering an application to
19 conduct a demonstration project under this title, the Sec-
20 retary shall give preference to an application that—

21 (1) demonstrates the willingness and ability to
22 select individuals described in section 408 who are
23 predominantly from households in which a child (or
24 children) is living with the child's biological or adop-

1 tive mother or father, or with the child’s legal guard-
2 ian;

3 (2) provides a commitment of non-Federal
4 funds with a proportionately greater amount of such
5 funds committed by private sector sources; and

6 (3) targets such individuals residing within 1 or
7 more relatively well-defined neighborhoods or com-
8 munities (including rural communities) that experi-
9 ence high rates of poverty or unemployment.

10 (e) APPROVAL.—Not later than 9 months after the
11 date of enactment of this title, the Secretary shall, on a
12 competitive basis, approve such applications to conduct
13 demonstration projects under this title as the Secretary
14 deems appropriate, taking into account the assessments
15 required by subsections (c) and (d). The Secretary is en-
16 couraged to ensure that the applications that are approved
17 involve a range of communities (both rural and urban) and
18 diverse populations.

19 (f) CONTRACTS WITH NONPROFIT ENTITIES.—The
20 Secretary may contract with an entity described in section
21 501(c)(3) of the Internal Revenue Code of 1986 and ex-
22 empt from taxation under section 501(a) of such Code to
23 conduct any responsibility of the Secretary under this sec-
24 tion or section 412 if—

1 (1) such entity demonstrates the ability to con-
2 duct such responsibility; and

3 (2) the Secretary can demonstrate that such re-
4 sponsibility would not be conducted by the Secretary
5 at a lower cost.

6 **SEC. 406. DEMONSTRATION AUTHORITY; ANNUAL GRANTS.**

7 (a) **DEMONSTRATION AUTHORITY.**—If the Secretary
8 approves an application to conduct a demonstration
9 project under this title, the Secretary shall, not later than
10 10 months after the date of enactment of this title, au-
11 thorize the applicant to conduct the project for 4 project
12 years in accordance with the approved application and the
13 requirements of this title.

14 (b) **GRANT AUTHORITY.**—For each project year of a
15 demonstration project conducted under this title, the Sec-
16 retary may make a grant to the qualified entity authorized
17 to conduct the project. In making such a grant, the Sec-
18 retary shall make the grant on the first day of the project
19 year in an amount not to exceed the lesser of—

20 (1) the aggregate amount of funds committed
21 as matching contributions by non-Federal public or
22 private sector sources; or

23 (2) \$1,000,000.

1 **SEC. 407. RESERVE FUND.**

2 (a) ESTABLISHMENT.—A qualified entity under this
3 title, other than a State or local government agency, or
4 a tribal government, shall establish a Reserve Fund which
5 shall be maintained in accordance with this section.

6 (b) AMOUNTS IN RESERVE FUND.—

7 (1) IN GENERAL.—As soon after receipt as is
8 practicable, a qualified entity shall deposit in the Re-
9 serve Fund established under subsection (a)—

10 (A) all funds provided to the qualified en-
11 tity by any public or private source in connec-
12 tion with the demonstration project; and

13 (B) the proceeds from any investment
14 made under subsection (c)(2).

15 (2) UNIFORM ACCOUNTING REGULATIONS.—
16 The Secretary shall prescribe regulations with re-
17 spect to accounting for amounts in the Reserve
18 Fund established under subsection (a).

19 (c) USE OF AMOUNTS IN THE RESERVE FUND.—

20 (1) IN GENERAL.—A qualified entity shall use
21 the amounts in the Reserve Fund established under
22 subsection (a) to—

23 (A) assist participants in the demonstra-
24 tion project in obtaining the skills (including
25 economic literacy, budgeting, credit, and coun-
26 seling) and information necessary to achieve

1 economic self-sufficiency through activities re-
2 quiring qualified expenses;

3 (B) provide deposits in accordance with
4 section 410 for individuals selected by the quali-
5 fied entity to participate in the demonstration
6 project;

7 (C) administer the demonstration project;
8 and

9 (D) provide the research organization eval-
10 uating the demonstration project under section
11 414 with such information with respect to the
12 demonstration project as may be required for
13 the evaluation.

14 (2) AUTHORITY TO INVEST FUNDS.—

15 (A) GUIDELINES.—The Secretary shall es-
16 tablish guidelines for investing amounts in the
17 Reserve Fund established under subsection (a)
18 in a manner that provides an appropriate bal-
19 ance between return, liquidity, and risk.

20 (B) INVESTMENT.—A qualified entity shall
21 invest the amounts in its Reserve Fund that are
22 not immediately needed to carry out the provi-
23 sions of paragraph (1), in accordance with the
24 guidelines established under subparagraph (A).

1 (3) LIMITATION ON USES.—Not more than 9.5
2 percent of the amounts provided to a qualified entity
3 under section 406(b) shall be used by the qualified
4 entity for the purposes described in subparagraphs
5 (A), (C), and (D) of paragraph (1), of which not
6 more than 2 percent of the amounts shall be used
7 by the qualified entity for the purposes described in
8 paragraph (1)(D). If 2 or more qualified entities are
9 jointly administering a project, no qualified entity
10 shall use more than its proportional share for the
11 purposes described in subparagraphs (A), (C), and
12 (D) of paragraph (1).

13 (d) UNUSED FEDERAL GRANT FUNDS TRANS-
14 FERRED TO THE SECRETARY WHEN PROJECT TERMI-
15 NATES.—Notwithstanding subsection (c), upon the termi-
16 nation of any demonstration project authorized under this
17 section, the qualified entity conducting the project shall
18 transfer to the Secretary an amount equal to—

19 (1) the amounts in its Reserve Fund at time of
20 the termination; multiplied by

21 (2) a percentage equal to—

22 (A) the aggregate amount of grants made
23 to the qualified entity under section 406(b); di-
24 vided by

1 (B) the aggregate amount of all funds pro-
2 vided to the qualified entity by all sources to
3 conduct the project.

4 **SEC. 408. ELIGIBILITY FOR PARTICIPATION.**

5 (a) IN GENERAL.—Any individual who is a member
6 of a household that is eligible for assistance under the
7 State temporary assistance for needy families program es-
8 tablished under part A of title IV of the Social Security
9 Act (42 U.S.C. 601 et seq.), or that meets each of the
10 following requirements shall be eligible to participate in
11 a demonstration project conducted under this title:

12 (1) INCOME TEST.—The adjusted gross income
13 of the household does not exceed the earned income
14 amount described in section 32 of the Internal Reve-
15 nue Code of 1986 (taking into account the size of
16 the household).

17 (2) NET WORTH TEST.—

18 (A) IN GENERAL.—The net worth of the
19 household, as of the end of the calendar year
20 preceding the determination of eligibility, does
21 not exceed \$10,000.

22 (B) DETERMINATION OF NET WORTH.—
23 For purposes of subparagraph (A), the net
24 worth of a household is the amount equal to—

1 (i) the aggregate market value of all
2 assets that are owned in whole or in part
3 by any member of the household; minus

4 (ii) the obligations or debts of any
5 member of the household.

6 (C) EXCLUSIONS.—For purposes of deter-
7 mining the net worth of a household, a house-
8 hold's assets shall not be considered to include
9 the primary dwelling unit and 1 motor vehicle
10 owned by the household.

11 (b) INDIVIDUALS UNABLE TO COMPLETE THE
12 PROJECT.—The Secretary shall establish such regulations
13 as are necessary, including prohibiting future eligibility to
14 participate in any other demonstration project conducted
15 under this title, to ensure compliance with this title if an
16 individual participating in the demonstration project
17 moves from the community in which the project is con-
18 ducted or is otherwise unable to continue participating in
19 that project.

20 **SEC. 409. SELECTION OF INDIVIDUALS TO PARTICIPATE.**

21 From among the individuals eligible to participate in
22 a demonstration project conducted under this title, each
23 qualified entity shall select the individuals—

24 (1) that the qualified entity deems to be best
25 suited to participate; and

1 (2) to whom the qualified entity will provide de-
2 posits in accordance with section 410.

3 **SEC. 410. DEPOSITS BY QUALIFIED ENTITIES.**

4 (a) IN GENERAL.—Not less than once every 3 months
5 during each project year, each qualified entity under this
6 title shall deposit in the individual development account
7 of each individual participating in the project, or into a
8 parallel account maintained by the qualified entity—

9 (1) from the non-Federal funds described in
10 section 405(c)(4), a matching contribution of not
11 less than \$0.50 and not more than \$4 for every \$1
12 of earned income (as defined in section 911(d)(2) of
13 the Internal Revenue Code of 1986) deposited in the
14 account by a project participant during that period;

15 (2) from the grant made under section 406(b),
16 an amount equal to the matching contribution made
17 under paragraph (1); and

18 (3) any interest that has accrued on amounts
19 deposited under paragraph (1) or (2) on behalf of
20 that individual into the individual development ac-
21 count of the individual or into a parallel account
22 maintained by the qualified entity.

23 (b) LIMITATION ON DEPOSITS FOR AN INDIVID-
24 UAL.—Not more than \$2,000 from a grant made under

1 section 406(b) shall be provided to any 1 individual over
2 the course of the demonstration project.

3 (c) LIMITATION ON DEPOSITS FOR A HOUSEHOLD.—

4 Not more than \$4,000 from a grant made under section
5 406(b) shall be provided to any 1 household over the
6 course of the demonstration project.

7 (d) WITHDRAWAL OF FUNDS.—The Secretary shall
8 establish such guidelines as may be necessary to ensure
9 that funds held in an individual development account are
10 not withdrawn, except for 1 or more qualified expenses,
11 or for an emergency withdrawal. Such guidelines shall in-
12 clude a requirement that a responsible official of the quali-
13 fied entity conducting a project approve such withdrawal
14 in writing. The guidelines shall provide that no individual
15 may withdraw funds from an individual development ac-
16 count earlier than 6 months after the date on which the
17 individual first deposits funds in the account.

18 (e) REIMBURSEMENT.—An individual shall reimburse
19 an individual development account for any funds with-
20 drawn from the account for an emergency withdrawal, not
21 later than 12 months after the date of the withdrawal.
22 If the individual fails to make the reimbursement, the
23 qualified entity administering the account shall transfer
24 the funds deposited into the account or a parallel account
25 under section 410 to the Reserve Fund of the qualified

1 entity, and use the funds to benefit other individuals par-
2 ticipating in the demonstration project involved.

3 **SEC. 411. LOCAL CONTROL OVER DEMONSTRATION**
4 **PROJECTS.**

5 A qualified entity under this title, other than a State
6 or local government agency or a tribal government, shall,
7 subject to the provisions of section 413, have sole author-
8 ity over the administration of the project. The Secretary
9 may prescribe only such regulations or guidelines with re-
10 spect to demonstration projects conducted under this title
11 as are necessary to ensure compliance with the approved
12 applications and the requirements of this title.

13 **SEC. 412. ANNUAL PROGRESS REPORTS.**

14 (a) IN GENERAL.—Each qualified entity under this
15 title shall prepare an annual report on the progress of the
16 demonstration project. Each report shall include both pro-
17 gram and participant information and shall specify for the
18 period covered by the report the following information:

19 (1) The number of individuals making a deposit
20 into an individual development account.

21 (2) The amounts in the Reserve Fund estab-
22 lished with respect to the project.

23 (3) The amounts deposited in the individual de-
24 velopment accounts.

1 (4) The amounts withdrawn from the individual
2 development accounts and the purposes for which
3 such amounts were withdrawn.

4 (5) The balances remaining in the individual
5 development accounts.

6 (6) The savings account characteristics (such as
7 threshold amounts and match rates) required to
8 stimulate participation in the demonstration project,
9 and how such characteristics vary among different
10 populations or communities.

11 (7) What service configurations of the qualified
12 entity (such as peer support, structured planning ex-
13 ercises, mentoring, and case management) increased
14 the rate and consistency of participation in the dem-
15 onstration project and how such configurations var-
16 ied among different populations or communities.

17 (8) Such other information as the Secretary
18 may require to evaluate the demonstration project.

19 (b) SUBMISSION OF REPORTS.—The qualified entity
20 shall submit each report required to be prepared under
21 subsection (a) to—

22 (1) the Secretary; and

23 (2) the Treasurer (or equivalent official) of the
24 State in which the project is conducted, if the State

1 or a local government or a tribal government com-
2 mitted funds to the demonstration project.

3 (c) **TIMING.**—The first report required by subsection
4 (a) shall be submitted not later than 60 days after the
5 end of the calendar year in which the Secretary authorized
6 the qualified entity to conduct the demonstration project,
7 and subsequent reports shall be submitted every 12
8 months thereafter, until the conclusion of the project.

9 **SEC. 413. SANCTIONS.**

10 (a) **AUTHORITY TO TERMINATE DEMONSTRATION**
11 **PROJECT.**—If the Secretary determines that a qualified
12 entity under this title is not operating the demonstration
13 project in accordance with the entity’s application or the
14 requirements of this title (and has not implemented any
15 corrective recommendations directed by the Secretary),
16 the Secretary shall terminate such entity’s authority to
17 conduct the demonstration project.

18 (b) **ACTIONS REQUIRED UPON TERMINATION.**—If
19 the Secretary terminates the authority to conduct a dem-
20 onstration project, the Secretary—

21 (1) shall suspend the demonstration project;

22 (2) shall take control of the Reserve Fund es-
23 tablished pursuant to section 407;

24 (3) shall make every effort to identify another
25 qualified entity (or entities) willing and able to con-

1 duct the project in accordance with the approved ap-
2 plication (or, as modified, if necessary to incorporate
3 the recommendations) and the requirements of this
4 title;

5 (4) shall, if the Secretary identifies an entity
6 (or entities) described in paragraph (3)—

7 (A) authorize the entity (or entities) to
8 conduct the project in accordance with the ap-
9 proved application (or, as modified, if nec-
10 essary, to incorporate the recommendations)
11 and the requirements of this title;

12 (B) transfer to the entity (or entities) con-
13 trol over the Reserve Fund established pursuant
14 to section 407; and

15 (C) consider, for purposes of this title—

16 (i) such other entity (or entities) to be
17 the qualified entity (or entities) originally
18 authorized to conduct the demonstration
19 project; and

20 (ii) the date of such authorization to
21 be the date of the original authorization;
22 and

23 (5) if, by the end of the 1-year period beginning
24 on the date of the termination, the Secretary has not

1 found a qualified entity (or entities) described in
2 paragraph (3), shall—

3 (A) terminate the project; and

4 (B) from the amount remaining in the Re-
5 serve Fund established as part of the project,
6 remit to each source that provided funds under
7 section 405(c)(4) to the entity originally au-
8 thorized to conduct the project, an amount that
9 bears the same ratio to the amount so remain-
10 ing as the amount provided by the source under
11 section 405(c)(4) bears to the amount provided
12 by all such sources under that section.

13 **SEC. 414. EVALUATIONS.**

14 (a) **IN GENERAL.**—Not later than 10 months after
15 the date of enactment of this title, the Secretary shall
16 enter into a contract with an independent research organi-
17 zation to evaluate, individually and as a group, all quali-
18 fied entities and sources participating in the demonstra-
19 tion projects conducted under this title.

20 (b) **FACTORS TO EVALUATE.**—In evaluating any
21 demonstration project conducted under this title, the re-
22 search organization shall address the following factors:

23 (1) The effects of incentives and organizational
24 or institutional support on savings behavior in the
25 demonstration project.

1 (2) The savings rates of individuals in the dem-
2 onstration project based on demographic characteris-
3 tics including gender, age, family size, race or ethnic
4 background, and income.

5 (3) The economic, civic, psychological, and so-
6 cial effects of asset accumulation, and how such ef-
7 fects vary among different populations or commu-
8 nities.

9 (4) The effects of individual development ac-
10 counts on savings rates, homeownership, level of
11 postsecondary education attained, and self-employ-
12 ment, and how such effects vary among different
13 populations or communities.

14 (5) The potential financial returns to the Fed-
15 eral Government and to other public sector and pri-
16 vate sector investors in individual development ac-
17 counts over a 5-year and 10-year period of time.

18 (6) The lessons to be learned from the dem-
19 onstration projects conducted under this title and if
20 a permanent program of individual development ac-
21 counts should be established.

22 (7) Such other factors as may be prescribed by
23 the Secretary.

1 (c) METHODOLOGICAL REQUIREMENTS.—In evaluat-
2 ing any demonstration project conducted under this title,
3 the research organization shall—

4 (1) for at least 1 site, use control groups to
5 compare participants with nonparticipants;

6 (2) before, during, and after the project, obtain
7 such quantitative data as are necessary to evaluate
8 the project thoroughly; and

9 (3) develop a qualitative assessment, derived
10 from sources such as in-depth interviews, of how
11 asset accumulation affects individuals and families.

12 (d) REPORTS BY THE SECRETARY.—

13 (1) INTERIM REPORTS.—Not later than 90 days
14 after the end of the calendar year in which the Sec-
15 retary first authorizes a qualified entity to conduct
16 a demonstration project under this title, and every
17 12 months thereafter until all demonstration
18 projects conducted under this title are completed,
19 the Secretary shall submit to Congress an interim
20 report setting forth the results of the reports sub-
21 mitted pursuant to section 412(b).

22 (2) FINAL REPORTS.—Not later than 12
23 months after the conclusion of all demonstration
24 projects conducted under this title, the Secretary
25 shall submit to Congress a final report setting forth

1 the results and findings of all reports and evalua-
2 tions conducted pursuant to this title.

3 (e) **EVALUATION EXPENSES.**—The Secretary shall
4 expend such sums as may be necessary, but not more than
5 2 percent of the amounts appropriated under section 416
6 for a fiscal year, to carry out the purposes of this section.

7 **SEC. 415. TREATMENT OF FUNDS.**

8 Funds (including interest accruing) deposited in indi-
9 vidual development accounts shall not be considered to be
10 income for purposes of determining eligibility for, or the
11 amount of assistance furnished under, any Federal or fed-
12 erally assisted program based on need.

13 **SEC. 416. AUTHORIZATION OF APPROPRIATIONS.**

14 There is authorized to be appropriated to carry out
15 this title, \$25,000,000 for each of fiscal years 1999, 2000,
16 2001, 2002, and 2003 to remain available until expended.

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