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POVERTY REDUCTION AND PREVENTION ACT

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Mr. GREGG, from the Committee on Health, Education, Labor, and Pensions, submitted the following

R E P O R T

[To accompany S. 1786]

The Committee on Health, Education, Labor, and Pensions, to which was referred the bill (S. 1786) to revise and extend the Community Services Block Grant Act, the Low-Income Home Energy Assistance Act of 1981, and the Assets for Independence Act, having considered the same, reports favorably thereon with an amendment and recommends that the bill (as amended) do pass.

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I. SUMMARY OF THE BILL

The Poverty Reduction and Prevention Act of 2003 reauthorizes and makes improvements in the Community Services Block Grant Act, the Low Income Home Energy Assistance Act of 1981 and the Assets for Independence Act.

Title I of the bill reauthorizes the Community Services Block Grant (CSBG) program at such sums as may be necessary for fiscal years 2004 through 2009. The reauthorization gives particular attention to clarifying and strengthening the purposes of the Commu-

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nity Services Block Grant program. Emphasis is given to the development of partnerships that both reduce the risk of individuals and families from becoming or remaining poor, or that change the communities in which the poor live, so as to reduce conditions of poverty, such as inadequate services and infrastructure, crime, or substandard housing, and to build assets and economics that will provide economic opportunity and a decent living environment. The local community governance, a unique requirement for Community Action, is given new emphasis.

The future measurement of the results of CSBG programs is expected to reflect the degree to which each of the three principal goals is achieved by the programs designed to meet them, including community improvements and maintenance of representative and active community governance.

Title II reauthorizes the Low Income Home Energy Assistance Program at $3.4 billion for fiscal years 2004 through 2006, and then such sums as may be necessary for fiscal years 2007 through 2010. In addition, it authorizes a $600 million emergency fund for each fiscal year and includes language defining new circumstances, which warrant the release of additional funding. It authorizes the leveraging incentive program at $30 million for fiscal years 2004 through 2010. The legislation also requires the Secretary to conduct a study on the program and develop a protocol for States to collect information from energy distribution companies on a variety of residential customer statistics.

Title III reauthorizes the IDA demonstration program for an additional 5 years, appropriating $25 million for fiscal year 2004 and "such sums" for each year through fiscal year 2008. The amendments make small changes to improve the scope and quality of the program's administration: increasing flexibility over the use of non-Federal funding, expanding eligibility requirements, extending unused "earned" match funds, and adjusting technical details. The amendments apply to current and future individual account holders and entities.

The amendment of Section (a)(1) gives grantees the option of verifying all postsecondary education payments, allowing for the provision of related educational material (e.g., computers or books).

The amendment in Section 302(a)(3) permits accountholders to save in a postsecondary education IDA for their children or dependents.

Section 302(g) strikes the grandfathering provision, as it is no longer necessary given the ongoing nature of the program.

In Section 302(c)(1), the reauthorization allows nonFederal funds to be held in a separate account from the Reserve Fund, providing greater flexibility in optimizing these resources.

Section 302(c)(2) allows those individuals who have not yet purchased an asset to maintain their IDA until doing so, under a 12 month no cost extension, to ensure participants have time to locate appropriate assets.

Section 302(d) allows up to 20 percent of nonFederal funding to be used at the discretion of the AFIA grantees for program/operating costs. However, funding priority will be given to those grantees using no more than 15 percent for such purposes. This will allow greater private flexibility in developing the most effective and comprehensive programs while ensuring maximum resources are

committed to program participants for the asset developments promoted under the act.

Section 302(e) expands the current eligibility standards to include Adjusted Gross Income ($18,000 single filer, $30,000 head of household, $28,000 for joint filers) and Area Median Income (AMI), individuals with incomes equal to or less than 80 percent of AMI.

(For example, 200 percent of the Federal Poverty Line is $36,488, across the United States. In rural Hamilton, AL, 80 percent of the AMI is $30,240. Yet in Manchester, NH, 80 percent of the AMI is $54,560, well above the Federal Poverty Line.) These changes allow AFIA programs to cooperate better with other government programs serving low and moderate income families (e.g., HUD's HOME Investment Partnership programs) and account for local and geographic variations.

The original legislation required all earned interest be deposited in the IDA of each individual or into a parallel account. Section 302(f)(3) allows grantees discretion in how they calculate interest earned on match funds, and where there is excess interest income on match funds, allows those funds to be used to match additional IDAs.

The program is reauthorized for 5 years, through fiscal year 2008. $25 million will be appropriated for 2004 and "such sums" as may be necessary for each year through 2008.

The amendments of this section shall be applicable to current individual account holders and grantees. The Secretary of HHS shall also apply the amendments of 2000 to individual account holders and entities that received grants before or after the act's enactment.

II. Background and Need for Legislation

A. COMMUNITY SERVICES BLOCK GRANT ACT

The Community Services Block Grant (CSBG) dates back to 1964, when the Economic Opportunity Act established the War on Poverty and authorized the independent Office of Economic Opportunity (OEO). One of the most significant OEO programs was the "community action program," under which a nationwide network of local Community Action Agencies (CAAs) was developed. The law stipulated that each Community Action Program must provide services and activities having a "measurable and potentially major" impact on alleviating the causes and effects of poverty. The law further required that each CAA be governed by a tripartite board, composed equally of local elected officials; low income individuals from the community; and members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served. The local boards identify the causes of local poverty problems and design services they believe have the greatest potential for success in dealing with the problems of poverty and oversee the leadership and direction of the agencies.

In 1975, OEO was renamed the Community Services Administration (CSA) and continued to operate as an independent agency with its chief function being the administration of the nationwide network of CAAs. In 1981, CSA was abolished and replaced by the CSBG, to be administered by HHS. When CSA was abolished, it was administering nearly 900 CAAs, about 40 local Community De-

velopment Corporations, and several small categorical programs that were typically operated by local CAAs.

The CSBG Act was established in 1981 as a partial response to President Reagan's proposal to consolidate CSA with 11 other social services programs into a block grant to States. Congress rejected this proposal and instead created two new block grants—the Social Services Block Grant, under Title XX of the Social Security Act; and the CSBG, which consists of activities previously administered by CSA. The CSBG Act was enacted as part of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97–35), and has been reauthorized five times—in 1984 under P.L. 98–558, in 1986 under P.L. 99–425, in 1990 under P.L. 101–501, in 1994 under P.L. 103–252 and in 1998 under P.L. 105–285.

Under the CSBG framework, States have the responsibility of providing overall direction to eligible entities for achieving programmatic results, supporting strong, modern management systems and coordination among programs, and ensuring that programs have adopted appropriate management and accountability measures.

Each State designates a State agency to administer the block grant. State CSBG administrators distribute not less than 90 percent of the funds available to eligible entities in the form of grants. Eligible entities consist of approximately 1,100 local service providers in 50 States, the U.S. Territories, the District of Columbia and the Commonwealth of Puerto Rico. These entities, which include private nonprofit CAAs, units of local government, migrant and seasonal farm worker organizations, Indian Tribes, and limited purpose agencies, are referred to as "eligible entities." The vast majority of the eligible entities are Community Action Agencies (CAAs) which make up approximately 90 percent of the entities receiving CSBG funds.

The broad, overall goal of the 1964 Community Action Program to assist low income people to overcome the problems of poverty, has not changed. However, the means by which eligible entities have pursued this goal have evolved as communities face changing local needs and challenges; as the social and economic causes of poverty have changed; and as different approaches for combating poverty have been tested, refined and developed. Under the CSBG, decisions regarding the needs of low income communities and the steps needed to meet their needs are made at the local level. There, Community Action Agencies, in coordination with other community groups and community based organizations, conduct periodic assessments of community needs, inventory available resources, and organize appropriate programs and activities.

B. LOW INCOME HOME ENERGY ASSISTANCE

Energy costs account for a sizable portion of living expenses for low income households. To help low income families, senior citizens and disabled individuals meet the rising cost of home energy, the Low Income Home Energy Assistance Program was established in 1980 under the Home Energy Assistance Act, part of the Crude Oil Windfall Profit Tax Act of 1980 (P.L. 96–223). LIHEAP grew out of several one year programs established from 1974 to 1979 primarily to deal with energy-related emergencies. The LIHEAP program has been reauthorized six times—in the Omnibus Budget

Reconciliation Act of 1981, the Human Services Reauthorization Act of 1984, the Human Services Reauthorization Act of 1986, the Human Services Reauthorization Act of 1990, the Human Services Reauthorization Act of 1994 and the Coats Human Services Reauthorization Act of 1998. The basic design and intent of the program remains essentially the same as the 1974 program. Grants are made to States, the District of Columbia, U.S. territories and commonwealths, and Indian tribal organizations. Federal requirements are minimal and leave most important decisions to the grantees.

The Low Income Home Energy Assistance Program (LIHEAP) gives States annual grants to assist low income households, particularly those with the lowest incomes that pay a high proportion of household income for home energy, to meet their immediate home energy needs, to make residential energy bills more affordable and to prevent household energy crises by activities such as reducing costs through payment to, or on behalf of, eligible households; obtaining lower costs for the fuels purchased by eligible households; and, providing other services that reduce the energy burdens of low income households. Federal law limits eligibility to households with incomes which do not exceed the greater of 150 percent of the Federal poverty income guidelines or 60 percent of the State median income. States may adopt lower income limits, but all households with income below 110 percent of the poverty guidelines must receive assistance.

The 1998 Act authorized LIHEAP at such sums as necessary for fiscal years 2000 and 2001 and $2 billion for each fiscal year 2002 through 2004. In addition, the act authorized a $600 million emergency fund for each fiscal year and included new language defining the circumstances under which natural disasters and other emergencies warrant the release of additional funding under Section 2602(e). It authorized the leveraging incentive program at $30 million for fiscal years 2000 through 2004 and retained language allowing States to target the households with the highest energy burdens.

For many low income families, disabled individuals and senior citizens, home energy costs are unaffordable. Without energy assistance, many low-income households would have to choose between heating and other vital necessities such as food, medicine, rent or mortgage. These families often carry a higher energy burden than most Americans. In fiscal year 2000, the average household had energy expenditures of $1,293 and a mean individual burden of 6.1 percent of income. Low income households—households with annual incomes under the LIHEAP income maximum of the greater of 150 percent of the poverty level or 60 percent of State median income—had energy expenditures of $1,099. While the expenditures are 15 percent less than the average household, the mean individual energy burden for low income households was 12.1 percent, about twice as much as the burden for the average household. Energy expenditures for LIHEAP recipient households were $1,077 and the mean individual energy burden was 14.8 percent, almost 3 percentage points higher than the average low income household. In fiscal year 2000, home heating was 30 percent of the residential energy bill for low income households and home cooling was seven percent. LIHEAP benefits, while critical, cover a small portion of low income households' energy costs.

Low-income families who lack home energy because they cannot pay their bills face risks, such as reduced caloric intake in winter, fire, or eviction that can lead to homelessness. According to data supplied by the Department of Health and Human Services (HHS), an estimated 4.8 million households received winter heating/crisis assistance in fiscal year 2001. This is only 17 percent of the more than 29 million eligible households. Of the households receiving assistance in fiscal year 2000, about 34 percent had at least one member 60 years or older, about 36 percent included at least one disabled member and about 21 percent included at least one child five years or younger. LIHEAP is part of the vital social safety net for low income households and senior citizens living on a fixed income.

C. ASSETS FOR INDEPENDENCE ACT

The Assets for Independence Act (AFIA) of 1998, originally authored by Senator Dan Coats, authorized a demonstration program "to determine the social, civic, psychological and economic effects that Individual Development Account (IDA) savings accounts can have on low income individuals and their families." The program encourages low income families to save money for starting a business, purchasing a home, or investing in a college education. The demonstration program expired at the end of fiscal year 2003.

The savings rate and asset ownership levels of low and moderate income individuals are markedly low. The committee recognizes that as many as 25 percent of all U.S. households or individuals have insufficient net worth to subsist for three months at the poverty level. Over the last 20 years, research has shown that holding assets, especially in the form of homeownership, is associated with enhanced property maintenance, and increased social and civic involvement. Asset ownership is also associated with decreased economic strains on households, increased educational attainment among children, decreased intergenerational poverty, and healthier and more satisfied parents.

Communities that have established and implemented IDA programs funded with the Assets for Independence Act are significantly improving the lives of their lower income members. Across the country, IDAs have spurred over $14.5 million in savings, $22.5 million in match funding, and over $130.6 million in loans leveraged for homeownership, small businesses, and education. As the largest single funding source of match dollars, the Assets for Independence Act provides the core support necessary to enable thousands to save to build assets.

Data indicates that the demonstration program has been highly successful in engaging qualified entities and enrolling individuals. Federal funding, with matching contributions from nonFederal sources, was granted to 38 qualified entities in the program's first year of existence, fiscal year 1999. The number of grantees more than doubled to 77 in fiscal year 2003, enabling Health and Human Services (HHS) to give out all but $2 million of its $25 million annual grant money. The fiscal year 1999 accountability report from HHS reveal characteristics of 2,153 individual account holders: 84 percent were female, 42 percent were African-American and 37 percent were Caucasian, 94 percent represented the working population (age 18–55), and 51 percent were single.

Feedback from HHS and AFIA grantees suggests that minor changes in the reauthorization will improve the quality of the program's administration over the next 5 years. Broadly, the needed modifications include increased flexibility for program and operation support, eligibility standards, the use of "earned" match funds, and a few technical adjustments.

Current law requires all post secondary education expenses be paid directly to an eligible education institute. This excludes education related material (e.g., computers or books), which may be essential to achieving a college education. AFIA grantees have proposed broadening the requirement to include such related materials, with the provision that the grantees verify the payments.

The original AFIA legislation required IDAs to be available only for the purposes of the eligible individual. Feedback from the IDA community suggests an interest in allowing individual account holders to save in a post secondary education IDA for their children or dependents.

The original demonstration program grandfathered similar existing statewide programs (in Indiana and Pennsylvania) to streamline the formal application process while the program was still being established. Now that the IDA program is underway, State entities must formally apply and meet the criteria set forth in the statute.

Current law requires all funds, Federal and nonFederal, connected with the demonstration project to be housed in the Reserve Fund. Grantees have found this requirement unnecessarily restricts nonFederal funds, hindering compliance with funding guidelines from various nonFederal funding sources and preventing the sound investment of those funds.

AFIA grantees are authorized to conduct IDA projects for 5-year periods and then unused, "earned" match funds are transferred to the Federal Government. This deadline has caused problems for individuals who have saved for an asset, but for a variety of reasons have not yet secured one (e.g., job loss or delay in finding an appropriate home).

Current law requires nonFederal funding to be used for the same purposes and in the same ratio as the Federal funds (no more than 15 percent for program/operating costs). Grantees have requested more discretion over the use of nonFederal funds for program and operation costs. Grantees claim this autonomy will allow programs to better meet accountholder needs, enroll more individuals, and more aggressively use AFIA funding.

Original eligibility standards include: (1) 200 percent of poverty rate, (2) Earned Income Tax Credit (EITC) guidelines, and (3) Temporary Assistance for Needy Families (TANF) guidelines. These standards cause some difficulties for AFIA programs as they cooperate with other programs serving low and moderate income families (e.g., HUD's HOME Investment Partnership programs) and fail to effectively account for local and geographic variations.

Originally, all earned interest had to be deposited in the IDA of each individual or into a parallel account. Excess interest, interest earned from the Reserve Fund as opposed to interest earned in IDAs, accrues at substantially greater rates as the larger amount of money is held over a longer period of time. Grantees suggest re-

quiring that "excess interest" to be rolled over to fund existing IDAs and/or for new IDAs.

The committee reviewed these—and a number of other suggestions, comments, and concerns from—various stakeholders in developing the reauthorization of AFIA.

III. Legislative History and Committee Action

On October 28, 2003, Senators Alexander and Dodd introduced S. 1786, the Poverty Reduction and Prevention Act, a bill to reauthorize the Community Services Block Grant, the Low Income Home Energy Assistance Program, and to authorize the Assets for Independence Act. On October 29, 2003 the Committee on Health, Education, Labor and Pensions met in executive session to consider S. 1786 as a manager's substitute amendment. No amendments were offered. The bill was voted favorably out of the committee.

Hearing

On July 10, 2003, the Senate Subcommittee on Children and Families held a hearing on the Reauthorization of the Community Services Block Grant program. Two panels of witnesses were heard. The Honorable Wade Horn, Assistant Secretary for Children and Families, Department of Health and Human Services, spoke on the first panel and testified as to the Administration's views on the reauthorization of the program. The second panel of witnesses included directors of Community Action Agencies and individuals who have benefited from CSBG services. The witnesses were David Bradley, Executive Director of the National Community Action Foundation, Nathaniel Best from Knoxville, Tennessee, Michael Saucier from Berlin, New Hampshire, Winifred Octave from Worcester, Massachusetts and E. Phillip McKain, President and CEO of CTE, Inc. in Stamford, Connecticut. The second panel addressed the following four themes:

1. CSBG assists working poor families address immediate needs and achieve self-sufficiency. CSBG enables Community Action Agencies to coordinate a variety of services and leverage multiple funding sources to provide a comprehensive approach to helping families address the causes—and effects—of poverty, and reach goals on the path to long term economic independence and self sufficiency.
2. CSBG is serving the "new poor" who are facing poverty due to unexpected events. These include the non-traditional poor, such as middle-class families who never expected to be on the receiving end of help, but are hit by an unexpected crisis—a plant closing, a layoff, a major injury or illness. These families strongly prefer to work with a community based agency and not "welfare."
3. CSBG assists "special populations," including the hard-to-serve and those for whom conventional approaches fail. These individuals require outreach to inform them of the assistance available to them, and tailored responses to address their needs.
4. CSBG supports sustained efforts to change low income communities. These strategies include economic development, job creation, community revitalization, investment in youth (community centers and after school programs), public transit,

rural facilities, and crime reduction. Because of the CSBG, these strategies are informed and directed by a unique coalition of low income community residents, often current or past participants in programs, together with business, charitable, and local government leaders.

The Assets for Independence Act of 1998, Public Law 105–285, authorized the IDA program on October 10, 1998.

Public Law 106–554 (42 U.S.C. 604 note), enacted December 21, 2000, amended the Act with a few minor changes.

AFIA was again amended for a purely technical detail on January 8, 2002, in Public Law 107–110.

IV. Explanation of Legislation and Committee Views

A. Community Services Block Grant Program

1. Additional language on administrative costs

CSBG remains unique for its flexibility as the resource local agencies may use to build partnerships and change communities in addition to providing direct family services. The committee recognizes that the CSBG funded activities classified as "Linkages," including outreach to community residents and potential partners, and the inclusion of new community organizations and projects, are program services funded by CSBG. Also included in program services are activities that coordinate multiple services, those that mobilize new funding for local programs, and those that develop local governance resources. States are expected to assist in distinguishing these activities from administrative costs in order to ensure the unique local functions CSBG funds are not in appropriately restricted.

It is the intent of the committee that activities directly related to the purposes of the Community Services Block Grant Act not be included in any measure of administrative activities. Specifically, activities that address the linkages, leveraging, and mobilizing required by the CSBG Act should be considered program activities, similar to the direct provision of services.

The Community Services Block Grant Act requires that Community Action Agencies foster partnerships, conduct outreach, mobilize the community to bring about change, leverage various funding sources to meet their mission, and create new, innovative programs to address the needs of their communities. As stated in the CSBG Information Memorandum No. 37 issued by the Office of Community Services on December 10, 1999:

> "Direct" program costs can be specifically identified with delivery of a particular project, service, or activity undertaken by a grantee to achieve an outcome intended by the funding program. For CSBG, such direct costs derive from the funding objectives specified in the reauthorizing statute, and from the goals and outcome measures in the ROMA system required by that statute. Under the CSBG reauthorization and national ROMA goals, eligible programmatic activities explicitly include efforts to coordinate and strengthen a range of local programs and services that combat poverty. These efforts often entail planning and management functions that facilitate integrated ap-

> proaches among more categorical public, private, and non-profit entities within a community.

Clarification should be provided, if necessary, to ensure States and eligible entities follow these practices.

In the committee's July 9, 2003 hearing on the CSBG Act reauthorization, several examples of these direct program activities unique to CSBG were presented.

Mr. Michael Saucier spoke about the programs that Tri-County Community Action in Berlin, New Hampshire offered when the paper mill in their community closed, laying off over 800 workers among a population of 11,000. TCCAP provided a variety of initiatives that spurred economic development, retrained workers, provided emergency assistance for families, and created new jobs. As stated in the materials provided by the agency to accompany Mr. Saucier's testimony:

> It is important to note that these community based partnerships and resource coalitions and other across the three counties would not be possible without the flexible capacity which CSBG provides to Tri-County CAP and the communities it serves. The Economic Development Director, who plays a key role in all the projects, is jointly funded by Tri-County CAP through CSBG and by the City of Berlin. The City did not have this capacity before CSBG made it possible. The Project Director for downtown redevelopment is CSBG funded enabling her to identify, tap and coordinate funds which, by themselves, do not provide this capability and which, without coordination, are insufficient for the task. CSBG has proven to be the indispensable element in these community building efforts.

Ms. Winifred Octave, now a member of the tripartite board of directors for the Worcester Community Action Council (WCAC) in Worcester, Massachusetts, spoke about the integrated retraining, job support, and homeownership services coordinated for her and her three children so that they might be able to achieve self sufficiency and economic independence. Ms. Octave had lost her job as a legal secretary when the law firm closed and sought help for the first time. In materials provided by Ms. Patsy Lewis, Executive Director of WCAC, to accompany Ms. Octave's testimony, the unique activities that CSBG supports are described as follows:

> Community Services Block Grant (CSBG) is the "core" funding for WCAC and our most important source of support. CSBG is used to leverage other public and private funds ($20 for each $1 from CSBG), "pilot" new programs, support important services that are not funded (or are under funded) and support community services beyond the Worcester Community Action Council.

Other examples of activities funded with CSBG provided by WCAC included the following:

> Three years ago WCAC piloted a twelve week Energy Auditors' Training program to prepare low income and unemployed residents for positions in utility companies and/or energy conservation programs. CSBG was the funding source for developing the curriculum and supporting staff.

> Of our first class of four, three graduates immediately found employment in energy related fields. Two months ago one of the graduates of our second class responded to our ad for an auditor. She just started to work for WCAC as an Energy Auditor and she will be an excellent addition to the staff and the Energy field. CSBG made her employment possible.
>
> In collaboration with four other Massachusetts Community Action agencies, WCAC received a grant from the Office of Community Services to start an Individual Development Account (IDA) project to assist 25 low income families save toward home ownership. The coordinator for the project is paid from CSBG and the money raised from Federal and private sources goes toward the matched savings accounts.

In testimony provided by Phillip McKain, the President and CEO of CTE, the Community Action Agency for the communities of Stamford, Greenwich, and Darien, Connecticut, Mr. McKain described mobilizing activities that clearly should not be considered administrative:

> In Stamford, given the leadership role we have played in the past, the community asked us to form an Affordable House Collaborative to help put affordable housing in the policymaking agenda for the city. Working with the business leaders, labor representatives, faith leaders, nonprofit and private housing developers, public officials, and community advocates, we were able to approach city government and get housing on the agenda. The Mayor established a Task Force, which produced recommendations for changes in zoning regulations to facilitate the production of affordable housing. Stamford now has incentives and regulations that will produce affordable units for low to moderate income workers who are the lifeblood of a sustainable community.

In a July 10, 2003 letter to Senator Alexander from Lois Smith, the Executive Director of Upper East Tennessee Human Development Agency, Inc. (UETHDA), the use of CSBG to develop a program to address an unmet need was described. The efforts to assess the need, develop the program, leverage the resources and implement the services should not be considered administrative activities. Excerpts from the letter include the following:

> Over the past few years the agency has received numerous requests for assistance for families without drinkable running water and or septic systems in the eight-county region of northeast Tennessee. When a low income family would inquire if UETHDA could assist with these problems, we had to refer them to USDA Rural Development. USDA provides elderly households with a mix of grant dollars (as available) and low interest loans to assist with housing renovations including septic installation and construction of wells.
>
> Our staff, conducted extensive funding research to determine what other assistance was available for individual

homeowners to secure adequate drinking water. Really the only available source determined in our areas was that same USDA—Rural Development. Now, we have an approved plan for using CSBG funds, to invest in financial assistance for new septic systems for low income homeowners and for the construction of water wells and assistance with items to make the water drinkable. Under our partnership agreement, USDA does the needs and eligibility assessment; their experts determine the work plan for a property and invest up to $6500 in grant money for septic systems and housing/plumbing repairs. In the many cases where their grant falls short, we can provide up to $1500 for a well and up to $2000 for a septic system. Once the work is completed, USDA inspectors will complete a final report that is forwarded to UETHDA as verification the work is completed and payment is rendered to the vendor. The amount of CSBG dollars UETHDA is using only a portion of the total dollars needed to complete the process. Unfortunately, many who qualify for partial USDA support will not qualify for our program because the 125 percent poverty ceiling for CSBG shuts many elderly social security recipients out of CSBG programs; we can offer many of our other services, however. * * * The UETHDA outreach/neighborhood service center staff will assess the additional service needs of families in our water project using our comprehensive intake process, and we link them to any appropriate services to increase their self-sufficiency, whether delivered at our agency or by others in the community.

2. ROMA and accountability

The legislation increases accountability of local, State and Federal CSBG programs along several dimensions. *Fiscal and administrative accountability is strengthened at all levels of government* in Section 678E. The Department will establish and report on goals for its timely distribution of funds and effective oversight of State programs, as well as on its implementation of other Block Grant provisions. The Secretary is provided with additional tools to ensure States correct any deficiencies that appear during HHS reviews. The States will, with the support of the Department and input from the local agency network, design and implement a common State financial and organizational assessment protocol that provides minimum standards for local agency fiscal and administrative performance. The States will also establish and report on their objectives for effective management of CSBG, including State goals set forth in Section 678E(a)(1)(C), as well as their support for the development of modern local information and management systems and timely distribution of CSBG funds. The States will biennially submit to HHS an audit of State use and distribution of CSBG funds to permit oversight of the Block Grant as distinct from all HHS grants combined. States shall fund this audit with CSBG funds provided to the State to meet administrative costs, which are capped at five percent of the total annual allocation to the State.

Local eligible entities have been given a more precise timetable for correcting any operational deficiencies identified by the State

and for implementing a corrective action plan with the support of the State program.

A second form of program accountability is the requirement for that local eligible entities' annual CSBG plans include locally-determined annual goals for at least three types of activities: mobilizing or "leveraging" community resources; coordinating programs and funding from public and private sector resources; and promoting involvement of residents of the community at large and the low income community served. If a State makes an assessment that termination or reduction of an eligible entity's funding is warranted based on the degree to which these goals are substantially achieved, taking into account changing local conditions, the determination and due process procedures clearly articulated in Section 678C shall apply.

Third, accountability for progress toward long-term poverty reduction, the purpose of the Block Grant, is also strengthened by the legislation. The CSBG Results-Oriented Management and Accountability (ROMA) system, together with the CSBG Information System, was fully designed following the 1998 reauthorization and pioneered by the local and State CSBG agencies. ROMA's purpose is not only to record the multiple resources coordinated locally to assist individuals and families and to change communities, but also to measure the intermediate and longer term effects of the work that CSBG supports. The ongoing development of ROMA will reflect the promise of collaborative State and local approaches that will bring 21st Century experience and skills to bear on the difficult challenges of reducing and preventing poverty. In particular, the committee acknowledges the value of the voluntary expansion of the CSBG Information System by the State and local agencies so that the reports cover programs supported by nonFederal resources and results of activities that have only indirect support from CSBG. This is a significant contribution to management of these programs and also to the future practice of real world performance based management of complex social programs.

The bill provides an alternative to the approach originally suggested by the Department. Rather than establishing Federally determined performance goals and measures for State and local programs and centralizing the reporting system in the Department, the legislation provides for the further development and implementation of the ROMA CSBG Information System under the guidance of the existing successful State and local partnership at the national level. Section 678E requires that States provide reports on their local and State programs and on CSBG's results, but preserves their discretion to develop the systems collectively. Funding for the Department's support of these efforts is expanded to permit the network to build on its success.

The purpose of ROMA is to collect measures of the results of the set of expenditures that local agencies have chosen to be appropriate to their communities and have contracted with their State to undertake. Unlike the reports on the new, required annual plan goals, ROMA can also test alternative innovative approaches to the challenge of reducing and preventing poverty and can provide information that allows improvement or rejection of new initiatives, and even of new ways to measure.

The bill anticipates that the annual nationwide report on CSBG results will be further refined by the States and eligible entities, acting together with their national associations, to better reflect the degree to which many diverse local programs achieve the three primary goals laid out for the CSBG. Development of more comprehensive reports showing similar types of activity grouped by the goal, which they seek to achieve, and including all significant, CSBG-supported activities in the State, is currently in progress. The committee recognizes that the simplification of the goals of the act may require development and testing of new reports and urges the Secretary to provide such support as is needed, particularly for expansion of measurement tools to capture the outcomes of projects that improve local communities and build community assets, and of reports to measure success in achieving maximum feasible participation of the community's residents in governance of CSBG programs.

3. Community Economic Development program

The bill includes a number of amendments to the Discretionary Authority of the Secretary and the Community Economic Development program. The amendments codify current HHS and Office of Community Service policy regarding disposition of intangible assets. These amendments provide that the grant is the property of the grantee and allow the grantee to retain any intangible asset acquired with grant funds provided under this section after the grant period expires so long as such assets are used to infuse capital into the community in furtherance of the grant purposes. If the grantee no longer needs the grant funds or the intangible asset, the grantee is required to seek instructions from the Secretary.

The amendments also clarify policy regarding so-called replacement grants. This provision gives the Secretary the authority to continue to provide the obligated funds to a grantee for a new project when the original project, which was the basis of the grant, has changed. In certain instances, events beyond the control of the grantee make completion of a project infeasible. If such events occur after the end of the fiscal year, funds are returned to the Treasury. The amendment permits the grantee to use the funds for a revised project provided that the Secretary determines that the revised project benefits the same population, and remains in the same community as the original grant.

Finally, the amendments elaborate on the purpose of Community Economic Development grants and clarify the use of grant funds authorized under this section.

B. LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

The committee reaffirms the central purpose of the Low-Income Home Energy Assistance Program (LIHEAP) as providing assistance to eligible households in meeting their energy bills. Low income households continue to have difficulty in affording the cost of home energy and essential goods and services. The costs of residential energy continue to be high in relation to their incomes. The committee believes that LIHEAP is a critical program for low income households, and therefore, increased the authorization for LIHEAP from $2 billion to $3.4 billion for fiscal years 2004 through 2006 and such sums as necessary for fiscal years 2007 through

2010. Currently, the program serves only 17 percent of the eligible households. The committee believes that funding should be increased to meet more of the unmet need. According to the National Energy Assistance Directors Association, an increase of funding to $3.4 billion would raise the percentage of eligible households served to 32 percent.

The LIHEAP program is "forward-funded" and the committee anticipates that LIHEAP will be reauthorized in 2009. Forward funding allows States to plan more efficiently, and therefore, more economically. State LIHEAP directors begin planning in spring and early summer for the upcoming year. Without forward funding, State directors are unable to plan program outreach or leverage resources as effectively. Forward funding will also ensure that States have the necessary funding to open their programs at the beginning of the fiscal year in order to provide timely assistance to low income families who cannot afford to wait.

The committee continues to recognize the need in times of crisis for emergency funds to be released by the President and the legislation authorizes $600 million for fiscal years 2004 through 2010 to meet emergency home energy needs. The committee is concerned that emergency funds appropriated in fiscal years 2001 and 2002 were not distributed to States despite requests from Congress and Governors for the release of funds. In the future, it would be advisable for the Secretary to inform Congress and seek appropriate counsel from this authorizing committee about the release of emergency funds.

The legislation includes a new trigger mechanism whereby the Secretary shall declare an emergency in the event of extreme weather changes or increases in energy costs. Specifically, the trigger would be activated if the number of heating degree days or cooling days for a month was more than 100 above the 30 year average in one or more States or regions, or if there is an increase of at least 20 percent in the cost of home energy over the previous 5 year average for a duration of a month or more in one or more States or regions. In such an event, the Secretary must determine an appropriate level of funds to be distributed to that region. The Secretary has discretion in this matter as to the amount of funds to be distributed based on the extent of the need of that State or region.

The 1998 Coats Act clarified the term emergency to mean a natural disaster; a significant home energy supply shortage or disruption; a significant increase in the cost of home energy, as determined by the Secretary; a significant increase in home energy disconnections reported by a utility, a State regulatory agency, or another agency with necessary data; a significant increase in participation in a public benefit program such as the Food Stamps program; a significant increase in unemployment or layoffs; or any other event meeting criteria as the Secretary may determine to be appropriate. The committee encourages the Secretary to consider all factors defined in the statute when making decisions about the release of emergency funds.

Since 1996, 25 percent of leveraging funds have been set aside for the Residential Energy Assistance Challenge (REACh) program. This program allows grantees to test initiatives designed to help eligible clients reduce their energy vulnerability. The committee

urges the Secretary to give priority to initiatives that coordinate multiple resources, are replicable and are of sufficient size to indicate their impact. The committee also urges the Secretary to disseminate information about the evaluated results of REACh initiatives. The committee has asked the Comptroller General to conduct an evaluation of the REACh program and report its findings within two years of the date of enactment of this Act.

The legislation also directs the Secretary to conduct a study on the LIHEAP program. It further directs the Secretary to develop a protocol for States to collect information from energy distribution companies on a variety of residential customer statistics. Volatile natural gas, electricity and fuel oil prices in recent years have exacerbated the energy burden crises facing low-income households. Reports from many States indicate that many electric and natural gas utility distribution companies have over the past year experienced high levels of customer arrearages leading to increased service termination for nonpayment. The loss of vital home energy constitutes a serious threat to health, safety and well being of households. Reliable and consistent data on customer arrearage and termination would help formulate State and national policies to address these problems. The National Association of Regulatory Utility Commissioners and the National Energy Assistance Directors Association support efforts to encourage State public utility commissions to collect arrearage and shut-off data to help document the energy assistance needs of low income households. The committee believes that helping families prior to disconnection would prevent safety and health concerns surrounding a household without energy services. The committee urges the Secretary to monitor arrearage trends nationwide and consider a significant increase in arrearage rates as part of the disconnection criteria. The study is to be submitted to Congress not later than 24 months after the date of enactment of this act.

C. ASSETS FOR INDEPENDENCE ACT

The reauthorization maintains current law with respect to Federal and nonFederal funding matches, a 1:1 ratio. The committee believes this most faithfully maintains the original intent of the program: a full and equal Federal/community partnership in addressing the economic development needs of lowincome families.

Currently, nonFederal funds must be used for the same purposes and in the same ratio as the Federal funds (no more than 15 percent for program/operating costs). The proposed change to current law would allow up to 20 percent of nonFederal funding to be used at the discretion of the AFIA grantees for program/operating costs. However, funding priority will be given to those grantees using no more than 15 percent for such purposes. This will allow greater private flexibility in developing the most effective and comprehensive programs while ensuring maximum resources are committed to program participants for the asset developments promoted under the act.

V. COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 21, 2003.

Hon. JUDD GREGG,
Chairman, Committee on Health, Education, Labor, and Pensions, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 1786, the Improving the Poverty Reduction and Prevention Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Donna Wong.

Sincerely,

ELIZABETH M. ROBINSON
(For Douglas Holtz-Eakin, *Director*).

Enclosure.

S. 1786—Poverty Reduction and Prevention Act

Summary: S. 1786 would reauthorize programs created under the Community Services Block Grant Act, the Low-Income Home Energy Assistance Act of 1981, and the Assets for Independence Act.

CBO estimates that new authorizations under the bill would total $2.1 billion in 2004 and about $26.5 billion over the 2004–2009 period, assuming that annual levels are adjusted for inflation when specific amounts are not provided. (Without such inflation adjustments, the authorizations would total about $24.8 billion over the 2004–2009 period.) CBO estimates that appropriations of the necessary amounts would result in outlays of $23.0 billion over the 2004–2009 period, if inflation adjustments are included (and about $22.4 billion without inflation adjustments).

S. 1786 does not contain any intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no significant costs on State, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of S. 1786, with inflation adjustments, is shown in the following table. The costs of this legislation fall within budget functions 500 (education, training, employment, and social services) and 600 (income security).

	By fiscal year, in millions of dollars—						
	2003	2004	2005	2006	2007	2008	2009
SPENDING SUBJECT TO APPROPRIATION							
Spending Under Current Law:							
Budget Authority/Authorization Level[1]	2,483	2,650	0	0	0	0	0
Estimated Outlays	2,723	2,466	686	54	0	0	0
Proposed Changes:							
Community Services Block Grant:							
Estimated Authorization Level	0	657	670	684	698	714	729
Estimated Outlays	0	342	631	670	690	705	721
Community Food and Nutrition Programs:							
Estimated Authorization Level	0	7	8	8	8	8	8
Estimated Outlays	0	4	7	8	8	8	8
Youth Sports:							
Authorization Level	0	18	18	18	18	18	18
Estimated Outlays	0	9	17	18	18	18	18

	By fiscal year, in millions of dollars—						
	2003	2004	2005	2006	2007	2008	2009
Low-Income Home Energy Assistance:							
Estimated Authorization Level	0	1,400	4,050	4,050	4,121	4,198	4,275
Estimated Outlays	0	639	3,024	3,703	3,803	3,877	3,954
Low-Income Home Energy Assistance Studies:							
Estimated Authorization	0	*	*	*	0	0	0
Estimated Outlays	0	*	*	*	0	0	0
Individual Development Accounts:							
Authorization Level	0	25	25	26	27	27	0
Estimated Outlays	0	1	24	25	26	27	13
Total Proposed Changes:							
Estimated Authorization Level	0	2,107	4,771	4,786	4,871	4,964	5,030
Estimated Outlays	0	1,006	3,703	4,424	4,545	4,635	4,714
Total Spending Under S. 1786:							
Budget Authority/Authorization Level	2,483	4,757	4,771	4,786	4,871	4,964	5,030
Estimated Outlays	2,723	3,473	4,388	4,478	4,545	4,635	4,714

[1] The 2003 level is the amount appropriated for that year for the Community Services Block Grant, Community Food and Nutrition, Youth Sports, Low-Income Home Energy Assistance, and Individual Development Accounts programs. The 2004 level is the amount authorized under current law for the Low-Income Home Energy Assistance Program. No full-year 2004 appropriation has been enacted yet.

Notes.—Components may not sum to totals because of rounding. * = Less than $500,000.

Basis of estimate

For this estimate, CBO assumes S. 1786 will be enacted this fall and that the estimated authorization amounts will be appropriated for each fiscal year. The estimated outlays reflect CBO's current assumptions about spending patterns in the authorized programs.

S. 1786 would reauthorize programs created under the Community Service Block Grant Act, the Low-Income Home Energy Assistance Act of 1981, and the Assets for Independence Act. The Low-Income Home Energy Assistance Program (LIHEAP) is authorized through 2004 while the others are currently authorized through November 21, 2003, by the Continuing Appropriations Act (Public Law 108–107).

Both the Community Services Block Grant (CSBG) and Community Food and Nutrition programs would be reauthorized at such sums as may be necessary for 2004 through 2009. For those two programs, the estimated authorization levels are equal to the 2003 appropriation level plus adjustments for inflation. The bill contains specific authorizations in 2004 for the LIHEAP, Youth Sports, and Individual Development Accounts programs.

CBO estimates that S. 1786 would authorize additional appropriations of $2.1 billion in 2004, assuming that the 2003 amounts for the CSBG and Community Food and Nutrition programs are adjusted for inflation. CBO estimates that the bill would authorize total funding of $26.5 billion over the 2004–2009 period, assuming annual adjustments for anticipated inflation. Appropriation of the authorized amounts would result in outlays of $1.0 billion in the first year and $23.0 billion over the six-year period. (Without inflation adjustments, the increased authorizations would total $25.8 billion over the six years, with outlays of $22.4 billion over that period.)

Community Services Block Grant program

The CSBG program provides grants to States to provide a range of services to reduce poverty, including employment assistance, education, housing assistance, nutrition, energy, emergency services, health, and substance abuse assistance. CBO estimates the

authorization of such sums as necessary for the CSBG program would be $657 million in 2004 and about $4.2 billion over the 2004–2009 period, with resulting outlays of $3.8 billion over the six years. Funding for the program in 2003 was $646 million.

Community Food and Nutrition program

The Community Food and Nutrition program provides grants to private and public agencies at the State and local level to coordinate existing food assistance resources and to develop innovative approaches to meet the nutrition needs of low-income people. CBO estimates the authorization of such sums as necessary for this program would be $7 million in 2004 and $47 million over the 2004–2009 period, with resulting outlays of $42 million over those six years. The program was funded at $7 million in 2003.

Youth Sports

The Youth Sports program provides an annual grant to a national, nonprofit organization to operate the National Youth Sports program. The grantee contracts with colleges and universities to provide sports instruction and enrichment activities (career and education counseling, study skills, and drug abuse and nutrition services) to low-income youths in a summer program. The bill would reauthorize the current program at $18 million annually for the 2004–2009 period. Total funding for the six-year period would be $108 million, with resulting outlays of about $98 million over that period. The program was funded at $17 million in 2003.

Low-income home energy assistance

The legislation would raise the current law authorization for LIHEAP for 2004, permanently extend the basic State grant and emergency grant programs, and continue the incentive grant program through fiscal year 2010. Assuming appropriation of the authorized amounts, CBO estimates that implementing this provision would cost about $639 million in 2004, and $19.0 billion over the 2004–2009 period.

Under current law, a total of $2.65 billion is authorized to be appropriated for fiscal year 2004. These funds include $2.0 billion for the basic formula grant for States to provide energy assistance for low-income households, $50 million for grants to States to develop nonFederal energy resources and for Residential Energy Assistance Challenge (REACh) grants, and $600 million for additional energy assistance for emergency needs. S. 1786 would increase the authorization for the basic formula grant for States to $3.4 billion in fiscal year 2004, and extend this authorized level through fiscal year 2006. The bill would authorize the appropriation of such sums as may be necessary after 2006, which CBO estimates as the 2006 amount adjusted for inflation. The extension of the basic formula grant automatically extends the authorization of the emergency funding at $600 million per year. The emergency funds are made available only after a formal request by the President that includes a designation of the amount requested as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act.

The bill requires two new studies—a study by the General Accounting Office on the effectiveness of the REACh program, and a

study by the Department of Health and Human Services on how to improve the performance and effectiveness of the LIHEAP program—for which CBO estimates the total costs would be less then $500,000 over the 2004–2006 period.

Individual development accounts

The bill would reauthorize the Individual Development Accounts program and authorize the appropriation of $25 million in 2004 and such sums as may be necessary in each year from 2005 through 2008. This program provides matching funds to qualified low-income individuals who save to encourage more savings. Accounts can be used to purchase a first home, for higher education expenses or for small business capitalization. Appropriations for the program were $25 million for 2003.

Intergovernmental and private-sector impact: S. 1786 contains no intergovernmental or private-sector mandates as defined in UMRA. States would be given greater flexibility in managing grants but would need to continue to monitor eligible entities and assist them in developing local goals; any costs incurred by State, local, or tribal governments would result from complying with grant conditions.

Previous CBO estimates: On October 7, 2003, CBO transmitted a cost estimate for H.R. 3030, the Improving the Community Services Block Grant Act of 2003, as ordered reported by the House Committee on Education and the Workforce on October 1, 2003. H.R. 3030 would reauthorize the CSBG, Community Food and Nutrition, and Youth Sports programs. Our estimates of authorizations of appropriations for the CSBG and Community Food and Nutrition programs are identical to those provided for H.R. 3030. The specified authorization for the Youth Sports program is $3 million per year higher than the level specified in H.R. 3030.

On September 15, 2003, CBO transmitted a cost estimate for H.R. 7, the Charitable Giving Act of 2003, as ordered reported by the House Committee on Ways and Means on September 9, 2003. That bill would reauthorize the Individual Development Accounts program. The two bills contain identical authorizations of appropriations for that program.

On May 1, 2003, CBO transmitted a cost estimate for H.R. 1644, the Energy Policy Act of 2003, as ordered reported by the House Committee on Energy and Commerce on April 8, 2003. H.R. 1644 would reauthorize LIHEAP at the same levels as S. 1786 through 2006, but would not extend the program beyond that.

Estimate prepared by: Federal Costs: CSBG and Assets for Independence—Donna Wong. Low-Income Home Energy Assistance—Michael Carson. Impact on State, local, and tribal governments—Sarah Puro. Impact on the Private Sector—Meenakshi Fernandes.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

VI. Application of Law to the Legislative Branch

Section 102(b)(3) of Public Law 104–1, the Congressional Accountability Act (CAA) requires a description of the application of this bill to the legislative branch. S. 1786 authorizes various Federal human services programs and does not amend any act that applies to the legislative branch.

VII. Regulatory Impact Statement

The committee has determined that there will be de minimus changes in the regulatory burden imposed by this bill.

VIII. Section-by-Section Analysis

Section 1. Short title

This act may be cited as the Poverty Reduction and Prevention Act.

Section 101. Purposes and goals

This section amends section 672 to clarify and strengthen the purposes of the Community Services Block Grant Act. Reducing poverty is emphasized as the primary purpose of the act, and the manner in which this purpose is to be achieved is clearly articulated. These key strategies include: (1) Coordinated efforts by local eligible entities utilizing multiple Federal, State, local and private resources to help low-income individuals and families achieve self-sufficiency; (2) efforts to improve and revitalize low-income communities through developing community assets and coordinating services that will have a measurable impact on the causes of poverty; and (3) ensuring maximum feasible participation of the poor in developing the Community Agencies' response to poverty in their communities.

Section 102. Definitions

This section amends section 673 to clarify that the Department of Health and Human Services defines the poverty line and the poverty line may be revised by the Secretary to take into account higher costs of living. It also gives the States greater flexibility in determining who is eligible to receive services, while placing a priority on those who are most in need. It stipulates that 125 percent of the official poverty line is the minimum level a State can set as its maximum eligibility requirement and 60 percent of State median income is the maximum level a State can set as its maximum eligibility requirement.

Section 103. Authorization of appropriations

This section amends section 674 by reauthorizing the program at such sums as may be necessary for fiscal years 2004 through 2009.

Section 104. Establishment of program

This section amends section 675 to clarify that grants to the States under this program are for the purpose for ameliorating the causes of poverty, as well as the conditions caused by poverty.

Section 105. Use of funds

This section amends section 675C(b) to re-prioritize how the States should use any remaining funds from sections 675A or 675B. It stipulates that the States should use these funds (A) to provide for training and technical assistance to eligible entities that strengthen their managerial or programmatic capabilities to reduce poverty, (B) to support statewide coordination and communication among eligible entities and State-operated or supported programs and services and other locally-operated programs and services tar-

geted to low-income individuals and their children and families, (C) to continue to support innovative partnerships, programs and activities conducted by Community Action Agencies and their partners including other community-based organizations to eliminate poverty, promote self-sufficiency and promote community revitalization, (D) to continue to analyze the distribution of funds to make sure the funds have been targeted to those who are in the greatest need, (E) to continue to support State charity tax credits, (F) to support the identification of exemplary entities as Centers of Innovation, (G) to support the development of eligible entities' partnerships with local law enforcement agencies, local housing authorities, private foundations and other public and private partners and (H) to continue other activities as consistent with CSBG.

This section further stipulates that the States must ensure that funds distributed under section 675C(a) are not used for excessive administrative expenses and that these funds used for salaries by local entities are fair and appropriate.

Section 106. Application and plan

This section amends section 676 to allow that additional items be included in a State's application and plan to the Secretary for grants made under section 675A and 675B. Among these is an assurance that the State will use funds to support activities to expand opportunities for low-income individuals and their families and to assist them in becoming self-sufficient, that the State has integrated programs of general relevance to the extent appropriate to the needs of low-income communities, that the State will provide a description of its measurement performance system, that the State has identified and coordinated with eligible entity programs, and that the State, beginning in FY2006, has implemented a Financial and Organizational Assessment Protocol as described in section 678B.

Section 107. Designation of eligible entities in underserved areas

This section amends section 676A(b) to ensure that entities that are granted special consideration are of demonstrative effectiveness and consistent with the needs identified by a community needs assessment.

Section 108. Tripartite boards

This section amends section 676B(b) to ensure that the tripartite board is the mechanism for determining consideration of eligible entities.

Section 109. Training, technical assistance, and other activities

This section amends section 678A to ensure that funds provided for in section 674(b)(2) also are used for the development of a common State Financial and Organizational Assessment.

Section 110. Monitoring

This section amends section 678B to stipulate that the State shall conduct full onsite biennial reviews of local entities, follow-up annual reviews and implement a Financial and Organizational Assessment Protocol to monitor and evaluate the compliance of eligi-

ble entities. It further instructs the Secretary to annually submit a report on the results of this evaluation.

Section 111. Corrective action; Termination and reduction of funding

This section amends section 678C to provide that certain measures take place if an eligible entity does not correct a deficiency after a State has informed the entity of that deficiency. It stipulates that the State needs to notify the entity that the State intends to initiate proceedings to terminate or reduce funding and that it has a right to a hearing on record as defined in section 676(c). It further instructs the Secretary to continue to fund an eligible entity until the Secretary approves or disapproves and reverses, the determination of termination or reduction in funding with respect to the State.

Section 112. Fiscal controls, audits, and withholdings

The section amends section 678D to provide that the States submit a separate audit of CSBG funds to the Secretary. The audit shall be confined to funds at the State level, and focus only upon disbursements to local eligible entities, State administrative funds, and the disbursement of State discretionary funds. The cost of such audit shall be paid for out of State CSBG administrative funds; however, if additional funds are needed because administrative funds are dedicated to other CSBG purposes, then the State shall use the State's discretionary funds.

In addition, State financial reports shall be submitted to the Secretary no later than 6 months following the end of each fiscal year.

If a State fails to comply to meet the requirements in sections 678A through 678D(a), then the Secretary shall withhold funds as described in section 675C(b)(2) until the Secretary determines it is compliant.

Section 113. Accountability and reporting requirements

This section amends section 678E to provide that any performance standards for State administration of the Block Grant are to be established by the Secretary, in consultation with the States.

The annual CSBG plans of local eligible entities shall include locally-determined annual goals for three types of activities: mobilizing or "leveraging" community resources; coordinating programs and funding from public and private sector resources; and promoting involvement of the community. If a State makes an assessment that termination or reduction of an eligible entity's funding is warranted based on the degree to which these goals are substantially achieved, taking into account changing local conditions, the determination and due process procedures clearly articulated in section 678C shall apply.

The Department shall also establish and report on goals for its timely distribution of funds, effective oversight of State programs, coordination of other Office of Community Services programs with the activities of CSBG, and full and timely reporting.

The legislation calls upon the Secretary to coordinate reporting requirements of Health and Human Services programs administered by eligible entities to reduce the number of reports relating to individuals and families served, as well as the uses of grant

funds. Technical assistance, including resources to enhance electronic data systems, shall be provided to States and eligible entities to enhance data collection and reporting in this coordinated system.

The legislation also provides for the further development and implementation of the Results Oriented Management Assessment System and the CSBG Information System under the guidance of the existing successful State and local partnership at the national level. Measures developed under this system shall be numerous enough to cover the range of services administered by eligible entities, yet eligible entities shall only be compelled to collect data on measures that reflect their current community-specific programs. The collection of data for reports required by other Federal programs is not required to be altered. States are required to report annually on their local and State programs and on CSBG's results.

Funding for the Secretary's annual reporting requirement is increased from $350,000 to $500,000 to permit the network to build on its success.

Section 114. Limitations on use of funds

This section amends section 678F by inserting "religion" after "race."

Section 115. Operational rule

This section amends section 679 to ensure that any programs that receive assistance under this Act meet the requirements as provided for in the Act.

Section 116. Discretionary authority of the Secretary

This section amends section 680 to codify current HHS and Office of Community Services policy regarding disposition of intangible assets.

The amendments also clarify policy regarding so-called replacement grants. This provision gives the Secretary the authority to continue to provide the obligated funds to a grantee for a new project when the original project, which was the basis of the grant, has changed. In certain instances, events beyond the control of the grantee make completion of a project infeasible. If such events occur after the end of the fiscal year, funds are returned to the Treasury. The amendment permits the grantee to use the funds for a revised project provided that the Secretary determines that the revised project benefits the same population, and remains in the same community as the original grant.

Finally, the amendments elaborate on the purpose of Community Economic Development grants and clarify the use of grant funds authorized under this section.

Section 117. Community food and nutrition programs

This section re-authorizes section 681 for fiscal years 2004 through 2009.

Section 118. National or religion program designed to provide instructional activities for low-income youth

This section re-authorizes section 682 for fiscal years 2004 through 2009 at $18,000,000.

Section 201. Short title

This Title may be cited as the "Low-Income Home Energy Assistance Amendments Act of 2003."

Section 202. Reauthorization

This section reauthorizes the program at $3,400,000,000 for fiscal years 2004 through 2006 and then at such sums as may be necessary through fiscal year 2010.

Section 203. Natural disasters and other emergencies

This section includes a new trigger mechanism whereby the Secretary shall declare an emergency in the event of extreme weather changes or increases in energy costs. Specifically, the trigger would be activated if the number of heating degree days or cooling days for a month was more than 100 above the 30-year average in one or more states or regions, or if there is an increase of at least 20 percent in the cost of home energy over the previous 5-year average for a duration of a month or more in one or more States or regions. In such an event, the Secretary must determine an appropriate level of funds to be distributed to that region. The Secretary has discretion in this matter as to the amount of funds to be distributed based on the extent of the need of that State or region.

Section 204. Residential energy assistance challenge option

This section reauthorizes section 302 of this Act.

Section 205. Report to Congress

This section directs the Secretary to conduct a study on the LIHEAP program. It further directs the Secretary to develop a protocol for States to collect information from energy distribution companies on a variety of residential customer statistics.

Section 301. Short title

Section 301 provides the short title of the title, the Assets for Independence Reauthorization Act.

Section 302. Reauthorization of the Assets for Independence Act

Section 302 amends the Assets for Independence Act (42 U.S.C. 604 note) to give grantees the option of verifying all postsecondary education payments, allowing for the provision of related educational material. Accountholders may save in a postsecondary education IDA for their children or dependents. This section repeals the grandfathering of statewide programs. Qualified entities may hold non-Federal funds in a separate account from the Reserve Fund. This section also provides a 12-month no-cost extension for accountholders to maintain their IDA until able to purchase an asset. It permits up to 20 percent of non-Federal funds be used at the discretion of AFIA grantees for program and operating costs, but gives priority to those grantees using no more than 15 percent for such purposes. This section broadens the eligibility standards to include Adjusted Gross Income ($18,000 single filer, $30,000 head of household, or $38,000 for joint filers) and 80 percent of the Area Median Income. It requires "excess interest" earned on the Reserve Fund to be rolled over into existing IDAs and/or for new IDAs. The program is reauthorized through fiscal year 2008; allotting

$25,000,000 for fiscal year 2004 and such sums as may be necessary for each of the following years. The Secretary of Health and Human Services shall apply these amendments and those made in 2000 to individual account holders and entities that received grants either before or after the date of enactment of this Act.

IX. CHANGES IN EXISTING LAW

In compliance with rule XXVI paragraph 12 of the Standing Rules of the Senate, the following provides a print of the statute or the part or section thereof to be amended or replaced (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

COMMUNITY SERVICES BLOCK GRANT ACT

SEC. 671. SHORT TITLE.

* * * * * * *

[SEC. 672. PURPOSES AND GOALS.

[The purposes of this subtitle are—

[(1) to provide assistance to States and local communities, working through a network of community action agencies and other neighborhood-based organizations, for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient (particularly families who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)); and

[(2) to accomplish the goals described in paragraph (1) throughout—

[(A) the strengthening of community capabilities for planning and coordinating the use of a broad range of Federal, State, local, and other assistance (including private resources) related to the elimination of poverty, so that this assistance can be used in a manner responsive to local needs and conditions;

[(B) the organization of a range of services related to the needs of low-income families and individuals, so that these services may have a measurable and potentially major impact on the causes of poverty in the community and may help the families and individuals to achieve self-sufficiency;

[(C) the greater use of innovative and effective community-based approaches to attacking the causes and effects of poverty and of community breakdown;

[(D) the maximum participation of residents of the low-income communities and members of the groups served by programs assisted through the block grants made under this subtitle to empower such residents and members to respond to the unique problems and needs within their communities; and

[(E) the broadening of the resource base of programs directed to the elimination of poverty so as to secure a more active role in the provision of services for—

[(i) private, religious, charitable, and neighborhood-based organizations; and

[(ii) individual citizens, and business, labor, and professional groups, who are able to influence the quantity and quality of opportunities and services for the poor.]

SEC. 672. PURPOSES.

The purpose of this subtitle is to reduce poverty—

(1) by strengthening and coordinating local efforts to expand opportunities for individuals and families to become economically self-sufficient and to improve and revitalize the communities in which low-income Americans live, by providing resources to States for support of local eligible entities and their partners to—

(A) plan, coordinate, and mobilize a broad range of Federal, State, local, and private assistance or investment in such a manner as to use these resources effectively to reduce poverty and in initiatives that are responsive to specific local needs and conditions;

(B) organize multiple services that meet the needs of low-income families and individuals, especially low-wage workers and their families, and that assist them in developing the assets and skills needed to become self sustaining while ensuring that these services are provided efficiently, in appropriate combinations, and in effective sequence; and

(C) design and implement comprehensive approaches to assist individuals transitioning from the program of block grants to States for temporary assistance for needy families under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) to work;

(2) by improving and revitalizing the communities in which low-income Americans live by providing resources to—

(A) broaden the financial resource base of initiatives and projects directed to the elimination of poverty and the redevelopment of the low-income community, including partnerships with non-governmental and governmental institutions to develop the community assets and services that reduce poverty, such as—

(i) other private, charitable, neighborhood-based, and religious organizations;

(ii) individual citizens, and businesses, labor, and professional groups, who are able to influence the quantity and quality of opportunities and services for the poor; and

(iii) local government leadership; and

(B) coordinate or create community-wide assets and services that will have a significant, measurable impact on the causes of poverty in the community and that will help families and individuals to achieve economic self-sufficiency, and test innovative, community-based approaches to attacking the causes and effects of poverty and of community breakdown, including—

(i) innovative initiatives to prevent and reverse loss of investment, jobs, public services, and infrastructure in low- and moderate-income communities; and

(ii) innovative partnerships to develop the assets and services that reduce poverty, as provided for in subparagraph (A); and

(3) by ensuring maximum participation of residents of low-income communities and of members of the groups served by programs under this subtitle in guiding the eligible entities and in their programs funded under this subtitle to ameliorate the particular problems and needs of low-income residents of their communities and to develop the permanent social and economic assets of the low-income community in order to reduce the incidence of poverty.

* * * * * * *

SEC. 673. DEFINITIONS.

In this subtitle:

(1) ELIGIBLE ENTITY; FAMILY LITERACY SERVICES.—

(A) ELIGIBLE ENTITY.—The term "eligible entity" means an entity—

(i) * * *

(ii) that has a tripartite board [or other mechanism] described in subsection (a) or (b), as appropriate, of section 676B.

* * * * * * *

(2) POVERTY LINE.—The term "poverty line" means the official poverty line defined by the [Office of Management and Budget] *Department of Health and Human Services* based on the most recent data available from the Bureau of the Census *and increased, as the Secretary determines appropriate, to take into account higher costs-of-living for a State*. The Secretary shall revise annually (or at any shorter interval the Secretary determines to be feasible and desirable) the poverty line, which shall be used as a criterion of eligibility in the community services block grant program established under this subtitle. The required revision shall be accomplished by multiplying the official poverty line by the percentage change in the Consumer Price Index for All Urban Consumers during the annual or other interval immediately preceding the time at which the revision is made. [Whenever a State determines that it serves the objectives of the block grant program established under this subtitle, the State may revise the poverty line to not to exceed 125 percent of the official poverty line otherwise applicable under this paragraph.] *Whenever a State determines that it has served the objectives of the block grant program established under this subtitle, the State may revise the poverty line, while placing a priority in serving those who are most in need, so that 125 percent of the official poverty line is the minimum level that a State shall be permitted to set as its maximum eligibility requirement and 60 percent of the State's median income is the maximum level that a State shall be permitted to set as its maximum eligibility requirement. The State may revise the poverty line only upon a determination that eligible entities are providing, coordinating, or partnering with means-*

tested support services for low and moderate-income individuals and families above the official poverty line. Nothing in this paragraph shall be construed to prevent eligible entities from continuing to support individuals and families during their transition from program eligibility to achieve specific goals for their economic security and long-term self-sufficiency as long as priority is given to serving the lowest income individuals who seek services.

* * * * * * *

SEC. 674. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated such sums as may be necessary for each of fiscal years [1999 through 2003] *2004 through 2009* to carry out the provisions of this subtitle (other than sections 681 and 682).

(b) RESERVATIONS.—* * *

(1) * * *

(2) 1½ percent for activities authorized in sections 678A through 678F, of which—

(A) not less than ½ of the amount reserved by the Secretary under this paragraph shall be distributed directly to eligible entities, organizations, [or associations] *and associations* described in section 678A(c)(2) for the purpose of carrying out activities described in section 678A(c); and

(B) [½ of the remainder] *not less than ½ of the remainder* of the amount reserved by the Secretary under this paragraph shall be used by the Secretary to carry out [evaluation and] *evaluation and training and technical assistance activities and* to assist States in carrying out corrective action activities and monitoring (to correct programmatic deficiencies of eligible entities), as described in sections 678B(c) and 678A; and

* * * * * * *

SEC. 675. ESTABLISHMENT OF BLOCK GRANT PROGRAM.

The Secretary is authorized to establish a community services block grant program and make grants [through the program to States to ameliorate the causes of poverty in communities within the States.] *to States for the purpose of ameliorating the causes of poverty and the conditions caused by poverty in their communities.*

* * * * * * *

SEC. 675C. USES OF FUNDS.

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

* * * * * * *

(b) STATEWIDE ACTIVITIES.—

(1) USE OF REMAINDER.—* * *

(A) providing training and technical assistance to those [entities in need of such training and assistance] *eligible entities and their statewide associations that strengthens their managerial or programmatic capabilities to reduce poverty;*

[(B) coordinating State-operated programs and services, and at the option of the State, locally-operated programs and services, targeted to low-income children and families

with services provided by eligible entities and other organizations funded under this subtitle, including detailing appropriate employees of State or local agencies to entities funded under this subtitle, to ensure increased access to services provided by such State or local agencies;

[(C) supporting statewide coordination and communication among eligible entities;

[(D) analyzing the distribution of funds made available under this subtitle within the State to determine if such funds have been targeted to the areas of greatest need;

[(E) supporting asset-building programs for low-income individuals, such as programs supporting individual development accounts;

[(F) supporting innovative programs and activities conducted by community action agencies or other neighborhood-based organizations to eliminate poverty, promote self-sufficiency, and promote community revitalization;

[(G) supporting State charity tax credits as described in subsection (c); and

[(H) supporting other activities, consistent with the purposes of this subtitle.]

(B) supporting statewide coordination and communication among eligible entities and State-operated or supported programs and services, and other locally-operated programs and services targeted to low-income individuals and their children and families, so as to ensure that local eligible entities' services are integrated in a manner that allows such low-income individual and their families to have access to as many sources of assistance as are appropriate to support their progress to economic stability and self-sufficiency;

(C) supporting innovative partnerships, programs, and activities conducted by community action agencies and their partners including other community-based organizations to eliminate poverty, promote self-sufficiency, and promote community revitalization, including asset-building programs for low-income individuals, such as programs supporting individual development accounts, and home or business ownership;

(D) analyzing the distribution of funds made available under this subtitle within the State to determine if such funds have been targeted to the areas of greatest need;

(E) supporting State charity tax credits as described in subsection (c);

(F) supporting the identification of exemplary grantee agencies or programs as Centers of Innovation and methodology for disseminating innovative programs and other best practices from those agencies statewide;

(G) supporting the development of eligible entities' partnerships with local law enforcement agencies, local housing authorities, private foundations, and other public and private partners; and

(H) supporting other activities, consistent with the purposes of this subtitle.

(2) ADMINISTRATIVE CAP.—No State may spend more than the greater of $55,000 or 5 percent, of the grant received under section 675A or State allotment received under section 675B for administrative expenses, including monitoring activities. Funds to be spent for such expenses shall be taken from the portion of the grant under section 675A or State allotment that remains after the State makes grants to eligible entities under subsection (a). The cost of activities conducted under paragraph (1)(A) shall not be considered to be administrative expenses. The startup cost and cost of administrative activities conducted under subsection (c) shall be considered to be administrative expenses. *The State shall also ensure that all funds distributed under subsection (a) are not used for excessive administrative expenses and that all funds distributed under such subsection used for salaries by a local entity are fair and equitable. The State has the authority to determine the appropriate level of funds distributed under subsection (a) that an eligible entity shall use for administrative expenses.*

* * * * * * *

SEC. 676. APPLICATION AND PLAN.

(a) DESIGNATION OF LEAD AGENCY.—

(1) DESIGNATION.—* * *

* * * * * * *

(b) STATE APPLICATION AND PLAN.—Beginning with fiscal year 2000, to be eligible to receive a grant or allotment under section 675A or 675B, a State shall prepare and submit to the Secretary *for the Secretary's approval* an application and State plan covering a period of not less than 1 fiscal year and not more than 2 fiscal years. The plan shall be submitted not later than 30 days prior to the beginning of the first fiscal year covered by the plan, and shall contain such information as the Secretary shall require, including—

[(1) an assurance that funds made available through the grant or allotment will be used—

[(A) to support activities that are designed to assist low-income families and individuals, including families and individuals receiving assistance under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), homeless families and individuals, migrant or seasonal farmworkers, and elderly low-income individuals and families, and a description of how such activities will enable the families and individuals—

[(i) to remove obstacles and solve problems that block the achievement of self-sufficiency (including self-sufficiency for families and individuals who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act);

[(ii) to secure and retain meaningful employment;

[(iii) to attain an adequate education, with particular attention toward improving literacy skills of the low-income families in the communities involved, which may include carrying out family literacy initiatives;

[(iv) to make better use of available income;

[(v) to obtain and maintain adequate housing and a suitable living environment;

[(vi) to obtain emergency assistance through loans, grants, or other means to meet immediate and urgent family and individual needs; and

[(vii) to achieve greater participation in the affairs of the communities involved, including the development of public and private grassroots partnerships with local law enforcement agencies, local housing authorities, private foundations, and other public and private partners to—

[(I) document best practices based on successful grassroots intervention in urban areas, to develop methodologies for widespread replication; and

[(II) strengthen and improve relationships with local law enforcement agencies, which may include participation in activities such as neighborhood or community policing efforts;

[(B) to address the needs of youth in low-income communities through youth development programs that support the primary role of the family, give priority to the prevention of youth problems and crime, and promote increased community coordination and collaboration in meeting the needs of youth, and support development and expansion of innovative community-based youth development programs that have demonstrated success in preventing or reducing youth crime, such as—

[(i) programs for the establishment of violence-free zones that would involve youth development and intervention models (such as models involving youth mediation, youth mentoring, life skills training, job creation, and entrepreneurship programs); and

[(ii) after-school child care programs; and

[(C) to make more effective use of, and to coordinate with, other programs related to the purposes of this subtitle (including State welfare reform efforts);

[(2) a description of how the State intends to use discretionary funds made available from the remainder of the grant or allotment described in section 675C(b) in accordance with this subtitle, including a description of how the State will support innovative community and neighborhood-based initiatives related to the purposes of this subtitle;

[(3) information provided by eligible entities in the State, containing—

[(A) a description of the service delivery system, for services provided or coordinated with funds made available through grants made under section 675C(a), targeted to low-income individuals and families in communities within the State;

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

[(C) a description of how funds made available through grants made under section 675C(a) will be coordinated with other public and private resources; and

[(D) a description of how the local entity will use the funds to support innovative community and neighborhood-based initiatives related to the purposes of this subtitle, which may include fatherhood initiatives and other initiatives with the goal of strengthening families and encouraging effective parenting;

[(4) an assurance that eligible entities in the State will provide, on an emergency basis, for the provision of such supplies and services, nutritious foods, and related services, as may be necessary to counteract conditions of starvation and malnutrition among low-income individuals;

[(5) an assurance that the State and the eligible entities in the State will coordinate, and establish linkages between, governmental and other social services programs to assure the effective delivery of such services to low-income individuals and to avoid duplication of such services, and a description of how the State and the eligible entities will coordinate the provision of employment and training activities, as defined in section 101 of such Act, in the State and in communities with entities providing activities through statewide and local workforce investment systems under the Workforce Investment Act of 1998;

[(6) an assurance that the State will ensure coordination between antipoverty programs in each community in the State, and ensure, where appropriate, that emergency energy crisis intervention programs under title XXVI (relating to low-income home energy assistance) are conducted in such community;]

(1) an assurance that funds made available through the grant or allotment will be used—

(A) to support activities directly and through eligible entities that are designed to expand opportunities for and assist low-income individuals and their families (including low-income workers) to become self-sufficient, including low-income workers, families, and individuals receiving assistance under part A of title IV of the Social Security Act (42 U.S.C. 60 et seq.), homeless families and individuals, migrant or seasonal farmworkers, and elderly low-income individuals and families, and a description of how such activities will enable the families and individuals—

(i) to remove obstacles and solve problems that block the achievement of self-sufficiency by organizing and coordinating support for those served under paragraph (3);

(ii) to secure and retain employment that provides adequate income with essential benefits;

(iii) to attain an adequate education, with particular attention toward improving literacy and communications and technical skills of the low-income families in the communities involved;

(iv) to make better use of available income and build household assets;

(v) to obtain and maintain adequate housing and a suitable living environment;

(vi) to obtain assistance that is needed to resolve family emergencies and individual needs, to prevent further hardships, and to secure economic independence; and

(vii) to participate fully in the public affairs and management of their communities and the governance of eligible entities; and

(B) to make more effective use of, and to coordinate with, other programs related to the purposes of this subtitle (including State welfare reform efforts);

(2) a description of how the State intends to use discretionary funds made available from the remainder of the grant or allotment described in section 675C(b) in accordance with this subtitle, including a description of how the State will support innovative community-based initiatives of eligible entities and their partners related to the purposes of this subtitle;

(3) an assurance that the State has integrated programs of general relevance in its plan, to the extent appropriate to the needs of low-income communities served by the eligible entities, including a description of innovative community and neighborhood-based initiatives such as—

(A) initiatives with the goal of strengthening families and encouraging effective parenting, including fatherhood initiatives;

(B) initiatives to assist those moving from welfare to work to obtain jobs at decent wages with benefits, including those low-income individuals and their families who are attempting to transition off State program carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

(C) programs for the establishment of violence-free zones that would involve youth development and intervention models that promote youth success (such as models involving youth mediation, youth mentoring, life skills training, job creation, and entrepreneurship programs);

(D) family literacy initiatives;

(E) initiatives to increase the development of household assets of individuals such as individual development accounts and homeownership opportunities;

(F) public and private partnerships to foster community development, affordable housing, job creation, and other means of building the assets of low-income communities;

(G) partnerships with local law enforcement agencies, which may include participation in community policing, and activities to assist community residents and public safety officials in the event of emergencies, including threats to national security;

(H) initiatives to improve economic conditions and mobilize new resources in rural areas and other at-risk areas to eliminate obstacles to the self sufficiency of families and individuals in those communities;

(I) initiatives to help reduce the concentration of poverty in cities and inner suburbs and provide economic opportunities for individuals and families in those areas; and

(J) partnerships with nonprofit or community-based organizations that demonstrate effectiveness in child abuse prevention, including with programs that are school-based and that focus on adolescent victims, and victimizers;

(4) an assurance that the State will provide information, including—

(A) a description of the State measurement system and results for the performance goals established under section 678E(a)(1)(C);

(B) a description of the service delivery system, for services provided or coordinated with funds made available through grants made under section 675(a), targeted to low-income individuals and families in communities within the State;

(C) a description of how linkages will be developed to fill identified gaps in the services, through the provision of information, referrals, case management, and followup consultations, and to support mobilization of new resources and partnerships;

(D) a description of how funds made available through grants made under section 675C(a) will be coordinated with other public and private resources; and

(E) a description of how the local entity will use the funds to support innovative community and neighborhood-based initiatives related to the purposes of this subtitle;

(5) an assurance that eligible entities in the State will provide, on an emergency basis, for the provision of such supplies and services, nutritious foods, and related services, as may be necessary to counteract conditions of starvation and malnutrition among low-income individuals;

(6) am assurance that the State has, to avoid duplication of such services, and to ensure that program gaps are addressed, identified and coordinated with eligible entity programs, with State and local agencies, and with programs that assist low-income individuals and their families, including—

(A) programs carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.), and other programs designed to coordinate work-related supportive services for families;

(B) programs for expanding housing opportunities, reducing homelessness, and developing community investment projects;

(C) education programs, including those for preschool and school-aged children and for adults to obtain an adequate education; and

(D) programs designed to support youth, the homeless, migrants, senior citizens, and individuals with disabilities, including programs under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.);

* * * * * * *

(12) an assurance that the State and all eligible entities in the State will, ⟦not later than fiscal year 2001⟧ *annually*, participate in the Results Oriented Management and Accountability System, another performance measure system for which

the Secretary facilitated development pursuant to section 678E(b), or an alternative system for measuring performance and results that meets the requirements of that section, and a description of outcome measures to be used to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization; [and]

(13) information describing how the State will carry out the assurances described in this subsection[.] *in sufficient detail to permit verification; and*

(14) beginning with fiscal year 2006, and in each fiscal year thereafter, an assurance that the State is using the procedures described in section 678B(b) to monitor eligible entities.

(C) * * *

* * * * * * *

[(f) TRANSITION.—For fiscal year 2000, to be eligible to receive a grant or allotment under section 675A or 675B, a State shall prepare and submit to the Secretary an application and State plan in accordance with the provisions of this subtitle (as in effect on the day before the date of enactment of the Coats Human Services Reauthorization Act of 1998), rather than the provisions of subsections (a) through (c) relating to applications and plans.]

* * * * * * *

SEC. 676A. DESIGNATION AND REDESIGNATION OF ELIGIBLE ENTITIES IN UNSERVED AREAS.

(a) QUALIFIED ORGANIZATION IN OR NEAR AREA.—

(1) IN GENERAL.—* * *

* * * * * * *

(b) SPECIAL CONSIDERATION.—In designating an eligible entity under subsection (a), the chief executive officer shall grant the designation to an organization of demonstrated effectiveness in meeting the goals and purposes of this subtitle and may give priority, in granting the designation, to eligible entities that are providing related services in the unserved area, consistent with the needs identified by a community-needs assessment. *In granting such designation, the State shall deem private nonprofit eligible entities that are providing related services in the unserved area to be of demonstrated effectiveness, consistent with the needs identified by a community needs assessment.*

* * * * * * *

SEC. 676B. TRIPARTITE BOARDS.

(a) PRIVATE NONPROFIT ENTITIES.—

(1) BOARD.—* * *

* * * * * * *

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

[(1) a tripartite] *through a tripartite* board, which shall have members selected by the organization and shall be composed so as to assure that not fewer than ⅓ of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members—

[(A)] *(1)* are representative of low-income individuals and families in the neighborhood served;

[(B)] *(2)* reside in the neighborhood served; and

[(C)] *(3)* are able to participate actively in the development, planning, implementation, and evaluation of programs funded under this subtitle[; or].

[(2) another mechanism specified by the State to assure decisionmaking and participation by low-income individuals in the development, planning, implementation, and evaluation of programs funded under this subtitle.]

* * * * * * *

SEC. 678A. TRAINING, TECHNICAL ASSISTANCE, AND OTHER ACTIVITIES.

(a) ACTIVITIES.—

(1) IN GENERAL.—The Secretary shall use amounts reserved in section 674(b)(2)—

(A) for training, technical assistance, planning, evaluation, and performance measurement, to assist States in carrying out [corrective action activities and monitoring (to correct programmatic deficiencies of eligible entities), and for reporting and data collection activities, related to programs carried out under this subtitle; and] *monitoring and such additional corrective actions as may be needed to strengthen the management and programmatic practices of eligible entities;*

[(B) to distribute amounts in accordance with subsection (c).]

(B) for State and local performance reporting and program data collection activities related to programs carried out under this subtitle;

(C) for the preparation of reports provided for in section 678E;

(D) for the development and promulgation of a common State Financial and Organizational Protocol that is required to be used by States under section 678B(b); and

(E) to distribute amounts in accordance with subsection (c).

* * * * * * *

(b) TERMS AND TECHNICAL ASSISTANCE PROCESS.— * * *

(1) * * *

(2) incorporate mechanisms to ensure responsiveness to local needs, including [an ongoing procedure for obtaining input from the national and State networks of eligible entities] *a strategic plan for annual technical assistance developed in consultation with the national and State networks of eligible entities regarding their management support needs.*

(c) DISTRIBUTION REQUIREMENT.—

(1) IN GENERAL.—The amounts reserved under section 674(b)(2)(A) for activities to be carried out under this subsection shall be distributed directly to eligible entities organizations, or associations described in paragraph (2) for the purpose of improving program quality (including quality of financial management practices), [management information and reporting systems, and measurement of program results, and for

the purpose of ensuring responsiveness to identified local needs.] *improving management information and reporting systems, measuring of program results, ensuring responsiveness to identified local needs, and reporting and disseminating successful practices and initiatives.*

* * * * * * *

SEC. 678B. MONITORING [OF ELIGIBLE ENTITIES].

(a) [IN GENERAL] *MONITORING OF ELIGIBLE ENTITIES*.—In order to determine whether eligible entities meet the performance goals, administrative standards, financial management requirements, and other requirements of a State, the State shall conduct the following reviews of eligible entities:

(1) A full onsite *biennial* review of each such entity [at least once during each 3-year period].

[(2) An onsite review of each newly designated entity immediately after the completion of the first year in which such entity receives funds through the community services block grant program.]

[(3)] *(2)* Followup *annual* reviews including prompt return visits to eligible entities, and their programs, that fail to meet the goals, standards, and requirements established by the State.

[(4)] *(3)* Other reviews as appropriate, including reviews of entities with programs that have had other Federal, State, or local grants (other than assistance provided under this subtitle), terminated for cause.

(b) FINANCIAL AND ORGANIZATIONAL ASSESSMENT PROTOCOL.—Beginning in fiscal year 2006, States shall implement a financial and organizational assessment protocol to monitor and evaluate the compliance of eligible entities with the financial and administrative requirements of this section. Such protocol shall incorporate the fiscal and organizational review procedures and standards appropriate to the management of Federal funds under this subtitle and the governance of the eligible private non-profit corporations or other eligible entities. The Secretary shall require the protocol to be developed jointly by the States and eligible entities and shall assist States in developing appropriate training for personnel monitoring the uses of funds under this subtitle according to the requirements of this section.

[(b)] *(c)* REQUESTS.—The State may request training and technical assistance from the Secretary as needed to comply with the requirements of this section.

[(c)] *(d)* EVALUATION BY THE SECRETARY.—The Secretary shall conduct in several States in each fiscal year evaluations (including investigations) of the use of funds received by the States under this subtitle in order to evaluate compliance with the provisions of this subtitle, and especially with respect to compliance with section 676(b). The Secretary shall submit, to each State evaluated, a report containing the results of such evaluations, and recommendations of improvements designed to enhance the benefit and impact of the activities carried out with such funds for people in need. On receiving the report, the State shall submit to the Secretary a plan of action in response to the recommendations contained in the report. [The results of the evaluations shall be submitted annually

to the Chairperson of the Committee on Education and the Workforce of the House of Representatives and the Chairperson of the Committee on Labor and Human Resources of the Senate as part of the report submitted by the Secretary in accordance with section 678E(b)(2).] *The Secretary shall annually submit a report including the results of the evaluations conducted under this subtitle, the State performance reports provided for pursuant to section 678E(a)(1)(C), and other material as provided by section 678E(b)(2) to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate.*

* * * * * * *

SEC. 678C. CORRECTIVE ACTION; TERMINATION AND REDUCTION OF FUNDINGS.

(a) DETERMINATION.—* * *

(1) * * *

* * * * * * *

(4)(A) * * *

(B) not later than 30 days after receiving from an eligible entity a proposed quality improvement plan pursuant to subparagraph (A), either approve such proposed plan or specify the reasons why the proposed plan cannot be approved; [and]

[(5) after providing adequate notice and an opportunity for a hearing, initiate proceedings to terminate the designation of or reduce the funding under this subtitle of the eligible entity unless the entity corrects the deficiency.]

(5) if the eligible entity fails to correct the deficiency, notify the entity—

(A) that the State intends to initiate proceedings to terminate the designation of the entity as an eligible entity or to reduce, from the previous year, the proportion of the total funding received by the State under this subtitle that is allocated to the eligible entity;

(B) that the eligible entity has the right to a hearing on the record to determine if there is cause for such termination or reduction in funding, as defined in section 676(c), and that the request for a hearing must be made in writing to the State within 30 days of receipt of the notice from the State; and

(C) of the legal basis for the proposed termination or reduction in funding, the factual findings on which the proposed termination or reduction in funding is based or a reference to specific findings in another document that form the basis for the proposed termination or reduction in funding (such as a reference to item numbers in an on-site review report or instrument), and citation to any statutory provisions, agreements, regulations, or State plan; and

(6) if the eligible entity requests a hearing, conduct a hearing on the record to determine if there is cause for termination or a reduction in funding, as defined in section 676(c).

(b) REVIEW.—A determination to terminate the designation or reduce the funding of an eligible entity is reviewable by the Secretary. The Secretary shall, upon request, [review such a determination] *review and either approve, or disapprove and reverse,*

such a determination. The review shall be completed not later than [90 days] *30 days* after the Secretary receives from the State all necessary documentation relating to the determination to terminate the designation or reduce the funding. If the review is not completed within [90 days] *30 days*, the determination of the State shall become final at the end of the [90th day] *30th day*.

(c) DIRECT ASSISTANCE.—Whenever a State violates the assurances contained in section 676(b)(8) and terminates or reduces the funding of an eligible entity prior to the completion of the State hearing described in that section and the Secretary's review as required in subsection (b), the Secretary is authorized to provide financial assistance under this subtitle to the eligible entity affected until the violation is corrected. In such a case, the grant or allotment for the State under section 675A or 675B for the earliest appropriate fiscal year shall be reduced by an amount equal to the funds provided under this subsection to such eligible entity. *The Secretary shall continue to fund an eligible entity, in an amount equal to the same proportion of total funds received by the State under this subtitle as was allocated to the eligible entity the previous year, until the Secretary approves, or disapproves and reverses, the determination of termination or reduction in funding with respect to the State.*

* * * * * * *

SEC. 678D. FISCAL CONTROLS, AUDITS, AND WITHHOLDING.

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

(1) IN GENERAL.—* * *

(A) * * *

* * * * * * *

(C) subject to paragraph (2), prepare, at least every year, an audit of the expenditures of the State of amounts received under this subtitle and amounts transferred to carry out the purposes of this subtitle; [and]

(D) notwithstanding paragraph (2)(B), beginning in fiscal year 2005, and not less than every 2 years thereafter, each State shall submit to the Secretary a separate audit of the funds appropriated under this subtitle that meets the standards in paragraph (2)(A);

(E) submit full financial reports to the Secretary not later than 6 months following the end of each fiscal year; and

[(D)] *(F)* make appropriate books, documents, papers, and records available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request for the items.

* * * * * * *

(b) WITHHOLDING.—

(1) IN GENERAL.—The Secretary shall, after providing adequate notice and an opportunity for a hearing conducted within the affected State, withhold funds from any State that does not utilize the grant or allotment under section 675A or 675B in accordance with the provisions of this subtitle, including the assurances such State provided under section 676. *The Sec-*

retary, after providing adequate notice, shall withhold administrative funds described in section 675C(b)(2) from any State that fails to comply with the provision of sections 678A through 678D(a), and may, after an opportunity for a hearing conducted within the affected State, withhold funds from the State and provide such funds directly to the eligible entities in such State upon a demonstration of the compliance by such entities with the requirements of this subtitle.

* * * * * * *

[SEC. 678E. ACCOUNTABILITY AND REPORTING REQUIREMENTS.

[(A) STATE ACCOUNTABILITY AND REPORTING REQUIREMENTS.—

[(1) PERFORMANCE MEASUREMENT.—

[(A) IN GENERAL.—By October 1, 2001, each State that receives funds under this subtitle shall participate, and shall ensure that all eligible entities in the State participate, in a performance measurement system, which may be a performance measurement system for which the Secretary facilitated development pursuant to subsection (b), or an alternative system that the Secretary is satisfied meets the requirements of subsection (b).

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

[(2) ANNUAL REPORT.—Each State shall annually prepare and submit to the Secretary a report on the measured performance of the State and the eligible entities in the State. Prior to the participation of the State in the performance measurement system, the State shall include in the report any information collected by the State relating to such performance. Each State shall also include in the report an accounting of the expenditure of funds received by the State through the community services block grant program, including an accounting of funds spent on administrative costs by the State and the eligible entities, and funds spent by eligible entities on the direct delivery of local services, and shall include information on the number of and characteristics of clients served under this subtitle in the State, based on data collected from the eligible entities. The State shall also include in 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.

[(b) SECRETARY'S ACCOUNTABILITY AND REPORTING REQUIREMENTS.—

[(1) PERFORMANCE MEASUREMENT.—The Secretary, in collaboration with the States and with eligible entities throughout the Nation, shall facilitate the development of one or more model performance measurement systems, which may be used by the State and by eligible entities to measure their performance in carrying out the requirements of this subtitle and in achieving the goals of their community action plans. The Secretary shall provide technical assistance, including support for

the enhancement of electronic data systems, to States and to eligible entities to enhance their capability to collect and report data for such a system and to aid in their participation in such a system.

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

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

[(B) a description of how funds were actually spent by the State and eligible entities in the State, including a breakdown of funds spent on administrative costs and on the direct delivery of local services by eligible entities;

[(C) information on the number of entities eligible for funds under this subtitle, the number of low-income persons served under this subtitle, and such demographic data on the low-income populations served by eligible entities as is determined by the Secretary to be feasible;

[(D) a comparison of the planned uses of funds for each State and the actual uses of the funds;

[(E) a summary of each State's performance results, and the results for the eligible entities, as collected and submitted by the States in accordance with subsection (a)(2); and

[(F) any additional information that the Secretary considers to be appropriate to carry out this subtitle, if the Secretary informs the States of the need for such additional information and allows a reasonable period of time for the States to collect and provide the information.

[(3) SUBMISSION.—The Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives of the Committee on Labor and Human Resources of the Senate the report described in paragraph (2) and any comments the Secretary may have with respect to such report. The report shall include definitions of direct and administrative costs used by the Department of Health and Human Services for programs funded under this subtitle.

[(4) COSTS.—Of the funds reserved under section 674(b)(3), not more than $350,000 shall be available to carry out the reporting requirements contained in paragraph (2).]

SEC. 678E. ACCOUNTABILITY AND REPORTING REQUIREMENTS.

(a) STATE ACCOUNTABILITY AND REPORTING REQUIREMENTS.—

(1) PERFORMANCE MEASUREMENT OF ELIGIBLE ENTITIES.—

(A) IN GENERAL.—Each State that receives funds under this subtitle shall participate, and shall ensure that all eligible entities in the State participate, in a performance measurement system, which may be a performance measurement system for which the Secretary facilitated development pursuant to subsection (b), or an alternative system that the Secretary is satisfied meets the requirements of subsection (b).

(B) LOCAL AGENCIES.—The State may elect to have local agencies that are subcontractors of the eligible entities

under this subtitle participate in the performance measurement system. If the State makes that election, references in this section to eligible entities shall be considered to include the local agencies.

(C) PERFORMANCE MEASUREMENT OF STATES.—Not later than 1 year after the date of enactment of the Poverty Reduction and Prevention Act, the Secretary shall establish, in consultation with States and eligible entities, performance standards for the State administration of block grant funds. Such standards shall include standards relating to—

(i) the timeliness of the availability of State plans for public comment as required under section 676(a)(2)(B) and of submission of such plans to the Secretary as required in section 676(b);

(ii) the utilization of the financial and organizational assessment protocol established under section 678B(b), including the training and skills of State personnel responsible for such oversight, the completion of annual monitoring, the identification of opportunities for improvement, and the implementation of plans to enhance the management capacity and infrastructure of eligible entities;

(iii) the timeliness of the distribution of block grants funds to eligible entities as provided in section 675C(a);

(iv) the resources made available for management development at eligible entities, including monitoring, training, and assistance with financial management and program information and assessment systems;

(v) the results of State efforts to coordinate eligible entity programs with other State programs for low-income individuals and their families, especially participants in the program of block grants to States for temporary assistance for needy families under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and other working families, and to ensure the participation of eligible entities in the development of statewide strategies to reduce poverty; and

(vi) the assistance provided to eligible entities in securing private partnerships as required in section 676(b).

(2) ANNUAL REPORT.—Each State shall annually prepare and submit to the Secretary a report on the measured performance of the State and the eligible entities in the State. The State shall include in the report any information collected by the State relating to such performance. Each State shall also include in the report an accounting of the expenditure of funds received by the State through the community services block grant program, including an accounting of funds spent on administrative costs by the State and the eligible entities, funds spent by eligible entities on the direct delivery of local services, and the achievement of national goals established under the procedures described in this section, and shall include information on the number of and characteristics of clients served under this subtitle in the State, based on data collected from the eligi-

ble entities. The State shall also include in 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.

(b) LOCAL ENTITY ACCOUNTABILITY AND REPORTING REQUIREMENTS.—

(1) LOCAL ENTITY DETERMINED GOALS.—In order to be designated as an eligible entity and to receive a grant under this subtitle, a grantee shall establish grantee determined goals for reducing poverty in the community, including goals for—

(A) leveraging community resources;

(B) fostering coordination of Federal, State, local, private, and other assistance; and

(C) promoting community involvement.

(2) DEMONSTRATION THAT GOALS WERE MET.—In order to receive a grant subsequent to the first grant that is provided to an eligible entity following the date of enactment of the Poverty Reduction and Prevention Act, the entity shall demonstrate to the State that substantial progress has been made in meeting the goals of the entity as described in paragraph (1).

(3) GOALS OR PERFORMANCE MEASURES.—Any specific goals or performance measures, for an individual eligible entity, that are used in any monitoring or review process under this subtitle, shall be—

(A) determined by the entity;

(B) agreed on by the State involved and the entity, during the planning process leading to the grant involved; and

(C) incorporated into the grant agreement between the State and entity for each subsequent award cycle.

(c) SECRETARY'S ACCOUNTABILITY AND REPORTING REQUIREMENTS.—

(1) FEDERAL PERFORMANCE MEASUREMENT.—The Secretary shall establish goals for the Department of Health and Human Services Office of Community Services with respect to—

(A) the timeliness of the distribution of funds under this subtitle, including funds for training and technical assistance;

(B) the monitoring of States as provided for in section 678D;

(C) the coordination of other Office of Community Service programs with the activities of States and eligible entities under this subtitle; and

(D) the full and timely reporting as required in this section.

(2) LOCAL PERFORMANCE MEASUREMENT.—

(A) IN GENERAL.—To the maximum extent practicable, the Secretary shall coordinate reporting requirements for all programs of the Department of Health and Human Services that are managed by eligible entities so as to consolidate and reduce the number of reports required relating to individuals, families, and uses of grant funds, specifically funds under the Head Start Act (42 U.S.C. 9831 et seq.), the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.), child care programs administered

by the Department, and health related service programs administered by the Department.

(B) TECHNICAL ASSISTANCE.—The Secretary shall provide technical assistance, including support for the enhancement of electronic data systems, to States and to eligible entities to enhance their capability to collect and report data for such a system and to aid in their participation in such a system.

(C) LOCAL ENTITY PERFORMANCE MEASUREMENT SYSTEM.—The Secretary shall assist in the implementation of a local entity performance measurement system, and other voluntary programmatic and results reporting systems, developed by States, eligible entities, and their national associations acting together. The Secretary and the developers of such systems shall ensure that the set of measures are numerous enough to cover the full range of services offered by all local eligible entities. Under such a system, local eligible entities shall only be compelled to collect data on the subset of performance measures that reflect their community-specific programs and services currently adopted. Grantees shall not be required under this subparagraph to alter the collection of data for any reports provided for other programs within the Department of Health and Human Services or other Federal agencies. States shall compile annual Results Oriented Management and Accountability System reports for the Secretary under this subparagraph.

(3) REPORTING REQUIREMENT.—For each fiscal year the Secretary shall, directly or by grant or contract, prepare a report containing—

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

(B) a description of how funds were actually spent by the State and eligible entities in the State, including a breakdown of funds spent on administrative costs and on the direct delivery of local programs by eligible entities;

(C) information on the number of entities eligible for funds under this subtitle, the number of low-income persons served under this subtitle, and such demographic data on the low-income populations served by eligible entities as is determined by the Secretary to be feasible;

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

(E) a summary of each State's performance results, and the results for the eligible entities, as collected and submitted by the States in accordance with subsection (a)(2); and

(F) any additional information that the Secretary considers to be appropriate to carry out this subtitle, if the Secretary informs the States of the need for such additional information and allows a reasonable period of time for the States to collect and provide the information.

(4) SUBMISSION.—The Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate the report described in paragraph (2), and any comments the Secretary may have with respect to such report. The report shall include definitions of direct and administrative costs used by the Department of Health and Human Services for programs funded under this subtitle.

(5) COSTS.—Of the funds reserved under section 674(b)(3), not more than $500,000 shall be available to carry out the reporting requirements contained in paragraph (3).

* * * * * * *

SEC. 678F. LIMITATIONS ON USE OF FUNDS.

(A) CONSTRUCTION OF FACILITIES.—

(1) LIMITATIONS.—* * *

* * * * * * *

(c) NONDISCRIMINATION.—

(1) IN GENERAL.—No person shall, on the basis of race, *religion,* color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this subtitle. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6106 et seq.) or with respect to an otherwise qualified individual with a disability as provided in section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), or title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 et seq.) shall also apply to any such program or activity.

* * * * * * *

SEC. 679. OPERATIONAL RULE.

(a) RELIGIOUS ORGANIZATIONS INCLUDED AS NONGOVERNMENTAL PROVIDERS.—For any program carried out by the Federal Government, or by a State or local government under this subtitle the government shall consider, on the same basis as other nongovernmental organizations, religious organizations to provide the assistance under the program, so long as the program is implemented in a manner consistent with the Establishment Clause of the first amendment to the Constitution *and such organization meets the requirements of this subtitle*. Neither the Federal Government nor a State or local government receiving funds under this subtitle discriminate against an organization that provides assistance under, or applies to provide assistance under, this subtitle, on the basis that the organization has a religious character.

* * * * * * *

SEC. 680. DISCRETIONARY AUTHORITY OF THE SECRETARY.

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

(1) IN GENERAL.—* * *

(2) COMMUNITY ECONOMIC DEVELOPMENT.—

[(A) ECONOMIC DEVELOPMENT ACTIVITIES.—The Secretary shall make grants described in paragraph (1) on a

competitive basis to private, nonprofit organizations that are community development corporations to provide technical and financial assistance for economic development activities designed to address the economic needs of low-income individuals and families by creating employment and business development opportunities.]

(A) ECONOMIC DEVELOPMENT ACTIVITIES.—The Secretary shall make grants described in paragraph (1) on a competitive basis to private, nonprofit organizations that are community development corporations to provide technical and financial assistance for economic development activities, including business, economic, and community development projects, designed to address the economic needs of low-income individuals and families by creating employment and business development opportunities. Such assistance shall includ—

(i) long term loans (up to 15 years) or investments for private business enterprises;

(ii) providing capital to businesses owned by community development corporations; and

(iii) marketing and management assistance for businesses providing jobs and business opportunities to low-income individuals.

(B) FEDERAL INTEREST.—

(i) IN GENERAL.—The Secretary shall establish procedures that permit a grantee who receives funds under a grant to carry out this paragraph, or intangible assets acquired with such funds, to become the sole owner of the funds or assets before the end of the 12-year period beginning at the end of the fiscal year for which the grant is made.

(ii) CONDITIONS.—To be eligible to become the sole owner, the grantee shall agree—

(I) to use the funds or assets for the purposes and uses for which the grant was made, or purposes and uses consistent with this subtitle, during and after the 12-year period described in clause (i), whether or not the grantee continues to be supported by Federal funds; and

(II) that, when the grantee no longer needs the funds or assets for purposes and uses described in subclause (I), the grantee shall request instructions from the Secretary about the disposition of the funds or assets.

(iii) ENCUMBERING.—The grantee may not encumber the assets without the approval of the Secretary.

(C) ADMINISTRATIVE REQUIREMENTS.—In a case in which an eligible project under grant made under this section cannot, for good cause, be implemented, the Secretary shall establish a policy to permit the substitution of other eligible projects. Such policy shall require that such project have the same impact area, the same goals, and the same objectives as the original project and outcomes that are substantially the same as the original project.

[(B)] *(D)* CONSULTATION.—The Secretary shall exercise the authority provided under subparagraph (A) after consultation with other relevant Federal officials.

[(C)] *(E)* GOVERNING BOARDS.—For a community development corporation to receive funds to carry out this paragraph, the corporation shall be governed by a board that shall consist of residents of [the community] *the service area* and business and civic leaders and shall have as a principal purpose planning, developing, or managing low-income housing or community development projects.

[(D)] *(F)* GEOGRAPHIC DISTRIBUTION.—In making grants to carry out this paragraph, the Secretary shall take into consideration the geographic distribution of funding among States and the relative proportion of funding among rural and urban areas.

[(E)] *(G)* RESERVATION.—Of the amounts made available to carry out this paragraph, the Secretary may reserve not more than [1 percent] *2 percent* for each fiscal year to make grants to private, nonprofit organizations or to enter into contracts with private, nonprofit or for-profit organizations to provide technical assistance to aid community development corporations in developing or implementing activities funded to carry out this paragraph and to evaluate activities funded to carry out this paragraph.

(3) RURAL COMMUNITY DEVELOPMENT ACTIVITIES.—* * *

(A) * * *

(B) grants to multistate, regional, private, nonprofit organizations to enable the organizations to provide training and technical assistance to small, rural communities concerning meeting their [community] *water and waste water* facility needs.

(4) NEIGHBORHOOD INNOVATION PROJECTS.—The Secretary shall provide the assistance described in paragraph (1) for neighborhood innovation projects, which shall include providing grants to neighborhood-based private, nonprofit organizations to test or assist in the development of new approaches or methods that will aid in overcoming special problems identified by communities or neighborhoods or otherwise assist in furthering the purposes of this subtitle, and which may include providing assistance for projects that are designed to serve low-income [individuals and families] *individuals and their families* who are not being effectively served by other programs.

* * * * * * *

(c) ANNUAL REPORT.—The Secretary, shall compile an annual report containing a summary of the evaluations required in subsection (b) and a listing of all activities assisted under this section. The Secretary shall annually submit the report to the Chairperson of the Committee on Education and the Workforce of the House of Representatives and the Chairperson of the Committee on [Labor and Human Resources] *Health, Education, Labor, and Pensions* of the Senate.

* * * * * * *

SEC. 681. COMMUNITY FOOD AND NUTRITION PROGRAMS.

(a) GRANTS.—* * *

* * * * * * *

(c) REPORT.—For each fiscal year, the Secretary shall prepare and submit, to the Committee on Education and the Workforce of the House of Representatives and the Committee on [Labor and Human Resources] *Health, Education, Labor, and Pensions* of the Senate, a report concerning the grants made under this section. Such report shall include—

(1) * * *

* * * * * * *

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of fiscal years [1999 through 2003] *2004 through 2009*.

* * * * * * *

SEC. 682. NATIONAL OR REGIONAL PROGRAMS DESIGNED TO PROVIDE INSTRUCTIONAL ACTIVITIES FOR LOW-INCOME YOUTH.

(a) GENERAL AUTHORITY.—* * *

(b) PROGRAM REQUIREMENTS.—* * *

(1) * * *

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

* * * * * * *

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated [$15,000,000 for each of fiscal years 1999 through 2003] *$18,000,000 for each of fiscal years 2004 through 2009* for grants to carry out this section.

* * * * * * *

LOW-INCOME HOME ENERGY ASSISTANCE ACT OF 1981

* * * * * * *

HOME ENERGY GRANTS AUTHORIZED

SEC. 2602. (a) * * *

(b) There are authorized to be appropriated to carry out the provisions of this title (other than section 2607A), $2,000,000,000 for each of fiscal years 1995 through 1999, [such sums as may be necessary for each of fiscal years 2000 and 2001, and $2,000,000,000 for each of fiscal years 2002 through 2004.] *and $3,400,000,000 for each of fiscal years 2004 through 2006, and such sums as may be necessary for each of fiscal years 2007 through 2010.* The authorizations of appropriations contained in this subsection are subject to the program year provisions of subsection (c).

(c) Amounts appropriated under this section for any fiscal year for programs and activities *authorized* under this title shall be made available for obligation in the succeeding fiscal year.

(d)(1) There is authorized to be appropriated to carry out section 2607A, $30,000,000 for each of fiscal years [1999 through 2004], *2004 through 2010* except as provided in paragraph (2).

(2) For any of fiscal years [1999 through 2004] *2004 through 2010* for which the amount appropriated under subsection (b) is not less than $1,400,000,000, there is authorized to be appropriated $50,000,000 to carry out section 2607A.

STATE ALLOTMENTS

SEC. 2604. (a)(1)(A) * * *

* * * * * * *

(e) Notwithstanding subsections (a) through (d), the Secretary may allot amounts appropriated pursuant to section 2602(e) to one or more than one State. In determining whether to make such an allotment to a State, the Secretary shall take into account the extent to which the State was affected by the natural disaster or other emergency involved, the availability to the State of other resources under the program carried out under this title or any other program, and such other factors as the Secretary may find to be relevant. Not later than 30 days after making the determination, but prior to releasing an allotted amount to a State, the Secretary shall notify Congress of the allotments made pursuant to this subsection.

Notwithstanding any other provision of this section for purposes of making determinations under section 2603(1)(C), if the Secretary determines that there is an increase of at least 20 percent in the cost of home energy over the previous 5-year average for a duration of a month or more in 1 or more States or regions, the Secretary shall declare an energy emergency in the affected area and shall make available funds as provided in this subsection. Notwithstanding any other provision of this section, for purposes of making such determinations, if the Secretary determines that the number of heating degree days or cooling days for a month was more than 100 above the 30-year average in 1 or more States or regions, the Secretary shall declare an energy emergency in the affected area and shall make available funds as provided in this subsection.

* * * * * * *

TITLE 42, UNITED STATES CODE ANNOTATED

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ASSETS FOR INDEPENDENCE ACT

SEC. 401. SHORT TITLE.

* * * * * * *

SEC. 404. DEFINITIONS.

In this title:

(1) APPLICABLE PERIOD.—* * *

* * * * * * *

(8) QUALIFIED EXPENSES.—* * *

(A) POSTSECONDARY EDUCATIONAL EXPENSES.—Postsecondary educational expenses paid from an individual development account directly to an eligible educational insti-

tution *or to a vendor following approval by a qualified entity upon submission of an approved qualified education purchase plan.* In this subparagraph:

(i) POSTSECONDARY EDUCATIONAL EXPENSES.—* * *

* * * * * * *

(iii) QUALIFIED EDUCATION PURCHASE PLAN.—The term "qualified education purchase plan" means a document that explains the education item to be purchased which—

(I) is approved by a qualified entity; and

(II) includes a description of the good to be purchased.

* * * * * * *

(D) TRANSFERS TO IDAS OF FAMILY MEMBERS.—Amounts paid from an individual development account directly into another such account established for the benefit of an [eligible] individual who is—

(i) * * *

(ii) * * *

(E) SAVING IN IDAS FOR DEPENDENTS.—Amounts paid to an individual development account established for the benefit of a dependent (as such terms is defined for purposes of subparagraph (D)(ii)) of an eligible individual for the purpose of postsecondary education.

* * * * * * *

SEC. 405. APPLICATIONS.

(a) ANNOUNCEMENT OF DEMONSTRATION PROJECTS.—* * *

* * * * * * *

[(g) GRANDFATHERING OF EXISTING STATEWIDE PROGRAMS.—Any statewide individual asset-building program that is carried out in a manner consistent with the purposes of this title [this note], that is established under State law as of the date of enactment of this Act [Oct. 27, 1998], and that as of such date is operating with an annual State appropriation of not less than $1,000,000 in non-Federal funds, shall be deemed to meet the eligibility requirements of this subtitle [sic; probably should be "title", meaning "this note"], and the entity carrying out the program shall be deemed to be a qualified entity. The Secretary shall consider funding the statewide program as a demonstration project described in this subtitle [sic; probably should be "title", meaning "this note"]. In considering the statewide program for funding, the Secretary shall review an application submitted by the entity carrying out such statewide program under this section, not withstanding the preference requirements listed in subsection (d). Any program requirements under sections 407 through 411 [of this note] that are inconsistent with State statutory requirements in effect on the date of enactment of this Act [Oct. 27, 1998], governing such statewide program, shall not apply to the program.]

* * * * * * *

SEC. 407. RESERVE FUND.

(a) ESTABLISHMENT.—* * *

(b) AMOUNTS IN RESERVE FUND.—

(1) IN GENERAL.—* * *

(A) all grant funds provided to the qualified entity from the Secretary for the purpose of the demonstration project as described under subsection (c)(1);

[(A)**]** *(B)* all funds provided to the qualified entity from any public or private source in connection with the demonstration project; and

[(B)**]** *(C)* the proceeds from any investment made under subsection (c)(2).

(2) UNIFORM ACCOUNTING REGULATIONS.—* * *

(3) RULE OF CONSTRUCTION.—Nothing in paragraph (1)(A) shall be construed to preclude a qualified entity from depositing other demonstration project funds into the Reserve Fund.

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

(1) IN GENERAL.—* * *

* * * * * * *

(4) USE OF NON-FEDERAL FUNDS.—

(A) IN GENERAL.—Notwithstanding paragraph (3), not more than 20 percent of the amount of non-Federal funds committed to a project as matching contributions in accordance with the application submitted by the qualified entity under section 405(c)(4) shall be used by the qualified entity for the purposes described in subparagraphs (A), (C), and (D) of paragraph (1).

(B) PRIORITY.—In awarding grants under section 406(b), the Secretary shall give priority to qualified entities that submit applications that, with respect to the commitment of non-Federal funds under section 405(c)(4), provide assurances that not to exceed 15 percent of such non-Federal funds will be used by the qualified entity for the purposes described in subparagraphs (A), (C), and (D) of paragraph (1).

(d) UNUSED FEDERAL GRANT FUNDS TRANSFERRED TO THE SECRETARY WHEN PROJECT TERMINATES.—Notwithstanding subsection (c), upon *the date that is 12 months after* the termination of any demonstration project authorized under this section, the qualified entity conducting the project shall transfer to the Secretary an amount equal to—

* * * * * * *

SEC. 408. ELIGIBILITY FOR PARTICIPATION.

(a) IN GENERAL.—* * *

[(1) INCOME TEST.—The adjusted gross income of the household is equal to or less than 200 percent of the poverty line (as determined by the Office of Management and Budget) or the earned income amount described in section 32 of the Internal Revenue Code of 1986 [26 U.S.C.A. § 32] (taking into account the size of the household).**]**

(1) INCOME TEST.—The—

(A) gross income of the household is equal to or less than—

(i) 200 percent of the poverty line (as determined by the Secretary of Health and Human Services);

(ii) the earned income amount described in section 32 of the Internal Revenue Code of 1986 (taking into account the size of the household); or

(iii) 80 percent of the Area Median Income (as determined by the Department of Housing and Urban Development); or

(B) the modified adjusted gross income of the household for the previous year does not exceed $18,000 for an individual filer, $30,000 for a head of household, or $38,000 for a joint filer.

* * * * * * *

SEC. 410. DEPOSITS BY QUALIFIED ENTITIES.

(a) IN GENERAL.—Not less than once every 3 months during each project year, each qualified entity under this title [this note] shall deposit in the individual development account of each individual participating in the project, or into a parallel account maintained by the ❚qualified entity—

❚(1) from the non-Federal funds described in section 405(c)(4) [of this note], a matching contribution of not less than $0.50 and not more than $4 for every $1 of earned income (as defined in section 911(d)(2) of the Internal Revenue Code of 1986) [26 U.S.C.A. § 911(d)(2)] deposited in the account by a project participant during that period;

❚(2) from the grant made under section 406(b) [of this note], an amount equal to the matching contribution made under paragraph (1); and

❚(3) any interest that has accrued on amounts deposited under paragraph (1) or (2) on behalf of that individual into the individual development account of the individual or into a parallel account maintained by the qualified entity.❚ *qualified entity, a matching contributions of not less than $0.50 and not more than $4 for every $1 of earned income (as defined in section 911(d)(2) of Internal Revenue Code of 1986) deposited in the account and interest earned on that account by a project participant during that period. Matching contribution shall be made—*

(1) from the non-Federal funds described in section 405(c)(4); and

(2) from the grant made under section 406(b); based on a ratio relating to the sources of funds described in paragraph (1) and (2) as determined by the qualified entity, consistent with the requirements of section 407(c).

(b) USE OF EXCESS INTEREST ON MATCHING FUNDS EARNED ON THE RESERVE FUND.—Interest that accrues on the matching funds earned and held in the Reserve Fund, over and above the interest required to match an individual's deposits and interest earned in the individual development account, shall be used by the qualified entity to fund existing individual development accounts or additional individual development accounts.

❚(b)❚ *(c)* LIMITATION ON DEPOSITS FOR AN INDIVIDUAL.—Not more than $2,000 from a grant made under section 408(b) [of this note] shall be provided to any one individual over the course of the demonstration project

❚(c)❚ *(d)* LIMITATION ON DEPOSITS FOR A HOUSEHOLD.— * * *

[(d)] *(e)* WITHDRAWAL OF FUNDS.— * * *
[(e)] *(f)* REIMBURSEMENT.—

* * * * * * *

SEC. 416 AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this title [this note], $25,000,000 for each of fiscal years 1999, 2000, 2001, 2002, [and 2003,] *and 2003, $25,000,000 for fiscal year 2004, and such sums as may be necessary for each of fiscal years 2005 through 2008,* to remain available until expended.

* * * * * * *

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