

107TH CONGRESS
1ST SESSION

H. R. 1990

To leave no child behind.

IN THE HOUSE OF REPRESENTATIVES

MAY 24, 2001

Mr. GEORGE MILLER of California (for himself, Mr. GILMAN, Mr. SANDERS, Mr. KILDEE, Mrs. MORELLA, Mr. SCOTT, Mrs. DAVIS of California, Mr. STARK, Ms. NORTON, Mr. FRANK, Mrs. MINK of Hawaii, Mr. BONIOR, Ms. BROWN of Florida, Ms. DELAURO, Mr. CUMMINGS, Mr. LATOURETTE, Mr. KUCINICH, Mr. KENNEDY of Rhode Island, Mr. BISHOP, Mr. HINOJOSA, Mr. JACKSON of Illinois, Mr. RODRIGUEZ, Ms. JACKSON-LEE of Texas, Ms. SCHAKOWSKY, Mr. GUTIERREZ, and Mr. OWENS) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce, Education and the Workforce, Agriculture, the Judiciary, and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

MAY 26 (legislative day, May 25), 2001

Deleted sponsors: Mr. BISHOP, Mr. GUTIERREZ, Mr. KUCINICH, Mrs. MINK of Hawaii, Ms. NORTON, Ms. SCHAKOWSKY, Mr. BONIOR, Mr. CUMMINGS, Mr. GILMAN, Mr. HINOJOSA, Ms. JACKSON-LEE of Texas, Mr. LATOURETTE, Mrs. MORELLA, Mr. OWENS, and Mr. SCOTT (added May 24, 2001; deleted May 26 (legislative day, May 25), 2001)

A BILL

To leave no child behind.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Leave No Child Behind
3 Act of 2001”.

4 **SEC. 2. TABLE OF CONTENTS.**

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

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1 **TITLE I—HEALTHY START—**
2 **CHILDREN’S HEALTH INSUR-**
3 **ANCE**

4 **Subtitle A—Children’s Health**
5 **Insurance**

6 **SEC. 1001. MEDIKIDS HEALTH INSURANCE.**

7 (a) **SHORT TITLE OF TITLE.**—This title may be cited
8 as the “MediKids Health Insurance Act of 2001”.

9 (b) **FINDINGS.**—Congress finds the following:

10 (1) More than 11 million American children are
11 uninsured.

12 (2) Children who are uninsured receive less
13 medical care and less preventive care and have a
14 poorer level of health, which result in lifetime costs
15 to themselves and to the entire American economy.

16 (3) Although SCHIP and Medicaid are success-
17 fully extending a health coverage safety net to a
18 growing portion of the vulnerable low-income popu-
19 lation of uninsured children, we now see that they
20 alone cannot achieve 100 percent health insurance
21 coverage for our nation’s children due to inevitable
22 gaps during outreach and enrollment, fluctuations in
23 eligibility, and variations in access to private insur-
24 ance at all income levels.

1 (4) As all segments of our society continue to
2 become more and more transient, with many
3 changes in employment over the working lifetime of
4 parents, the need for a reliable safety net of health
5 insurance which follows children across State lines,
6 already a major problem for the children of migrant
7 and seasonal farmworkers, will become a major con-
8 cern for all families in the United States.

9 (5) The Medicare program has successfully
10 evolved over the years to provide a stable, universal
11 source of health insurance for the nation's disabled
12 and those over age 65, and therefore provides a test-
13 ed model for designing a program to reach out to
14 America's children.

15 (6) The problem of insuring 100 percent of all
16 American children could be gradually solved by auto-
17 matically enrolling all children born after December
18 31, 2002, in a program modeled after Medicare (and
19 to be known as "MediKids"), and allowing those
20 children to be transferred into other equivalent or
21 better insurance programs, including either private
22 insurance, SCHIP, or Medicaid, if they are eligible
23 to do so, but maintaining the child's default enroll-
24 ment in MediKids for any times when the child's ac-
25 cess to other sources of insurance is lost.

1 (7) A family's freedom of choice to use other in-
2 surers to cover children would not be interfered with
3 in any way, and children eligible for SCHIP and
4 Medicaid would continue to be enrolled in those pro-
5 grams, but the underlying safety net of MediKids
6 would always be available to cover any gaps in insur-
7 ance due to changes in medical condition, employ-
8 ment, income, or marital status, or other changes af-
9 fecting a child's access to alternate forms of insur-
10 ance.

11 (8) The MediKids program can be administered
12 without impacting the finances or status of the exist-
13 ing Medicare program.

14 (9) The MediKids benefit package can be tai-
15 lored to the special needs of children and updated
16 over time.

17 (10) The financing of the program can be ad-
18 ministered without difficulty by a yearly payment of
19 affordable premiums through a family's tax filing (or
20 adjustment of a family's earned income tax credit).

21 (11) The cost of the program will gradually rise
22 as the number of children using MediKids as the in-
23 surer of last resort increases, and a future Congress
24 always can accelerate or slow down the enrollment
25 process as desired, while the societal costs for emer-

1 agency room usage, lost productivity and work days,
 2 and poor health status for the next generation of
 3 Americans will decline.

4 (12) Over time 100 percent of American chil-
 5 dren will always have basic health insurance, and we
 6 can therefore expect a healthier, more equitable, and
 7 more productive society.

8 **SEC. 1002. BENEFITS FOR ALL CHILDREN BORN AFTER**
 9 **2002.**

10 (a) IN GENERAL.—The Social Security Act is amend-
 11 ed by adding at the end the following new title:

12 “TITLE XXII—MEDIKIDS PROGRAM

13 “SEC. 2201. ELIGIBILITY.

14 “(a) ELIGIBILITY OF INDIVIDUALS BORN AFTER DE-
 15 CEMBER 31, 2002; ALL CHILDREN UNDER 23 YEARS OF
 16 AGE IN SIXTH YEAR.—An individual who meets the fol-
 17 lowing requirements with respect to a month is eligible to
 18 enroll under this title with respect to such month:

19 “(1) AGE.—

20 “(A) FIRST YEAR.—During the first year
 21 in which this title is effective, the individual has
 22 not attained 6 years of age.

23 “(B) SECOND YEAR.—During the second
 24 year in which this title is effective, the indi-
 25 vidual has not attained 11 years of age.

1 “(C) THIRD YEAR.—During the third year
2 in which this title is effective, the individual has
3 not attained 16 years of age.

4 “(D) FOURTH YEAR.—During the fourth
5 year in which this title is effective, the indi-
6 vidual has not attained 21 years of age.

7 “(E) FIFTH AND SUBSEQUENT YEARS.—
8 During the fifth year in which this title is effec-
9 tive and each subsequent year, the individual
10 has not attained 23 years of age.

11 “(2) CITIZENSHIP.—The individual is a citizen
12 or national of the United States or is lawfully resid-
13 ing in the United States.

14 “(b) ENROLLMENT PROCESS.—An individual may
15 enroll in the program established under this title only in
16 such manner and form as may be prescribed by regula-
17 tions, and only during an enrollment period prescribed by
18 the Secretary consistent with the provisions of this section.

19 Such regulations shall provide a process under which—

20 “(1) individuals who are born in the United
21 States after December 31, 2002, are deemed to be
22 enrolled at the time of birth and a parent or guard-
23 ian of such an individual is permitted to pre-enroll
24 in the month prior to the expected month of birth;

1 “(2) individuals who are born outside the
2 United States after such date and who become eligi-
3 ble to enroll by virtue of immigration into (or an ad-
4 justment of immigration status in) the United
5 States are deemed enrolled at the time of entry or
6 adjustment of status;

7 “(3) eligible individuals may otherwise be en-
8 rolled at such other times and manner as the Sec-
9 retary shall specify, including the use of outstationed
10 eligibility sites as described in section
11 1902(a)(55)(A) and the use of presumptive eligi-
12 bility provisions like those described in section
13 1920A; and

14 “(4) at the time of automatic enrollment of a
15 child, the Secretary provides for issuance to a parent
16 or custodian of the individual a card evidencing cov-
17 erage under this title and for a description of such
18 coverage.

19 The provisions of section 1837(h) apply with respect to
20 enrollment under this title in the same manner as they
21 apply to enrollment under part B of title XVIII.

22 “(c) DATE COVERAGE BEGINS.—

23 “(1) IN GENERAL.—The period during which
24 an individual is entitled to benefits under this title

1 shall begin as follows, but in no case earlier than
2 January 1, 2003:

3 “(A) In the case of an individual who is
4 enrolled under paragraph (1) or (2) of sub-
5 section (b), the date of birth or date of obtain-
6 ing appropriate citizenship or immigration sta-
7 tus, as the case may be.

8 “(B) In the case of an another individual
9 who enrolls (including pre-enrolls) before the
10 month in which the individual satisfies eligi-
11 bility for enrollment under subsection (a), the
12 first day of such month of eligibility.

13 “(C) In the case of an another individual
14 who enrolls during or after the month in which
15 the individual first satisfies eligibility for enroll-
16 ment under such subsection, the first day of the
17 following month.

18 “(2) AUTHORITY TO PROVIDE FOR PARTIAL
19 MONTHS OF COVERAGE.—Under regulations, the
20 Secretary may, in the Secretary’s discretion, provide
21 for coverage periods that include portions of a
22 month in order to avoid lapses of coverage.

23 “(3) LIMITATION ON PAYMENTS.—No payments
24 may be made under this title with respect to the ex-
25 penses of an individual enrolled under this title un-

1 less such expenses were incurred by such individual
2 during a period which, with respect to the individual,
3 is a coverage period under this section.

4 “(d) EXPIRATION OF ELIGIBILITY.—An individual’s
5 coverage period under this part shall continue until the
6 individual’s enrollment has been terminated because the
7 individual no longer meets the requirements of subsection
8 (a) (whether because of age or change in immigration sta-
9 tus).

10 “(e) ENTITLEMENT TO MEDIKIDS BENEFITS FOR
11 ENROLLED INDIVIDUALS.—An individual enrolled under
12 this section is entitled to the benefits described in section
13 2202.

14 “(f) LOW-INCOME INFORMATION.—At the time of en-
15 rollment of a child under this title, the Secretary shall
16 make an inquiry as to whether or not the family income
17 of the family that includes the child is less than 150 per-
18 cent of the poverty line for a family of the size involved.
19 If the family income is below such level, the Secretary shall
20 encode in the identification card issued in connection with
21 eligibility under this title a code indicating such fact. The
22 Secretary also shall provide for a toll-free telephone line
23 at which providers can verify whether or not such a child
24 is in a family the income of which is below such level.

1 “(g) CONSTRUCTION.—Nothing in this title shall be
2 construed as requiring (or preventing) an individual who
3 is enrolled under this section from seeking medical assist-
4 ance under a State medicaid plan under title XIX or child
5 health assistance under a State child health plan under
6 title XXI.

7 **“SEC. 2202. BENEFITS.**

8 “(a) SECRETARIAL SPECIFICATION OF BENEFIT
9 PACKAGE.—

10 “(1) IN GENERAL.—The Secretary shall specify
11 the benefits to be made available under this title
12 consistent with the provisions of this section and in
13 a manner designed to meet the health needs of chil-
14 dren.

15 “(2) UPDATING.—The Secretary shall update
16 the specification of benefits over time to ensure the
17 inclusion of age-appropriate benefits as the enrollee
18 population gets older.

19 “(3) ANNUAL UPDATING.—The Secretary shall
20 establish procedures for the annual review and up-
21 dating of such benefits to account for changes in
22 medical practice, new information from medical re-
23 search, and other relevant developments in health
24 science.

1 “(4) INPUT.—The Secretary shall seek the
2 input of the pediatric community in specifying and
3 updating such benefits.

4 “(5) LIMITATION ON UPDATING.—In no case
5 shall updating of benefits under this subsection re-
6 sult in a failure to provide benefits required under
7 subsection (b).

8 “(b) INCLUSION OF CERTAIN BENEFITS.—

9 “(1) MEDICARE CORE BENEFITS.—Such bene-
10 fits shall include (to the extent consistent with other
11 provisions of this section) at least the same benefits
12 (including coverage, access, availability, duration,
13 and beneficiary rights) that are available under
14 parts A and B of title XVIII.

15 “(2) ALL REQUIRED MEDICAID BENEFITS.—
16 Such benefits shall also include all items and serv-
17 ices for which medical assistance is required to be
18 provided under section 1902(a)(10)(A) to individuals
19 described in such section, including early and peri-
20 odic screening, diagnostic services, and treatment
21 services.

22 “(3) INCLUSION OF PRESCRIPTION DRUGS.—
23 Such benefits also shall include (as specified by the
24 Secretary) prescription drugs and biologicals.

25 “(4) COST-SHARING.—

1 “(A) IN GENERAL.—Subject to subpara-
2 graph (B), such benefits also shall include the
3 cost-sharing (in the form of deductibles, coin-
4 surance, and copayments) applicable under title
5 XVIII with respect to comparable items and
6 services, except that no cost-sharing shall be
7 imposed with respect to early and periodic
8 screening and diagnostic services included
9 under paragraph (2).

10 “(B) NO COST-SHARING FOR LOWEST IN-
11 COME CHILDREN.—Such benefits shall not in-
12 clude any cost-sharing for children in families
13 the income of which (as determined for pur-
14 poses of section 1905(p)) does not exceed 150
15 percent of the official income poverty line (re-
16 ferred to in such section) applicable to a family
17 of the size involved.

18 “(C) REFUNDABLE CREDIT FOR COST-
19 SHARING FOR OTHER LOW-INCOME CHIL-
20 DREN.—For a refundable credit for cost-shar-
21 ing in the case of children in certain families,
22 see section 35 of the Internal Revenue Code of
23 1986.

24 “(c) PAYMENT SCHEDULE.—The Secretary, with the
25 assistance of the Medicare Payment Advisory Commission,

1 shall develop and implement a payment schedule for bene-
2 fits covered under this title. To the extent feasible, such
3 payment schedule shall be consistent with comparable pay-
4 ment schedules and reimbursement methodologies applied
5 under parts A and B of title XVIII.

6 “(d) INPUT.—The Secretary shall specify such bene-
7 fits and payment schedules only after obtaining input from
8 appropriate child health providers and experts.

9 “(e) ENROLLMENT IN HEALTH PLANS.—The Sec-
10 retary shall provide for the offering of benefits under this
11 title through enrollment in a health benefit plan that
12 meets the same (or similar) requirements as the require-
13 ments that apply to Medicare+Choice plans under part
14 C of title XVIII. In the case of individuals enrolled under
15 this title in such a plan, the Medicare+Choice capitation
16 rate described in section 1853(c) shall be adjusted in an
17 appropriate manner to reflect differences between the pop-
18 ulation served under this title and the population under
19 title XVIII.

20 **“SEC. 2203. PREMIUMS.**

21 “(a) AMOUNT OF MONTHLY PREMIUMS.—

22 “(1) IN GENERAL.—The Secretary shall, during
23 September of each year (beginning with 2002), es-
24 tablish a monthly MediKids premium. Subject to
25 paragraph (2), the monthly MediKids premium for

1 a year is equal to $\frac{1}{12}$ of the annual premium rate
2 computed under subsection (b).

3 “(2) ELIMINATION OF MONTHLY PREMIUM FOR
4 DEMONSTRATION OF EQUIVALENT COVERAGE (IN-
5 CLUDING COVERAGE UNDER LOW-INCOME PRO-
6 GRAMS).—The amount of the monthly premium im-
7 posed under this section for an individual for a
8 month shall be zero in the case of an individual who
9 demonstrates to the satisfaction of the Secretary
10 that the individual has basic health insurance cov-
11 erage for that month the actuarial value of which,
12 as determined by the Secretary, is at least actuari-
13 ally equivalent to the benefits available under this
14 title. For purposes of the previous sentence enroll-
15 ment in a medicaid plan under title XIX, a State
16 child health insurance plan under title XXI, or
17 under the medicare program under title XVIII is
18 deemed to constitute basic health insurance coverage
19 described in such sentence.

20 “(b) ANNUAL PREMIUM.—

21 “(1) NATIONAL, PER CAPITA AVERAGE.—The
22 Secretary shall estimate the average, annual per
23 capita amount that would be payable under this title
24 with respect to individuals residing in the United
25 States who meet the requirement of section

1 2201(a)(1) as if all such individuals were eligible for
2 (and enrolled) under this title during the entire year
3 (and assuming that section 1862(b)(2)(A)(i) did not
4 apply).

5 “(2) ANNUAL PREMIUM.—Subject to subsection
6 (d), the annual premium under this subsection for
7 months in a year is equal to 25 percent of the aver-
8 age, annual per capita amount estimated under
9 paragraph (1) for the year.

10 “(c) PAYMENT OF MONTHLY PREMIUM.—

11 “(1) PERIOD OF PAYMENT.—In the case of an
12 individual who participates in the program estab-
13 lished by this title, subject to subsection (d), the
14 monthly premium shall be payable for the period
15 commencing with the first month of the individual’s
16 coverage period and ending with the month in which
17 the individual’s coverage under this title terminates.

18 “(2) COLLECTION THROUGH TAX RETURN.—
19 For provisions providing for the payment of monthly
20 premiums under this subsection, see section 59B of
21 the Internal Revenue Code of 1986.

22 “(3) PROTECTIONS AGAINST FRAUD AND
23 ABUSE.—The Secretary shall develop, in coordina-
24 tion with States and other health insurance issuers,
25 administrative systems to ensure that claims which

1 are submitted to more than one payor are coordi-
2 nated and duplicate payments are not made.

3 “(d) REDUCTION IN PREMIUM FOR CERTAIN LOW-
4 INCOME FAMILIES.—For provisions reducing the premium
5 under this section for certain low-income families, see sec-
6 tion 59B(c) of the Internal Revenue Code of 1986.

7 **“SEC. 2204. MEDIKIDS TRUST FUND.**

8 “(a) ESTABLISHMENT OF TRUST FUND.—

9 “(1) IN GENERAL.—There is hereby created on
10 the books of the Treasury of the United States a
11 trust fund to be known as the ‘MediKids Trust
12 Fund’ (in this section referred to as the ‘Trust
13 Fund’). The Trust Fund shall consist of such gifts
14 and bequests as may be made as provided in section
15 201(i)(1) and such amounts as may be deposited in,
16 or appropriated to, such fund as provided in this
17 title.

18 “(2) PREMIUMS.—Premiums collected under
19 section 2203 shall be transferred to the Trust Fund.

20 “(b) INCORPORATION OF PROVISIONS.—

21 “(1) IN GENERAL.—Subject to paragraph (2),
22 subsections (b) through (i) of section 1841 shall
23 apply with respect to the Trust Fund and this title
24 in the same manner as they apply with respect to

1 the Federal Supplementary Medical Insurance Trust
2 Fund and part B, respectively.

3 “(2) MISCELLANEOUS REFERENCES.—In apply-
4 ing provisions of section 1841 under paragraph
5 (1)—

6 “(A) any reference in such section to ‘this
7 part’ is construed to refer to title XXII;

8 “(B) any reference in section 1841(h) to
9 section 1840(d) and in section 1841(i) to sec-
10 tions 1840(b)(1) and 1842(g) are deemed ref-
11 erences to comparable authority exercised under
12 this title;

13 “(C) payments may be made under section
14 1841(g) to the Trust Funds under sections
15 1817 and 1841 as reimbursement to such funds
16 for payments they made for benefits provided
17 under this title; and

18 “(D) the Board of Trustees of the
19 MediKids Trust Fund shall be the same as the
20 Board of Trustees of the Federal Supple-
21 mentary Medical Insurance Trust Fund.

22 **“SEC. 2205. OVERSIGHT AND ACCOUNTABILITY.**

23 “(a) THROUGH ANNUAL REPORTS OF TRUSTEES.—
24 The Board of Trustees of the MediKids Trust Fund under
25 section 2204(b)(1) shall report on an annual basis to Con-

1 gress concerning the status of the Trust Fund and the
2 need for adjustments in the program under this title to
3 maintain financial solvency of the program under this
4 title.

5 “(b) PERIODIC GAO REPORTS.—The Comptroller
6 General of the United States shall periodically submit to
7 Congress reports on the adequacy of the financing of cov-
8 erage provided under this title. The Comptroller General
9 shall include in such report such recommendations for ad-
10 justments in such financing and coverage as the Comp-
11 troller General deems appropriate in order to maintain fi-
12 nancial solvency of the program under this title.

13 **“SEC. 2206. INCLUSION OF CARE COORDINATION SERVICES.**

14 “(a) IN GENERAL.—

15 “(1) PROGRAM AUTHORITY.—The Secretary,
16 beginning in 2003, may implement a care coordina-
17 tion services program in accordance with the provi-
18 sions of this section under which, in appropriate cir-
19 cumstances, eligible individuals may elect to have
20 health care services covered under this title managed
21 and coordinated by a designated care coordinator.

22 “(2) ADMINISTRATION BY CONTRACT.—The
23 Secretary may administer the program under this
24 section through a contract with an appropriate pro-
25 gram administrator.

1 “(3) COVERAGE.—Care coordination services
2 furnished in accordance with this section shall be
3 treated under this title as if they were included in
4 the definition of medical and other health services
5 under section 1861(s) and benefits shall be available
6 under this title with respect to such services without
7 the application of any deductible or coinsurance.

8 “(b) ELIGIBILITY CRITERIA; IDENTIFICATION AND
9 NOTIFICATION OF ELIGIBLE INDIVIDUALS.—

10 “(1) INDIVIDUAL ELIGIBILITY CRITERIA.—The
11 Secretary shall specify criteria to be used in making
12 a determination as to whether an individual may ap-
13 propriately be enrolled in the care coordination serv-
14 ices program under this section, which shall include
15 at least a finding by the Secretary that for cohorts
16 of individuals with characteristics identified by the
17 Secretary, professional management and coordina-
18 tion of care can reasonably be expected to improve
19 processes or outcomes of health care and to reduce
20 aggregate costs to the programs under this title.

21 “(2) PROCEDURES TO FACILITATE ENROLL-
22 MENT.—The Secretary shall develop and implement
23 procedures designed to facilitate enrollment of eligi-
24 ble individuals in the program under this section.

25 “(c) ENROLLMENT OF INDIVIDUALS.—

1 “(1) SECRETARY’S DETERMINATION OF ELIGI-
2 BILITY.—The Secretary shall determine the eligi-
3 bility for services under this section of individuals
4 who are enrolled in the program under this section
5 and who make application for such services in such
6 form and manner as the Secretary may prescribe.

7 “(2) ENROLLMENT PERIOD.—

8 “(A) EFFECTIVE DATE AND DURATION.—
9 Enrollment of an individual in the program
10 under this section shall be effective as of the
11 first day of the month following the month in
12 which the Secretary approves the individual’s
13 application under paragraph (1), shall remain
14 in effect for one month (or such longer period
15 as the Secretary may specify), and shall be
16 automatically renewed for additional periods,
17 unless terminated in accordance with such pro-
18 cedures as the Secretary shall establish by regu-
19 lation. Such procedures shall permit an indi-
20 vidual to disenroll for cause at any time and
21 without cause at re-enrollment intervals.

22 “(B) LIMITATION ON REENROLLMENT.—
23 The Secretary may establish limits on an indi-
24 vidual’s eligibility to reenroll in the program
25 under this section if the individual has

1 disenrolled from the program more than once
2 during a specified time period.

3 “(d) PROGRAM.—The care coordination services pro-
4 gram under this section shall include the following ele-
5 ments:

6 “(1) BASIC CARE COORDINATION SERVICES.—

7 “(A) IN GENERAL.—Subject to the cost-ef-
8 fectiveness criteria specified in subsection
9 (b)(1), except as otherwise provided in this sec-
10 tion, enrolled individuals shall receive services
11 described in section 1905(t)(1) and may receive
12 additional items and services as described in
13 subparagraph (B).

14 “(B) ADDITIONAL BENEFITS.—The Sec-
15 retary may specify additional benefits for which
16 payment would not otherwise be made under
17 this title that may be available to individuals
18 enrolled in the program under this section (sub-
19 ject to an assessment by the care coordinator of
20 an individual’s circumstance and need for such
21 benefits) in order to encourage enrollment in, or
22 to improve the effectiveness of, such program.

23 “(2) CARE COORDINATION REQUIREMENT.—

24 Notwithstanding any other provision of this title, the
25 Secretary may provide that an individual enrolled in

1 the program under this section may be entitled to
2 payment under this title for any specified health
3 care items or services only if the items or services
4 have been furnished by the care coordinator, or co-
5 ordinated through the care coordination services pro-
6 gram. Under such provision, the Secretary shall pre-
7 scribe exceptions for emergency medical services as
8 described in section 1852(d)(3), and other excep-
9 tions determined by the Secretary for the delivery
10 of timely and needed care.

11 “(e) CARE COORDINATORS.—

12 “(1) CONDITIONS OF PARTICIPATION.—In order
13 to be qualified to furnish care coordination services
14 under this section, an individual or entity shall—

15 “(A) be a health care professional or entity
16 (which may include physicians, physician group
17 practices, or other health care professionals or
18 entities the Secretary may find appropriate)
19 meeting such conditions as the Secretary may
20 specify;

21 “(B) have entered into a care coordination
22 agreement; and

23 “(C) meet such criteria as the Secretary
24 may establish (which may include experience in

1 the provision of care coordination or primary
2 care physician's services).

3 “(2) AGREEMENT TERM; PAYMENT.—

4 “(A) DURATION AND RENEWAL.—A care
5 coordination agreement under this subsection
6 shall be for one year and may be renewed if the
7 Secretary is satisfied that the care coordinator
8 continues to meet the conditions of participa-
9 tion specified in paragraph (1).

10 “(B) PAYMENT FOR SERVICES.—The Sec-
11 retary may negotiate or otherwise establish pay-
12 ment terms and rates for services described in
13 subsection (d)(1).

14 “(C) LIABILITY.—Case coordinators shall
15 be subject to liability for actual health damages
16 which may be suffered by recipients as a result
17 of the care coordinator's decisions, failure or
18 delay in making decisions, or other actions as
19 a care coordinator.

20 “(D) TERMS.—In addition to such other
21 terms as the Secretary may require, an agree-
22 ment under this section shall include the terms
23 specified in subparagraphs (A) through (C) of
24 section 1905(t)(3).

1 **“SEC. 2207. ADMINISTRATION AND MISCELLANEOUS.**

2 “(a) IN GENERAL.—Except as otherwise provided in
3 this title—

4 “(1) the Secretary shall enter into appropriate
5 contracts with providers of services, other health
6 care providers, carriers, and fiscal intermediaries,
7 taking into account the types of contracts used
8 under title XVIII with respect to such entities, to
9 administer the program under this title;

10 “(2) individuals enrolled under this title shall
11 be treated for purposes of title XVIII as though the
12 individual were entitled to benefits under part A and
13 enrolled under part B of such title;

14 “(3) benefits described in section 2202 that are
15 payable under this title to such individuals shall be
16 paid in a manner specified by the Secretary (taking
17 into account, and based to the greatest extent prac-
18 ticable upon, the manner in which they are provided
19 under title XVIII);

20 “(4) provider participation agreements under
21 title XVIII shall apply to enrollees and benefits
22 under this title in the same manner as they apply
23 to enrollees and benefits under title XVIII; and

24 “(5) individuals entitled to benefits under this
25 title may elect to receive such benefits under health
26 plans in a manner, specified by the Secretary, simi-

1 lar to the manner provided under part C of title
2 XVIII.

3 “(b) COORDINATION WITH MEDICAID AND
4 SCHIP.—Notwithstanding any other provision of law, in-
5 dividuals entitled to benefits for items and services under
6 this title who also qualify for benefits under title XIX or
7 XXI or any other Federally funded program may continue
8 to qualify and obtain benefits under such other title or
9 program, and in such case such an individual shall elect
10 either—

11 “(1) such other title or program to be primary
12 payor to benefits under this title, in which case no
13 benefits shall be payable under this title and the
14 monthly premium under section 2203 shall be zero;
15 or

16 “(2) benefits under this title shall be primary
17 payor to benefits provided under such program or
18 title, in which case the Secretary shall enter into
19 agreements with States as may be appropriate to
20 provide that, in the case of such individuals, the ben-
21 efits under titles XIX and XXI or such other pro-
22 gram (including reduction of cost-sharing) are pro-
23 vided on a ‘wrap-around’ basis to the benefits under
24 this title.”.

1 (b) CONFORMING AMENDMENTS TO SOCIAL SECUR-
2 RITY ACT PROVISIONS.—

3 (1) Section 201(i)(1) of the Social Security Act
4 (42 U.S.C. 401(i)(1)) is amended by striking “or the
5 Federal Supplementary Medical Insurance Trust
6 Fund” and inserting “the Federal Supplementary
7 Medical Insurance Trust Fund, and the MediKids
8 Trust Fund”.

9 (2) Section 201(g)(1)(A) of such Act (42
10 U.S.C. 401(g)(1)(A)) is amended by striking “ and
11 the Federal Supplementary Medical Insurance Trust
12 Fund established by title XVIII” and inserting “,
13 the Federal Supplementary Medical Insurance Trust
14 Fund, and the MediKids Trust Fund established by
15 title VIII”.

16 (3) Section 1853(c) of such Act (42 U.S.C.
17 1395w–23(c)) is amended—

18 (A) in paragraph (1), by striking “and
19 (7)” and inserting “, (7), and (8)”, and

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

21 “(8) ADJUSTMENT FOR MEDIKIDS.—In apply-
22 ing this subsection with respect to individuals enti-
23 tled to benefits under title XXII, the Secretary shall
24 provide for an appropriate adjustment in the
25 Medicare+Choice capitation rate as may be appro-

1 appropriate to reflect differences between the population
2 served under such title and the population under
3 parts A and B.”.

4 (c) MAINTENANCE OF MEDICAID ELIGIBILITY AND
5 BENEFITS FOR CHILDREN.—

6 (1) IN GENERAL.—In order for a State to con-
7 tinue to be eligible for payments under section
8 1903(a) of the Social Security Act (42 U.S.C.
9 1396b(a))—

10 (A) the State may not reduce standards of
11 eligibility, or benefits, provided under its State
12 medicaid plan under title XIX of the Social Se-
13 curity Act or under its State child health plan
14 under title XXI of such Act for individuals
15 under 23 years of age below such standards of
16 eligibility, and benefits, in effect on the date of
17 the enactment of this Act; and

18 (B) the State shall demonstrate to the sat-
19 isfaction of the Secretary of Health and Human
20 Services that any savings in State expenditures
21 under title XIX or XXI of the Social Security
22 Act that results from children from enrolling
23 under title XXII of such Act shall be used in
24 a manner that improves services to beneficiaries
25 under title XIX of such Act, such as through

1 increases in provider payment rates, expansion
2 of eligibility, improved nurse and nurse aide
3 staffing and improved inspections of nursing fa-
4 cilities, and coverage of additional services.

5 (2) MEDIKIDS AS PRIMARY PAYOR.—In apply-
6 ing title XIX of the Social Security Act, the
7 MediKids program under title XXII of such Act
8 shall be treated as a primary payor in cases in which
9 the election described in section 2207(b)(2) of such
10 Act, as added by subsection (a), has been made.

11 (d) EXPANSION OF MEDPAC MEMBERSHIP TO 19.—

12 (1) IN GENERAL.—Section 1805(c) of the So-
13 cial Security Act (42 U.S.C. 1395b–6(c)) is
14 amended—

15 (A) in paragraph (1), by striking “17” and
16 inserting “19”; and

17 (B) in paragraph (2)(B), by inserting “ex-
18 perts in children’s health,” after “other health
19 professionals,”.

20 (2) INITIAL TERMS OF ADDITIONAL MEM-
21 BERS.—

22 (A) IN GENERAL.—For purposes of stag-
23 gering the initial terms of members of the
24 Medicare Payment Advisory Commission under
25 section 1805(c)(3) of the Social Security Act

1 (42 U.S.C. 1395b–6(c)(3)), the initial terms of
2 the 2 additional members of the Commission
3 provided for by the amendment under sub-
4 section (a)(1) are as follows:

5 (i) One member shall be appointed for
6 1 year.

7 (ii) One member shall be appointed
8 for 2 years.

9 (B) COMMENCEMENT OF TERMS.—Such
10 terms shall begin on January 1, 2002.

11 **SEC. 1003. MEDIKIDS PREMIUM.**

12 (a) GENERAL RULE.—Subchapter A of chapter 1 of
13 the Internal Revenue Code of 1986 (relating to determina-
14 tion of tax liability) is amended by adding at the end the
15 following new part:

16 **“PART VIII—MEDIKIDS PREMIUM**

“Sec. 59B. MediKids premium.

17 **“SEC. 59B. MEDIKIDS PREMIUM.**

18 “(a) IMPOSITION OF TAX.—In the case of an indi-
19 vidual to whom this section applies, there is hereby im-
20 posed (in addition to any other tax imposed by this sub-
21 title) a MediKids premium for the taxable year.

22 “(b) INDIVIDUALS SUBJECT TO PREMIUM.—

1 “(1) IN GENERAL.—This section shall apply to
2 an individual if the taxpayer has a MediKid at any
3 time during the taxable year.

4 “(2) MEDIKID.—For purposes of this section,
5 the term ‘MediKid’ means, with respect to a tax-
6 payer, any individual with respect to whom the tax-
7 payer is required to pay a premium under section
8 2203(e) of the Social Security Act for any month of
9 the taxable year.

10 “(c) AMOUNT OF PREMIUM.—For purposes of this
11 section, the MediKids premium for a taxable year is the
12 sum of the monthly premiums under section 2203 of the
13 Social Security Act for months in the taxable year.

14 “(d) EXCEPTIONS BASED ON ADJUSTED GROSS IN-
15 COME.—

16 “(1) EXEMPTION FOR VERY LOW-INCOME TAX-
17 PAYERS.—

18 “(A) IN GENERAL.—No premium shall be
19 imposed by this section on any taxpayer having
20 an adjusted gross income not in excess of the
21 exemption amount.

22 “(B) EXEMPTION AMOUNT.—For purposes
23 of this paragraph, with respect to a family, the
24 exemption amount is the amount equal to 150
25 percent of the income official poverty line (as

1 defined by the Office of Management and
2 Budget, and revised annually in accordance
3 with section 673(2) of the Omnibus Budget
4 Reconciliation Act of 1981) applicable to a fam-
5 ily of the size involved.

6 “(C) PHASEOUT OF EXEMPTION.—In the
7 case of a taxpayer having an adjusted gross in-
8 come which exceeds the exemption amount but
9 does not exceed twice the exemption amount,
10 the premium shall be the amount which bears
11 the same ratio to the premium which would
12 (but for this subparagraph) apply to the tax-
13 payer as such excess bears to the exemption
14 amount.

15 “(2) PREMIUM LIMITED TO 5 PERCENT OF AD-
16 JUSTED GROSS INCOME.—In no event shall any tax-
17 payer be required to pay a premium under this sec-
18 tion in excess of an amount equal to 5 percent of the
19 taxpayer’s adjusted gross income.

20 “(e) COORDINATION WITH OTHER PROVISIONS.—

21 “(1) NOT TREATED AS MEDICAL EXPENSE.—
22 For purposes of this chapter, any premium paid
23 under this section shall not be treated as expense for
24 medical care.

1 “(2) NOT TREATED AS TAX FOR CERTAIN PUR-
2 POSES.—The premium paid under this section shall
3 not be treated as a tax imposed by this chapter for
4 purposes of determining—

5 “(A) the amount of any credit allowable
6 under this chapter, or

7 “(B) the amount of the minimum tax im-
8 posed by section 55.

9 “(3) TREATMENT UNDER SUBTITLE F.—For
10 purposes of subtitle F, the premium paid under this
11 section shall be treated as if it were a tax imposed
12 by section 1.”.

13 (b) TECHNICAL AMENDMENTS.—

14 (1) Subsection (a) of section 6012 of such Code
15 is amended by inserting after paragraph (9) the fol-
16 lowing new paragraph:

17 “(10) Every individual liable for a premium
18 under section 59B.”.

19 (2) The table of parts for subchapter A of chap-
20 ter 1 of such Code is amended by adding at the end
21 the following new item:

 “Part VIII. MediKids premium.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to months beginning after Decem-
24 ber 2002, in taxable years ending after such date.

1 **SEC. 1004. REFUNDABLE CREDIT FOR COST-SHARING EX-**
2 **PENSES UNDER MEDIKIDS PROGRAM.**

3 (a) IN GENERAL.—Subpart C of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 (relating to refundable credits) is amended by redес-
6 ignating section 35 as section 36 and by inserting after
7 section 34 the following new section:

8 **“SEC. 35. COST-SHARING EXPENSES UNDER MEDIKIDS PRO-**
9 **GRAM.**

10 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
11 dividual who has a MediKid (as defined in section 59B)
12 at any time during the taxable year, there shall be allowed
13 as a credit against the tax imposed by this subtitle an
14 amount equal to 50 percent of the amount paid by the
15 taxpayer during the taxable year as cost-sharing under
16 section 2202(b)(4) of the Social Security Act.

17 “(b) LIMITATION BASED ON ADJUSTED GROSS IN-
18 COME.—The amount of the credit which would (but for
19 this subsection) be allowed under this section for the tax-
20 able year shall be reduced (but not below zero) by an
21 amount which bears the same ratio to such amount of
22 credit as the excess of the taxpayer’s adjusted gross in-
23 come for such taxable year over the exemption amount (as
24 defined in section 59B(d)) bears to such exemption
25 amount.”.

26 (b) TECHNICAL AMENDMENTS.—

1 (1) Paragraph (2) of section 1324(b) of title
2 31, United States Code, is amended by inserting be-
3 fore the period “or from section 35 of such Code”.

4 (2) The table of sections for subpart C of part
5 IV of subchapter A of chapter 1 of such Code is
6 amended by striking the last item and inserting the
7 following new items:

 “Sec. 35. Cost-sharing expenses under MediKids program.

 “Sec. 36. Overpayments of tax.”.

8 (c) **EFFECTIVE DATE.**—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2002.

11 **SEC. 1005. REPORT ON LONG-TERM REVENUES.**

12 Within 1 year after the date of enactment of this
13 title, the Secretary of the Treasury shall propose a gradual
14 schedule of progressive tax changes to fund the program
15 under title XXII of the Social Security Act, as the number
16 of enrollees grows in the out-years.

1 **Subtitle B—Children’s Health In-**
2 **surance Eligibility Expansion**
3 **and Enrollment Improvements**

4 **CHAPTER 1—ELIGIBILITY EXPANSIONS**

5 **Subchapter A—Medicaid and SCHIP**

6 **SEC. 1101. EXPANSION OF CHILDREN’S ELIGIBILITY FOR**
7 **MEDICAID AND SCHIP.**

8 (a) EXPANSION OF INCOME ELIGIBILITY UNDER
9 SCHIP.—Section 2110(c)(4) of the Social Security Act
10 (42 U.S.C. 42 U.S.C. 1397jj(c)(4)) is amended by striking
11 “200” and inserting “300”.

12 (b) MANDATORY BUY-IN COVERAGE.—

13 (1) MEDICAID.—Section 1902(a)(10)(A)(i) of
14 the Social Security Act (42 U.S.C.
15 1396a(a)(10)(A)(i)) is amended—

16 (A) by striking “or” at the end of sub-
17 clause (VI);

18 (B) by striking the semicolon at the end of
19 subclause (VII) and insert “, or”; and

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

21 “(VIII) who are children in fami-
22 lies whose income exceeds 300 percent
23 of the income official poverty line (as
24 defined by the Office of Management
25 and Budget, and revised annually in

1 accordance with section 673(2) of the
2 Omnibus Budget Reconciliation Act of
3 1981) applicable to a family of the
4 size involved subject, notwithstanding
5 section 1916, to payment of premiums
6 or other cost-sharing charges (set on
7 a sliding scale based on income) that
8 the State may determine;”.

9 (2) SCHIP.—Section 2107(e)(1) of such Act
10 (42 U.S.C. 1397gg(e)(1)) is amended by adding at
11 the end the following new subparagraph:

12 “(E) Section 1902(a)(10)(A)(i)(VIII) (re-
13 lating to buy-in coverage for children whose
14 family income exceeds 300 percent of the pov-
15 erty line).”.

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section apply to medical assistance and child health
18 assistance provided on or after October 1, 2001.

19 **SEC. 1102. OPTIONAL COVERAGE OF LEGAL IMMIGRANTS**
20 **UNDER THE MEDICAID PROGRAM AND TITLE**
21 **XXI.**

22 (a) MEDICAID PROGRAM.—Section 1903(v) of the
23 Social Security Act (42 U.S.C. 1396b(v)) is amended—

24 (1) in paragraph (1), by striking “paragraph
25 (2)” and inserting “paragraphs (2) and (4)”; and

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

2 “(4)(A) A State may elect (in a plan amendment
3 under this title) to provide medical assistance under this
4 title for aliens who are lawfully residing in the United
5 States (including battered aliens described in section
6 431(e) of the Personal Responsibility and Work Oppor-
7 tunity Reconciliation Act of 1996) and who are otherwise
8 eligible for such assistance, within any of the following eli-
9 gibility categories:

10 “(i) PREGNANT WOMEN.—Women during preg-
11 nancy (and during the 60-day period beginning on
12 the last day of the pregnancy).

13 “(ii) CHILDREN.—Children (as defined under
14 such plan), including optional targeted low-income
15 children described in section 1905(u)(2)(B).

16 “(B)(i) In the case of a State that has elected to pro-
17 vide medical assistance to a category of aliens under sub-
18 paragraph (A), no debt shall accrue under an affidavit of
19 support against any sponsor of such an alien on the basis
20 of provision of assistance to such category and the cost
21 of such assistance shall not be considered as an unreim-
22 bursed cost.

23 “(ii) The provisions of sections 401(a), 402(b), 403,
24 and 421 of the Personal Responsibility and Work Oppor-

1 tunity Reconciliation Act of 1996 shall not apply to a
2 State that makes an election under subparagraph (A).”.

3 (b) TITLE XXI.—Section 2107(e)(1) of the Social
4 Security Act (42 U.S.C. 1397gg(e)(1)), as amended by
5 section 803 of the Medicare, Medicaid, and SCHIP Bene-
6 fits Improvement and Protection Act of 2000 (as enacted
7 into law by section 1(a)(6) of Public Law 106–554), is
8 amended by adding at the end the following:

9 “(E) Section 1903(v)(4) (relating to op-
10 tional coverage of permanent resident alien chil-
11 dren), but only if the State has elected to apply
12 such section to that category of children under
13 title XIX.”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section take effect on October 1, 2001, and apply to
16 medical assistance and child health assistance furnished
17 on or after such date.

18 **Subchapter B—Family Opportunity Act**

19 **SEC. 1111. SHORT TITLE; AMENDMENTS TO SOCIAL SECU-** 20 **RITY ACT.**

21 (a) SHORT TITLE.—This subchapter may be cited as
22 the “Family Opportunity Act of 2001” or the “Dylan Lee
23 James Act”.

24 (b) AMENDMENTS TO SOCIAL SECURITY ACT.—Ex-
25 cept as otherwise specifically provided, whenever in this

1 Act an amendment is expressed in terms of an amendment
2 to or repeal of a section or other provision, the reference
3 shall be considered to be made to that section or other
4 provision of the Social Security Act.

5 **SEC. 1112. OPPORTUNITY FOR FAMILIES OF DISABLED**
6 **CHILDREN TO PURCHASE MEDICAID COV-**
7 **ERAGE FOR SUCH CHILDREN.**

8 (a) STATE OPTION TO ALLOW FAMILIES OF DIS-
9 ABLED CHILDREN TO PURCHASE MEDICAID COVERAGE
10 FOR SUCH CHILDREN.—

11 (1) IN GENERAL.—Section 1902 (42 U.S.C.
12 1396a), as amended by section 2(a) of the Breast
13 and Cervical Cancer Prevention and Treatment Act
14 of 2000 (Public Law 106–354; 114 Stat. 1381) and
15 section 702(b) of the Medicare, Medicaid, and
16 SCHIP Benefits Improvement and Protection Act of
17 2000 (as enacted into law by section 1(a)(6) of Pub-
18 lic Law 106–554), is amended—

19 (A) in subsection (a)(10)(A)(ii)—

20 (i) by striking “or” at the end of sub-
21 clause (XVII);

22 (ii) by adding “or” at the end of sub-
23 clause (XVIII); and

24 (iii) by adding at the end the fol-
25 lowing new subclause:

1 “(XIX) who are disabled children
2 described in subsection (cc)(1);” and
3 (B) by adding at the end the following new
4 subsection:

5 “(cc)(1) Individuals described in this paragraph are
6 individuals—

7 “(A) who have not attained 18 years of age;

8 “(B) who would be considered disabled under
9 section 1614(a)(3)(C) (determined without regard to
10 the reference to age in that section) but for having
11 earnings or deemed income or resources (as deter-
12 mined under title XVI for children) that exceed the
13 requirements for receipt of supplemental security in-
14 come benefits; and

15 “(C) whose family income does not exceed such
16 income level as the State establishes and does not
17 exceed—

18 “(i) 300 percent of the income official pov-
19 erty line (as defined by the Office of Manage-
20 ment and Budget, and revised annually in ac-
21 cordance with section 673(2) of the Omnibus
22 Budget Reconciliation Act of 1981) applicable
23 to a family of the size involved; or

24 “(ii) such higher percent of such poverty
25 line as a State may establish, except that no

1 Federal financial participation shall be provided
2 under section 1903(a) for any medical assist-
3 ance provided to an individual who would not be
4 described in this subsection but for this
5 clause.”.

6 (2) INTERACTION WITH EMPLOYER-SPONSORED
7 FAMILY COVERAGE.—Section 1902(cc) (42 U.S.C.
8 1396a(cc)), as added by paragraph (1), is amended
9 by adding at the end the following new paragraph:
10 “(2)(A) If an employer of a parent of an individual
11 described in paragraph (1) offers family coverage under
12 a group health plan (as defined in section 2791(a) of the
13 Public Health Service Act), the State may—

14 “(i) require such parent to apply for, enroll in,
15 and pay premiums for, such coverage as a condition
16 of such parent’s child being or remaining eligible for
17 medical assistance under subsection
18 (a)(10)(A)(ii)(XIX) if the parent is determined eligi-
19 ble for such coverage and the employer contributes
20 at least 50 percent of the total cost of annual pre-
21 miums for such coverage; and

22 “(ii) if such coverage is obtained—

23 “(I) subject to paragraph (2) of section
24 1916(h), reduce the premium imposed by the
25 State under that section (if any) in an amount

1 that reasonably reflects the premium contribu-
2 tion made by the parent for private coverage on
3 behalf of a child with a disability; and

4 “(II) treat such coverage as a third party
5 liability under subsection (a)(25).

6 “(B) In the case of a parent to which subparagraph
7 (A) applies, if the family income of such parent does not
8 exceed 300 percent of the income official poverty line (re-
9 ferred to in paragraph (1)(C)(i)), a State may provide for
10 payment of any portion of the annual premium for such
11 family coverage that the parent is required to pay. Any
12 payments made by the State under this subparagraph
13 shall be considered, for purposes of section 1903(a), to
14 be payments for medical assistance.”.

15 (b) STATE OPTION TO IMPOSE INCOME-RELATED
16 PREMIUMS.—Section 1916 (42 U.S.C. 1396o) is
17 amended—

18 (1) in subsection (a), by striking “subsection
19 (g)” and inserting “subsections (g) and (h)”; and

20 (2) by adding at the end the following new sub-
21 section:

22 “(h)(1) With respect to disabled children provided
23 medical assistance under section 1902(a)(10)(A)(ii)(XIX),
24 subject to paragraph (2), a State may (in a uniform man-
25 ner for such children) require the families of such children

1 to pay monthly premiums set on a sliding scale based on
2 family income.

3 “(2) A premium requirement imposed under para-
4 graph (1) may only apply to the extent that—

5 “(A) the aggregate amount of such premium
6 and any premium that the parent is required to pay
7 for family coverage under section 1902(cc)(2)(A)(i)
8 does not exceed 5 percent of the family’s income;
9 and

10 “(B) the requirement is imposed consistent with
11 section 1902(cc)(2)(A)(ii)(I).

12 “(3) A State shall not require prepayment of a pre-
13 mium imposed pursuant to paragraph (1) and shall not
14 terminate eligibility of a child under section
15 1902(a)(10)(A)(ii)(XIX) for medical assistance under this
16 title on the basis of failure to pay any such premium until
17 such failure continues for a period of not less than 60 days
18 from the date on which the premium became past due.
19 The State may waive payment of any such premium in
20 any case where the State determines that requiring such
21 payment would create an undue hardship.”.

22 (c) CONFORMING AMENDMENT.—Section 1903(f)(4)
23 (42 U.S.C. 1396b(f)(4)), as amended by section 710(a)
24 of the Medicare, Medicaid, and SCHIP Benefits Improve-
25 ment and Protection Act of 2000 (as enacted into law by

1 section 1(a)(6) of Public Law 106–554), is amended in
2 the matter preceding subparagraph (A) by inserting
3 “1902(a)(10)(A)(ii)(XIX),” after “1902(a)(10)(A)
4 (ii)(XVIII),”.

5 (d) TECHNICAL AMENDMENTS.—

6 (1) Section 1902 (42 U.S.C. 1396a), as amend-
7 ed by section 702(b) of the Medicare, Medicaid, and
8 SCHIP Benefits Improvement and Protection Act of
9 2000 (as enacted into law by section 1(a)(6) of Pub-
10 lic Law 106–554), is amended by redesignating the
11 subsection (aa) added by such section as subsection
12 (bb).

13 (2) Section 1902(a)(15) (42 U.S.C.
14 1396a(a)(15)), as added by section 702(a)(2) of the
15 Medicare, Medicaid, and SCHIP Benefits Improve-
16 ment and Protection Act of 2000 (as so enacted into
17 law), is amended by striking “subsection (aa)” and
18 inserting “subsection (bb)”.

19 (3) Section 1915(b) (42 U.S.C. 1396n(b)), as
20 amended by section 702(c)(2) of the Medicare, Med-
21 icaid, and SCHIP Benefits Improvement and Pro-
22 tection Act of 2000 (as so enacted into law), is
23 amended by striking “1902(aa)” and inserting
24 “1902(bb)”.

25 (e) EFFECTIVE DATE.—

1 (1) IN GENERAL.—The amendments made by
2 subsections (a), (b), and (c) shall apply to medical
3 assistance for items and services furnished on or
4 after January 1, 2002.

5 (2) TECHNICAL AMENDMENTS.—The amend-
6 ments made by subsection (d) shall take effect as if
7 included in the enactment of section 702 of the
8 Medicare, Medicaid, and SCHIP Benefits Improve-
9 ment and Protection Act of 2000 (as enacted into
10 law by section 1(a)(6) of Public Law 106–554).

11 **SEC. 1113. TREATMENT OF INPATIENT PSYCHIATRIC HOS-**
12 **PITAL SERVICES FOR INDIVIDUALS UNDER**
13 **AGE 21 IN HOME OR COMMUNITY-BASED**
14 **SERVICES WAIVERS.**

15 (a) IN GENERAL.—Section 1915(c) (42 U.S.C.
16 1396n(c)) is amended—

17 (1) in paragraph (1)—

18 (A) in the first sentence, by inserting “, or
19 inpatient psychiatric hospital services for indi-
20 viduals under age 21,” after “intermediate care
21 facility for the mentally retarded”; and

22 (B) in the second sentence, by inserting “,
23 or inpatient psychiatric hospital services for in-
24 dividuals under age 21” before the period;

1 (2) in paragraph (2)(B), by striking “or serv-
2 ices in an intermediate care facility for the mentally
3 retarded” each place it appears and inserting “,
4 services in an intermediate care facility for the men-
5 tally retarded, or inpatient psychiatric hospital serv-
6 ices for individuals under age 21”;

7 (3) by striking paragraph (2)(C) and inserting
8 the following:

9 “(C) such individuals who are determined to be
10 likely to require the level of care provided in a hos-
11 pital, nursing facility, or intermediate care facility
12 for the mentally retarded, or inpatient psychiatric
13 hospital services for individuals under age 21, are
14 informed of the feasible alternatives, if available
15 under the waiver, at the choice of such individuals,
16 to the provision of inpatient hospital services, nurs-
17 ing facility services, services in an intermediate care
18 facility for the mentally retarded, or inpatient psy-
19 chiatric hospital services for individuals under age
20 21;” and

21 (4) in paragraph (7)(A)—

22 (A) by inserting “, or inpatient psychiatric
23 hospital services for individuals under age 21,”
24 after “intermediate care facility for the men-
25 tally retarded”; and

1 (B) by inserting “, or who would require
2 inpatient psychiatric hospital services for indi-
3 viduals under age 21” before the period.

4 (b) EFFECTIVE DATE.—The amendments made by
5 subsection (a) apply with respect to medical assistance
6 provided on or after January 1, 2001.

7 **SEC. 1114. DEMONSTRATION OF COVERAGE UNDER THE**
8 **MEDICAID PROGRAM OF CHILDREN WITH PO-**
9 **TENTIALLY SEVERE DISABILITIES.**

10 (a) STATE APPLICATION.—A State may apply to the
11 Secretary of Health and Human Services (in this section
12 referred to as the “Secretary”) for approval of a dem-
13 onstration project (in this section referred to as a “dem-
14 onstration project”) under which up to a specified max-
15 imum number of children with a potentially severe dis-
16 ability (as defined in subsection (b)) are provided medical
17 assistance under the State medicaid plan under title XIX
18 of the Social Security Act (42 U.S.C. 1396 et seq.).

19 (b) CHILD WITH A POTENTIALLY SEVERE DIS-
20 ABILITY DEFINED.—

21 (1) IN GENERAL.—In this section, the term
22 “child with a potentially severe disability” means,
23 with respect to a demonstration project, an indi-
24 vidual who—

25 (A) has not attained 21 years of age;

1 (B) has a physical or mental condition,
2 disease, disorder (including a congenital birth
3 defect or a metabolic condition), injury, or de-
4 velopmental disability that was incurred before
5 the individual attained such age; and

6 (C) is reasonably expected, but for the re-
7 ceipt of medical assistance under the State
8 medicaid plan, to reach the level of disability
9 defined under section 1614(a)(3) of the Social
10 Security Act (42 U.S.C. 1382c(a)(3)), (deter-
11 mined without regard to the reference to age
12 in subparagraph (C) of that section).

13 (2) EXCEPTION.—Such term does not include
14 an individual who would be considered disabled
15 under section 1614(a)(3)(C) of the Social Security
16 Act (42 U.S.C. 1382c(a)(3)(C)) (determined without
17 regard to the reference to age in that section).

18 (c) APPROVAL OF DEMONSTRATION PROJECTS.—

19 (1) IN GENERAL.—Subject to paragraph (3),
20 the Secretary shall approve applications under sub-
21 section (a) that meet the requirements of paragraph
22 (2) and such additional terms and conditions as the
23 Secretary may require. The Secretary may waive the
24 requirement of section 1902(a)(1) of the Social Se-

1 security Act (42 U.S.C. 1396a(a)(1)) to allow for sub-
2 State demonstrations.

3 (2) TERMS AND CONDITIONS OF DEMONSTRA-
4 TION PROJECTS.—The Secretary may not approve a
5 demonstration project under this section unless the
6 State provides assurances satisfactory to the Sec-
7 retary that the following conditions are or will be
8 met:

9 (A) INDEPENDENT EVALUATION.—The
10 State provides for an independent evaluation of
11 the project to be conducted during fiscal year
12 2006.

13 (B) CONSULTATION FOR DEVELOPMENT
14 OF CRITERIA.—The State consults with appro-
15 priate pediatric health professionals in estab-
16 lishing the criteria for determining whether a
17 child has a potentially severe disability.

18 (C) ANNUAL REPORT.—The State submits
19 an annual report to the Secretary (in a uniform
20 form and manner established by the Secretary)
21 on the use of funds provided under the grant
22 that includes the following:

23 (i) Enrollment and financial statistics

24 on—

1 (I) the total number of children
2 with a potentially severe disability en-
3 rolled in the demonstration project,
4 disaggregated by disability;

5 (II) the services provided by cat-
6 egory or code and the cost of each
7 service so categorized or coded; and

8 (III) the number of children en-
9 rolled in the demonstration project
10 who also receive services through pri-
11 vate insurance.

12 (ii) With respect to the report sub-
13 mitted for fiscal year 2006, the results of
14 the independent evaluation conducted
15 under subparagraph (A).

16 (iii) Such additional information as
17 the Secretary may require.

18 (3) LIMITATIONS ON FEDERAL FUNDING.—

19 (A) APPROPRIATION.—

20 (i) IN GENERAL.—Out of any funds in
21 the Treasury not otherwise appropriated,
22 there is appropriated to carry out this
23 section—

24 (I) \$16,666,000 for each of fiscal
25 years 2002 and 2003; and

1 (II) \$16,667,000 for each of fis-
2 cal years 2004 through 2007.

3 (ii) BUDGET AUTHORITY.—Clause (i)
4 constitutes budget authority in advance of
5 appropriations Acts and represents the ob-
6 ligation of the Federal Government to pro-
7 vide for the payment of the amounts ap-
8 propriated under clause (i).

9 (B) LIMITATION ON PAYMENTS.—In no
10 case may—

11 (i) the aggregate amount of payments
12 made by the Secretary to States under this
13 section exceed \$100,000,000;

14 (ii) the aggregate amount of payments
15 made by the Secretary to States for ad-
16 ministrative expenses relating to the eval-
17 uations and annual reports required under
18 subparagraphs (A) and (C) of paragraph
19 (2) exceed \$2,000,000 of such
20 \$100,000,000; or

21 (iii) payments be provided by the Sec-
22 retary for a fiscal year after fiscal year
23 2010.

24 (C) FUNDS ALLOCATED TO STATES.—

1 (i) IN GENERAL.—The Secretary shall
2 allocate funds to States based on their ap-
3 plications and the availability of funds. In
4 making such allocations, the Secretary
5 shall ensure an equitable distribution of
6 funds among States with large populations
7 and States with small populations.

8 (ii) AVAILABILITY.—Funds allocated
9 to a State under a grant made under this
10 section for a fiscal year shall remain avail-
11 able until expended.

12 (D) FUNDS NOT ALLOCATED TO STATES.—
13 Funds not allocated to States in the fiscal year
14 for which they are appropriated shall remain
15 available in succeeding fiscal years for alloca-
16 tion by the Secretary using the allocation for-
17 mula established under this section.

18 (E) PAYMENTS TO STATES.—The Sec-
19 retary shall pay to each State with a dem-
20 onstration project approved under this section,
21 from its allocation under subparagraph (C), an
22 amount for each quarter equal to the Federal
23 medical assistance percentage (as defined in
24 section 1905(b) of the Social Security Act (42
25 U.S.C. 1395d(b))) of expenditures in the quar-

1 ter for medical assistance provided to children
2 with a potentially severe disability.

3 (d) **RECOMMENDATION.**—Not later than October 1,
4 2005, the Secretary shall submit a recommendation to the
5 Committee on Commerce of the House of Representatives
6 and the Committee on Finance of the Senate regarding
7 whether the demonstration project established under this
8 section should be continued after fiscal year 2007.

9 (e) **STATE DEFINED.**—In this section, the term
10 “State” has the meaning given such term for purposes of
11 title XIX of the Social Security Act (42 U.S.C. 1396 et
12 seq.).

13 **SEC. 1115. DEVELOPMENT AND SUPPORT OF FAMILY-TO-**
14 **FAMILY HEALTH INFORMATION CENTERS.**

15 Section 501 (42 U.S.C. 701) is amended by adding
16 at the end the following new subsection:

17 “(c)(1) In addition to amounts appropriated under
18 subsection (a) and retained under section 502(a)(1) for
19 the purpose of carrying out activities described in sub-
20 section (a)(2), there is appropriated to the Secretary, out
21 of any money in the Treasury not otherwise appropriated,
22 for the purpose of enabling the Secretary (through grants,
23 contracts, or otherwise) to provide for special projects of
24 regional and national significance for the development and
25 support of family-to-family health information centers de-

1 scribed in paragraph (2), \$10,000,000 for each of fiscal
2 years 2002 through 2007. Funds appropriated under this
3 paragraph shall remain available until expended.

4 “(2) The family-to-family health information centers
5 described in this paragraph are centers that—

6 “(A) assist families of children with disabilities
7 or special health care needs to make informed
8 choices about health care in order to promote good
9 treatment decisions, cost-effectiveness, and improved
10 health outcomes for such children;

11 “(B) provide information regarding the health
12 care needs of, and resources available for, children
13 with disabilities or special health care needs;

14 “(C) identify successful health delivery models
15 for such children;

16 “(D) develop with representatives of health care
17 providers, managed care organizations, health care
18 purchasers, and appropriate State agencies a model
19 for collaboration between families of such children
20 and health professionals;

21 “(E) provide training and guidance regarding
22 caring for such children;

23 “(F) conduct outreach activities to the families
24 of such children, health professionals, schools, and
25 other appropriate entities and individuals; and

1 calendar quarter that begins after the date of enactment
2 of this Act.

3 **CHAPTER 2—ENROLLMENT**

4 **IMPROVEMENTS**

5 **SEC. 1121. APPLICATION OF SIMPLIFIED TITLE XXI PROCE-** 6 **DURES UNDER THE MEDICAID PROGRAM.**

7 (a) APPLICATION UNDER MEDICAID.—

8 (1) IN GENERAL.—Section 1902(l) of the Social
9 Security Act (42 U.S.C. 1396a(l)) is amended—

10 (A) in paragraph (3), by inserting “subject
11 to paragraph (5)”, after “Notwithstanding sub-
12 section (a)(17),”; and

13 (B) by adding at the end the following:

14 “(5) With respect to determining the eligibility of in-
15 dividuals under 19 years of age (or such higher age as
16 the State has elected under paragraph (1)(D)) for medical
17 assistance under subsection (a)(10)(A) notwithstanding
18 any other provision of this title, if the State has estab-
19 lished a State child health plan under title XXI—

20 “(A) the State may not apply a resource stand-
21 ard;

22 “(B) the State shall use the same simplified eli-
23 gibility form (that in no case shall be more than 4
24 pages and that permits application other than in

1 person) as the State uses under such State child
2 health plan with respect to such individuals;

3 “(C) the State shall provide for initial eligibility
4 determinations and redeterminations of eligibility
5 using the same verification policies, forms, and fre-
6 quency as the State uses for such purposes under
7 such State child health plan with respect to such in-
8 dividuals;

9 “(D) the State shall not require a face-to-face
10 interview for purposes of initial eligibility determina-
11 tions and redeterminations and shall allow for self-
12 declaration of initial eligibility and recertification in-
13 formation; and

14 “(E) the State shall coordinate the enrollment
15 of children under this title and title XXI with the
16 enrollment of such children and their families in
17 other Federal means-tested public assistance pro-
18 grams, including child care programs, free or re-
19 duced price lunches or breakfasts under the Richard
20 B. Russell National School Lunch Act (42 U.S.C.
21 1751 et seq.), assistance under the special supple-
22 mental nutrition program for women, infants, and
23 children (WIC) under section 17 of the Child Nutri-
24 tion Act of 1966 (42 U.S.C. 1786), and benefits
25 under the Food Stamp Act of 1977.”.

1 (2) EFFECTIVE DATE.—The amendments made
2 by paragraph (1) apply to determinations of eligi-
3 bility made on or after the date that is 1 year after
4 the date of the enactment of this Act, whether or
5 not regulations implementing such amendments have
6 been issued.

7 (3) DEVELOPMENT OF UNIFORM APPLICA-
8 TION.—Not later than 1 year after the date of en-
9 actment of this Act, the Secretary of Health and
10 Human Services, in consultation with States and or-
11 ganizations with expertise in outreach to, and enroll-
12 ment of, children without health insurance, shall de-
13 velop a uniform application that meets the require-
14 ments of section 1902(1)(5) of the Social Security
15 Act, as added by paragraph (1), and may be used
16 in any State.

17 (b) PRESUMPTIVE ELIGIBILITY.—

18 (1) IN GENERAL.—Section 1920A(b)(3)(A)(i) of
19 the Social Security Act (42 U.S.C. 1396r-
20 1a(b)(3)(A)(i)), as amended by section 708(a) of the
21 Medicare, Medicaid, and SCHIP Benefits Improve-
22 ment and Protection Act of 2000 (as enacted into
23 law by section 1(a)(6) of Public Law 106–554), is
24 amended by inserting “a child care resource and re-

1 ferral agency,” after “a State or tribal child support
2 enforcement agency,”.

3 (2) APPLICATION TO PRESUMPTIVE ELIGIBILITY
4 FOR PREGNANT WOMEN UNDER MEDICAID.—Section
5 1920(b) of the Social Security Act (42 U.S.C.
6 1396r–1(b)) is amended by adding at the end after
7 and below paragraph (2) the following flush sen-
8 tence:

9 “The term ‘qualified provider’ includes a qualified entity
10 as defined in section 1920A(b)(3).”.

11 (3) APPLICATION UNDER TITLE XXI.—

12 (A) IN GENERAL.—Section 2107(e)(1)(D)
13 of the Social Security Act (42 U.S.C.
14 1397gg(e)(1)), as added by section 803 of the
15 Medicare, Medicaid, and SCHIP Benefits Im-
16 provement and Protection Act of 2000 (as en-
17 acted into law by section 1(a)(6) of Public Law
18 106–554), is amended to read as follows:

19 “(D) Sections 1920 and 1920A (relating to
20 presumptive eligibility).”.

21 (B) EXCEPTION FROM LIMITATION ON AD-
22 MINISTRATIVE EXPENSES.—Section 2105(c)(2)
23 of such Act (42 U.S.C. 1397ee(c)(2)) is amend-
24 ed by adding at the end the following:

1 “(C) EXCEPTION FOR PRESUMPTIVE ELI-
2 GIBILITY EXPENDITURES.—The limitation
3 under subparagraph (A) on expenditures shall
4 not apply to expenditures attributable to the
5 application of section 1920 or 1920A (pursuant
6 to section 2107(e)(1)(D)), regardless of whether
7 the child is determined to be ineligible for the
8 program under this title or title XIX.”.

9 (C) CONFORMING ELIMINATION OF RE-
10 SOURCE TEST.—Section 2102(b)(1)(A) of such
11 Act (42 U.S.C. 1397bb(b)(1)(A)) is amended—

12 (i) by striking “and resources (includ-
13 ing any standards relating to spenddowns
14 and disposition of resources)”; and

15 (ii) by adding at the end the fol-
16 lowing: “Effective 1 year after the date of
17 the enactment of the Leave No Child Be-
18 hind Act of 2001, such standards may not
19 include the application of a resource stand-
20 ard or test.”.

21 (c) AUTOMATIC REASSESSMENT OF ELIGIBILITY FOR
22 TITLE XXI AND MEDICAID BENEFITS FOR CHILDREN
23 LOSING MEDICAID OR TITLE XXI ELIGIBILITY.—

1 (1) LOSS OF MEDICAID ELIGIBILITY.—Section
2 1902(a) of the Social Security Act (42 U.S.C.
3 1396a(a)) is amended—

4 (A) by striking the period at the end of
5 paragraph (65) and inserting “; and”; and

6 (B) by inserting after paragraph (65) the
7 following:

8 “(66) provide, in the case of a State with a
9 State child health plan under title XXI, that before
10 medical assistance to a child (or a parent of a child)
11 is discontinued under this title, a determination of
12 whether the child (or parent) is eligible for benefits
13 under title XXI shall be made and, if determined to
14 be so eligible, the child (or parent) shall be auto-
15 matically enrolled in the program under such title
16 without the need for a new application.”.

17 (2) LOSS OF TITLE XXI ELIGIBILITY.—Section
18 2102(b)(3) (42 U.S.C. 1397bb(b)(3)) is amended by
19 redesignating subparagraphs (D) and (E) as sub-
20 paragraphs (E) and (F), respectively, and by insert-
21 ing after subparagraph (C) the following:

22 “(D) that before health assistance to a
23 child (or a parent of a child) is discontinued
24 under this title, a determination of whether the
25 child (or parent) is eligible for benefits under

1 title XIX is made and, if determined to be so
2 eligible, the child (or parent) is automatically
3 enrolled in the program under such title with-
4 out the need for a new application;”.

5 (3) EFFECTIVE DATE.—The amendments made
6 by paragraphs (1) and (2) apply to individuals who
7 lose eligibility under the medicaid program under
8 title XIX, or under a State child health insurance
9 plan under title XXI, respectively, of the Social Se-
10 curity Act on or after the date that is 60 days after
11 the date of the enactment of this Act.

12 (d) PROVISION OF MEDICAID AND SCHIP APPLICA-
13 TIONS AND INFORMATION UNDER THE SCHOOL LUNCH
14 PROGRAM.—Section 9(b)(2)(B) of the Richard B. Russell
15 National School Lunch Act (42 U.S.C. 1758(b)(2)(B)) is
16 amended—

17 (1) by striking “(B) Applications” and inserting
18 “(B)(i) Applications”; and

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

20 “(ii)(I) Applications for free and reduced price
21 lunches that are distributed pursuant to clause (i) to par-
22 ents or guardians of children in attendance at schools par-
23 ticipating in the school lunch program under this Act shall
24 also contain information on the availability of medical as-
25 sistance under title XIX of the Social Security Act (42

1 U.S.C. 1396 et seq.) (commonly referred to as the ‘med-
2 icaid program’) and of child health assistance under title
3 XXI of such Act (commonly referred to as ‘SCHIP’), in-
4 cluding information on how to obtain an application for
5 assistance under such program.

6 “(II) Information on the medicaid program and
7 SCHIP under subclause (I) shall be provided on a form
8 separate from the application form for free and reduced
9 price lunches under clause (i).”.

10 (e) 12-MONTHS CONTINUOUS ELIGIBILITY.—

11 (1) MEDICAID.—Section 1902(e)(12) of the So-
12 cial Security Act (42 U.S.C. 1396a(e)(12)) is
13 amended—

14 (A) by striking “At the option of the State,
15 the plan may” and inserting “The plan shall”;

16 (B) by striking “an age specified by the
17 State (not to exceed 19 years of age)” and in-
18 serting “19 years of age (or such higher age as
19 the State has elected under subsection
20 (l)(1)(D)) or who is eligible for medical assist-
21 ance as the parent of such a child”;

22 (C) in subparagraph (A), by striking “a
23 period (not to exceed 12 months) ” and insert-
24 ing “the 12-month period beginning on the
25 date”; and

1 (D) in subparagraph (B), by inserting “or,
2 in the case of a parent of a child, the child)”
3 after “the individual”.

4 (2) TITLE XXI.—Section 2101(b)(2) of such
5 Act (42 U.S.C. 1397aa(b)(2)) is amended by adding
6 at the end the following: “Such methods shall pro-
7 vide 12-months continuous eligibility for children
8 and parents under this title in the same manner as
9 section 1902(e)(12) provides 12-months continuous
10 eligibility for individuals described in such section
11 under title XIX.”.

12 **SEC. 1122. AUTOMATIC ENROLLMENT OF CHILDREN BORN**
13 **TO TITLE XXI PARENTS.**

14 Section 2102(b)(1) of the Social Security Act (42
15 U.S.C. 1397bb(b)(1)) is amended by adding at the end
16 the following new subparagraph:

17 “(C) AUTOMATIC ELIGIBILITY OF CHIL-
18 DREN BORN TO A PARENT BEING PROVIDED
19 FAMILYCARE.—Such eligibility standards shall
20 provide for automatic coverage of a child born
21 to an individual who is provided assistance
22 under this title in the same manner as medical
23 assistance would be provided under section
24 1902(e)(4) to a child described in such sec-
25 tion.”.

1 **CHAPTER 3—EFFECTIVE DATE**

2 **SEC. 1131. EFFECTIVE DATE.**

3 (a) **IN GENERAL.**—Subject to subsection (b), the
4 amendments made by this subtitle take effect on the date
5 of enactment of this Act.

6 (b) **EXTENSION OF EFFECTIVE DATE FOR STATE**
7 **LAW AMENDMENT.**—In the case of a State plan under
8 title XIX or XXI of the Social Security Act which the Sec-
9 retary of Health and Human Services determines requires
10 State legislation in order for the plan to meet the addi-
11 tional requirements imposed by the amendments made by
12 this subtitle, such State plan shall not be regarded as fail-
13 ing to comply with such requirements solely on the basis
14 of its failure to meet the additional requirements before
15 the first day of the first calendar quarter beginning after
16 the close of the first regular session of the State legisla-
17 ture that begins after the date of enactment of this Act.
18 For purposes of the previous sentence, in the case of a
19 State that has a 2-year legislative session, each year of
20 the session is considered to be a separate regular session
21 of the State legislature.

1 **Subtitle C—Improving Access to**
2 **Care**

3 **CHAPTER 1—COMMISSION**

4 **SEC. 1201. COMMISSION ON CHILDREN'S ACCESS TO CARE.**

5 (a) ESTABLISHMENT.—There is established a Com-
6 mission on Children's Access to Care (in this section re-
7 ferred to as the "Commission").

8 (b) MEMBERSHIP.—

9 (1) COMPOSITION.—The Commission shall be
10 composed of 11 members of whom—

11 (A) 3 members shall be appointed by the
12 President;

13 (B) 2 members shall be appointed by the
14 Majority Leader of the Senate;

15 (C) 2 members shall be appointed by the
16 Speaker of the House of Representatives;

17 (D) 2 members shall be appointed by the
18 Minority Leader of the Senate; and

19 (E) 2 members shall be appointed by the
20 Minority Leader of the House of Representa-
21 tives.

22 (2) QUALIFICATIONS.—Members of the Com-
23 mission shall be appointed from among representa-
24 tives of children's advocacy groups and children's
25 health care providers.

1 (3) TIMING OF APPOINTMENTS.—Members of
2 the Commission shall be appointed not later than 6
3 months after the date of enactment of this Act.

4 (4) CHAIR.—

5 (A) IN GENERAL.—The Commission shall
6 select a Chair from among its members.

7 (B) DUTIES.—The Chair of the Commis-
8 sion shall be responsible for—

9 (i) the assignment of duties and re-
10 sponsibilities among staff personnel and
11 their continuing supervision; and

12 (ii) the use and expenditure of funds
13 available to the Commission.

14 (5) VACANCIES.—Any vacancy on the Commis-
15 sion shall be filled in the same manner as the origi-
16 nal incumbent was appointed.

17 (6) TRAVEL EXPENSES.—The members of the
18 Commission shall be allowed travel expenses, includ-
19 ing per diem in lieu of subsistence, at rates author-
20 ized for employees of agencies under subchapter I of
21 chapter 57 of title 5, United States Code, while
22 away from their homes or regular places of business
23 in the performance of services for the Commission.

24 (c) MEETINGS.—

1 (1) INITIAL MEETING.—Not later than 30 days
2 after the date on which all members of the Commis-
3 sion have been appointed, the Commission shall hold
4 its first meeting.

5 (2) TIME.—The Commission shall meet at the
6 call of the Chair.

7 (3) QUORUM.—A majority of the members of
8 the Commission shall constitute a quorum, but a
9 lesser number of members may hold hearings.

10 (d) DUTIES.—

11 (1) IN GENERAL.—The Commission shall con-
12 duct annual studies of children’s access to health
13 care.

14 (2) MATTERS STUDIED.—Each year the Com-
15 mission shall study—

16 (A) the impact of payment rates under the
17 medicaid and the State children’s health insur-
18 ance programs on access to health care and
19 provider participation in the delivery of health
20 care to children;

21 (B) the access to health care of children
22 with special health care needs, particularly
23 those in managed care delivery systems;

24 (C) the access to, and delivery of, preven-
25 tive health care to children;

1 (D) Federal and State government efforts
2 to collect data, report, evaluate, and monitor
3 children's access to health care, including Fed-
4 eral and State government deficiencies in as-
5 sessing children's access to health care;

6 (E) the needs for supplemental and ena-
7 bling services to improve children's access to
8 health care, including translation and transpor-
9 tation services; and

10 (F) other factors that impact the ability of
11 families with children to gain access to health
12 care services.

13 (3) REPORTS.—

14 (A) IN GENERAL.—Not later than 1 year
15 after the date of the initial meeting of the Com-
16 mission, and annually thereafter, the Commis-
17 sion shall submit to Congress and the President
18 a report.

19 (B) CONTENTS.—Each report shall contain
20 the results of the study conducted for that year
21 and the Commission's recommendations to im-
22 prove children's—

23 (i) health status; and

24 (ii) access to health care.

25 (e) POWERS OF THE COMMISSION.—

1 (1) HEARINGS.—The Commission may hold
2 hearings, sit and act at times and places, take testi-
3 mony, and receive evidence as the Commission con-
4 siders advisable to carry out this section.

5 (2) INFORMATION FROM FEDERAL AGENCIES.—
6 The Commission may secure directly from any Fed-
7 eral department or agency such information as the
8 Commission considers necessary to carry out this
9 section. Upon request of the Chair of the Commis-
10 sion, the head of such department or agency shall
11 furnish such information to the Commission.

12 (3) POSTAL SERVICES.—The Commission may
13 use the United States mails in the same manner and
14 under the same conditions as other departments and
15 agencies of the Federal Government.

16 (4) GIFTS.—The Commission may accept, use,
17 and dispose of gifts or donations of services or prop-
18 erty.

19 (f) STAFF AND ADMINISTRATIVE SUPPORT.—

20 (1) IN GENERAL.—The Chair of the Commis-
21 sion may, without regard to the civil service laws
22 and regulations, appoint and terminate an executive
23 director and such other additional personnel as may
24 be necessary to enable the Commission to perform

1 its duties. The employment of an executive director
2 shall be subject to confirmation by the Commission.

3 (2) COMPENSATION.—The Chair of the Com-
4 mission may fix the compensation of the executive
5 director and other personnel without regard to chap-
6 ter 51 and subchapter III of chapter 53 of title 5,
7 United States Code, relating to classification of posi-
8 tions and General Schedule pay rates, except that
9 the rate of pay for the executive director and other
10 personnel may not exceed the rate payable for level
11 V of the Executive Schedule under section 5316 of
12 title 5, United States Code.

13 (3) DETAIL OF GOVERNMENT EMPLOYEES.—
14 Any Federal Government employee may be detailed
15 to the Commission without reimbursement, and such
16 detail shall be without interruption or loss of civil
17 service status or privilege.

18 (4) PROCUREMENT OF TEMPORARY AND INTER-
19 MITTENT SERVICES.—The Chair of the Commission
20 may procure temporary and intermittent services
21 under section 3109(b) of title 5, United States Code,
22 at rates for individuals which do not exceed the daily
23 equivalent of the annual rate of basic pay prescribed
24 for level V of the Executive Schedule under section
25 5316 of title 5, United States Code.

1 **CHAPTER 2—CHILDREN’S HEALTH**
2 **INSURANCE ACCOUNTABILITY**

3 **SEC. 1211. SHORT TITLE.**

4 This chapter may be cited as the “Children’s Health
5 Insurance Accountability Act of 2001”.

6 **SEC. 1212. FINDINGS.**

7 Congress makes the following findings:

8 (1) Children have health and development needs
9 that are markedly different than those for the adult
10 population.

11 (2) Children experience complex and continuing
12 changes during the continuum from birth to adult-
13 hood in which appropriate health care is essential
14 for optimal development.

15 (3) The vast majority of work done on develop-
16 ment methods to assess the effectiveness of health
17 care services and the impact of medical care on pa-
18 tient outcomes and patient satisfaction has been fo-
19 cused on adults.

20 (4) Health outcome measures need to be age,
21 gender, and developmentally appropriate to be useful
22 to families and children.

23 (5) Costly disorders of adulthood often have
24 their origins in childhood, making early access to ef-
25 fective health services in childhood essential.

1 provides for an enrollee to designate a participating pri-
2 mary care provider for a child of such enrollee—

3 “(A) the plan or issuer shall permit the en-
4 rollee to designate a physician who specializes
5 in pediatrics as the child’s primary care pro-
6 vider; and

7 “(B) if such an enrollee has not designated
8 such a provider for the child, the plan or issuer
9 shall consider appropriate pediatric expertise in
10 mandatorily assigning such an enrollee to a pri-
11 mary care provider.

12 “(2) CONSTRUCTION.—Nothing in paragraph
13 (1) shall waive any requirements of coverage relating
14 to medical necessity or appropriateness with respect
15 to coverage of services.

16 “(b) ACCESS TO PEDIATRIC SPECIALTY SERVICES.—

17 “(1) REFERRAL TO SPECIALTY CARE FOR CHIL-
18 DREN REQUIRING TREATMENT BY SPECIALISTS.—

19 “(A) IN GENERAL.—In the case of a child
20 who is covered under a group health plan, or
21 health insurance coverage offered by a health
22 insurance issuer and who has a mental or phys-
23 ical condition, disability, or disease of sufficient
24 seriousness and complexity to require diagnosis,
25 evaluation or treatment by a specialist, the plan

1 or issuer shall make or provide for a referral
2 to a specialist who has extensive experience or
3 training, and is available and accessible to pro-
4 vide the treatment for such condition or dis-
5 ease, including the choice of a nonprimary care
6 physician specialist participating in the plan or
7 a referral to a nonparticipating provider as pro-
8 vided for under subparagraph (D) if such a pro-
9 vider is not available within the plan.

10 “(B) SPECIALIST DEFINED.—For purposes
11 of this subsection, the term ‘specialist’ means,
12 with respect to a condition, disability, or dis-
13 ease, a health care practitioner, facility, or cen-
14 ter (such as a center of excellence) that has ex-
15 tensive pediatric expertise through appropriate
16 training or experience to provide high quality
17 care in treating the condition, disability or dis-
18 ease.

19 “(C) REFERRALS TO PARTICIPATING PRO-
20 VIDERS.—A plan or issuer is not required under
21 subparagraph (A) to provide for a referral to a
22 specialist that is not a participating provider,
23 unless the plan or issuer does not have an ap-
24 propriate specialist that is available and acces-
25 sible to treat the enrollee’s condition and that

1 is a participating provider with respect to such
2 treatment.

3 “(D) TREATMENT OF NONPARTICIPATING
4 PROVIDERS.—If a plan or issuer refers a child
5 enrollee to a nonparticipating specialist, services
6 provided pursuant to the referral shall be pro-
7 vided at no additional cost to the enrollee be-
8 yond what the enrollee would otherwise pay for
9 services received by such a specialist that is a
10 participating provider.

11 “(E) SPECIALISTS AS PRIMARY CARE PRO-
12 VIDERS.—A plan or issuer shall have in place a
13 procedure under which a child who is covered
14 under health insurance coverage provided by
15 the plan or issuer who has a condition or dis-
16 ease that requires specialized medical care over
17 a prolonged period of time shall receive a refer-
18 ral to a pediatric specialist affiliated with the
19 plan, or if not available within the plan, to a
20 nonparticipating provider for such condition
21 and such specialist may be responsible for and
22 capable of providing and coordinating the
23 child’s primary and specialty care.

24 “(2) STANDING REFERRALS.—

1 “(A) IN GENERAL.—A group health plan,
2 or health insurance issuer in connection with
3 the provision of health insurance coverage of a
4 child, shall have a procedure by which a child
5 who has a condition, disability, or disease that
6 requires ongoing care from a specialist may re-
7 quest and obtain a standing referral to such
8 specialist for treatment of such condition. If the
9 primary care provider in consultation with the
10 medical director of the plan or issuer and the
11 specialist (if any), determines that such a
12 standing referral is appropriate, the plan or
13 issuer shall authorize such a referral to such a
14 specialist. Such standing referral shall be con-
15 sistent with a treatment plan.

16 “(B) TREATMENT PLANS.—A group health
17 plan, or health insurance issuer, with the par-
18 ticipation of the family and the health care pro-
19 viders of the child, shall develop a treatment
20 plan for a child who requires ongoing care that
21 covers a specified period of time (but in no
22 event less than a 6-month period). Services pro-
23 vided for under the treatment plan shall not re-
24 quire additional approvals or referrals through
25 a gatekeeper.

1 “(C) TERMS OF REFERRAL.—The provi-
2 sions of subparagraph (C) and (D) of para-
3 graph (1) shall apply with respect to referrals
4 under subparagraph (A) in the same manner as
5 they apply to referrals under paragraph (1)(A).

6 “(c) ADEQUACY OF ACCESS.—For purposes of sub-
7 sections (a) and (b), a group health plan or health insur-
8 ance issuer in connection with health insurance coverage
9 shall ensure that a sufficient number, distribution, and va-
10 riety of qualified participating health care providers are
11 available so as to ensure that all covered health care serv-
12 ices, including specialty services, are available and acces-
13 sible to all enrollees in a timely manner.

14 “(d) COVERAGE OF EMERGENCY SERVICES.—

15 “(1) IN GENERAL.—If a group health plan, or
16 health insurance coverage offered by a health insur-
17 ance issuer, provides any benefits for children with
18 respect to emergency services (as defined in para-
19 graph (2)(A)), the plan or issuer shall cover emer-
20 gency services furnished under the plan or
21 coverage—

22 “(A) without the need for any prior au-
23 thorization determination;

24 “(B) whether or not the physician or pro-
25 vider furnishing such services is a participating

1 physician or provider with respect to such serv-
2 ices; and

3 “(C) without regard to any other term or
4 condition of such coverage (other than exclusion
5 of benefits, or an affiliation or waiting period,
6 permitted under section 2701).

7 “(2) DEFINITIONS.—In this subsection:

8 “(A) EMERGENCY MEDICAL CONDITION
9 BASED ON PRUDENT LAYPERSON STANDARD.—
10 The term ‘emergency medical condition’ means
11 a medical condition manifesting itself by acute
12 symptoms of sufficient severity (including se-
13 vere pain) such that a prudent layperson, who
14 possesses an average knowledge of health and
15 medicine, could reasonably expect the absence
16 of immediate medical attention to result in a
17 condition described in clause (i), (ii), or (iii) of
18 section 1867(e)(1)(A) of the Social Security
19 Act.

20 “(B) EMERGENCY SERVICES.—The term
21 ‘emergency services’ means—

22 “(i) a medical screening examination
23 (as required under section 1867 of the So-
24 cial Security Act) that is within the capa-
25 bility of the emergency department of a

1 hospital, including ancillary services rou-
2 tinely available to the emergency depart-
3 ment to evaluate an emergency medical
4 condition (as defined in subparagraph
5 (A)); and

6 “(ii) within the capabilities of the
7 staff and facilities available at the hospital,
8 such further medical examination and
9 treatment as are required under section
10 1867 of such Act to stabilize the patient.

11 “(3) REIMBURSEMENT FOR MAINTENANCE
12 CARE AND POST-STABILIZATION CARE.—A group
13 health plan, and health insurance issuer offering
14 health insurance coverage, shall provide, in covering
15 services other than emergency services, for reim-
16 bursement with respect to services which are other-
17 wise covered and which are provided to an enrollee
18 other than through the plan or issuer if the services
19 are maintenance care or post-stabilization care cov-
20 ered under the guidelines established under section
21 1852(d) of the Social Security Act (relating to pro-
22 moting efficient and timely coordination of appro-
23 priate maintenance and post-stabilization care of an
24 enrollee after an enrollee has been determined to be
25 stable).

1 “(e) PROHIBITION ON FINANCIAL BARRIERS.—A
2 health insurance issuer in connection with the provision
3 of health insurance coverage may not impose any cost
4 sharing for pediatric specialty services provided under
5 such coverage to enrollee children in amounts that exceed
6 the cost-sharing required for other specialty care under
7 such coverage.

8 “(f) CHILDREN WITH SPECIAL HEALTH CARE
9 NEEDS.—A health insurance issuer in connection with the
10 provision of health insurance coverage shall ensure that
11 such coverage provides special consideration for the provi-
12 sion of services to enrollee children with special health care
13 needs. Appropriate procedures shall be implemented to
14 provide care for children with special health care needs.
15 The development of such procedures shall include partici-
16 pation by the families of such children.

17 “(g) DEFINITIONS.—In this part:

18 “(1) CHILD.—The term ‘child’ means an indi-
19 vidual who is under 19 years of age.

20 “(2) CHILDREN WITH SPECIAL HEALTH CARE
21 NEEDS.—The term ‘children with special health care
22 needs’ means those children who have or are at ele-
23 vated risk for chronic physical, developmental, be-
24 havioral or emotional conditions and who also re-

1 quire health and related services of a type and
2 amount not usually required by children.

3 **“SEC. 2771. CONTINUITY OF CARE.**

4 “(a) IN GENERAL.—If a contract between a health
5 insurance issuer, in connection with the provision of health
6 insurance coverage, and a health care provider is termi-
7 nated (other than by the issuer for failure to meet applica-
8 ble quality standards or for fraud) and an enrollee is un-
9 dergoing a course of treatment from the provider at the
10 time of such termination, the issuer shall—

11 “(1) notify the enrollee of such termination,
12 and

13 “(2) subject to subsection (c), permit the en-
14 rollee to continue the course of treatment with the
15 provider during a transitional period (provided under
16 subsection (b)).

17 “(b) TRANSITIONAL PERIOD.—

18 “(1) IN GENERAL.—Except as provided in para-
19 graphs (2) through (4), the transitional period under
20 this subsection shall extend for at least—

21 “(A) 60 days from the date of the notice
22 to the enrollee of the provider’s termination in
23 the case of a primary care provider, or

24 “(B) 120 days from such date in the case
25 of another provider.

1 “(2) INSTITUTIONAL CARE.—The transitional
2 period under this subsection for institutional or in-
3 patient care from a provider shall extend until the
4 discharge or termination of the period of institu-
5 tionalization and shall include reasonable follow-up
6 care related to the institutionalization and shall also
7 include institutional care scheduled prior to the date
8 of termination of the provider status.

9 “(3) PREGNANCY.—If—

10 “(A) an enrollee has entered the second
11 trimester of pregnancy at the time of a pro-
12 vider’s termination of participation, and

13 “(B) the provider was treating the preg-
14 nancy before date of the termination,
15 the transitional period under this subsection with re-
16 spect to provider’s treatment of the pregnancy shall
17 extend through the provision of post-partum care di-
18 rectly related to the delivery.

19 “(4) TERMINAL ILLNESS.—

20 “(A) IN GENERAL.—If—

21 “(i) an enrollee was determined to be
22 terminally ill (as defined in subparagraph
23 (B)) at the time of a provider’s termi-
24 nation of participation, and

1 “(ii) the provider was treating the ter-
2 minal illness before the date of termi-
3 nation,

4 the transitional period under this subsection
5 shall extend for the remainder of the enrollee’s
6 life for care directly related to the treatment of
7 the terminal illness.

8 “(B) DEFINITION.—In subparagraph (A),
9 an enrollee is considered to be ‘terminally ill’ if
10 the enrollee has a medical prognosis that the
11 enrollee’s life expectancy is 6 months or less.

12 “(c) PERMISSIBLE TERMS AND CONDITIONS.—An
13 issuer may condition coverage of continued treatment by
14 a provider under subsection (a)(2) upon the provider
15 agreeing to the following terms and conditions:

16 “(1) The provider agrees to continue to accept
17 reimbursement from the issuer at the rates applica-
18 ble prior to the start of the transitional period as
19 payment in full.

20 “(2) The provider agrees to adhere to the
21 issuer’s quality assurance standards and to provide
22 to the issuer necessary medical information related
23 to the care provided.

24 “(3) The provider agrees otherwise to adhere to
25 the issuer’s policies and procedures, including proce-

1 dures regarding referrals and obtaining prior au-
2 thorization and providing services pursuant to a
3 treatment plan approved by the issuer.

4 **“SEC. 2772. CONTINUOUS QUALITY IMPROVEMENT.**

5 “(a) IN GENERAL.—A health insurance issuer that
6 offers health insurance coverage for children shall estab-
7 lish and maintain an ongoing, internal quality assurance
8 program that at a minimum meets the requirements of
9 subsection (b).

10 “(b) REQUIREMENTS.—The internal quality assur-
11 ance program of an issuer under subsection (a) shall—

12 “(1) establish and measure a set of health care,
13 functional assessments, structure, processes and out-
14 comes, and quality indicators that are unique to chil-
15 dren and based on nationally accepted standards or
16 guidelines of care;

17 “(2) maintain written protocols consistent with
18 recognized clinical guidelines or current consensus
19 on the pediatric field, to be used for purposes of in-
20 ternal utilization review, with periodic updating and
21 evaluation by pediatric specialists to determine effec-
22 tiveness in controlling utilization;

23 “(3) provide for peer review by health care pro-
24 fessionals of the structure, processes, and outcomes

1 related to the provision of health services, including
2 pediatric review of pediatric cases;

3 “(4) include in member satisfaction surveys,
4 questions on child and family satisfaction and expe-
5 rience of care, including care to children with special
6 needs;

7 “(5) monitor and evaluate the continuity of
8 care with respect to children;

9 “(6) include pediatric measures that are di-
10 rected at meeting the needs of at-risk children and
11 children with chronic conditions, disabilities and se-
12 vere illnesses;

13 “(7) maintain written guidelines to ensure the
14 availability of medications appropriate to children;

15 “(8) use focused studies of care received by
16 children with certain types of chronic conditions and
17 disabilities and focused studies of specialized services
18 used by children with chronic conditions and disabil-
19 ities;

20 “(9) monitor access to pediatric specialty serv-
21 ices; and

22 “(10) monitor child health care professional
23 satisfaction.

24 “(c) UTILIZATION REVIEW ACTIVITIES.—

25 “(1) COMPLIANCE WITH REQUIREMENTS.—

1 “(A) IN GENERAL.—A health insurance
2 issuer that offers health insurance coverage for
3 children shall conduct utilization review activi-
4 ties in connection with the provision of such
5 coverage only in accordance with a utilization
6 review program that meets at a minimum the
7 requirements of this subsection.

8 “(B) DEFINITIONS.—In this subsection:

9 “(i) CLINICAL PEERS.—The term
10 ‘clinical peer’ means, with respect to a re-
11 view, a physician or other health care pro-
12 fessional who holds a non-restricted license
13 in a State and in the same or similar spe-
14 cialty as typically manages the pediatric
15 medical condition, procedure, or treatment
16 under review.

17 “(ii) HEALTH CARE PROFESSIONAL.—
18 The term ‘health care professional’ means
19 a physician or other health care practi-
20 tioner licensed or certified under State law
21 to provide health care services and who is
22 operating within the scope of such licen-
23 sure or certification.

24 “(iii) UTILIZATION REVIEW.—The
25 terms ‘utilization review’ and ‘utilization

1 review activities' mean procedures used to
2 monitor or evaluate the clinical necessity,
3 appropriateness, efficacy, or efficiency of
4 health care services, procedures or settings
5 for children, and includes prospective re-
6 view, concurrent review, second opinions,
7 case management, discharge planning, or
8 retrospective review specific to children.

9 “(2) WRITTEN POLICIES AND CRITERIA.—

10 “(A) WRITTEN POLICIES.—A utilization
11 review program shall be conducted consistent
12 with written policies and procedures that govern
13 all aspects of the program.

14 “(B) USE OF WRITTEN CRITERIA.—A utili-
15 zation review program shall utilize written clin-
16 ical review criteria specific to children and de-
17 veloped pursuant to the program with the input
18 of appropriate physicians, including pediatri-
19 cians, nonprimary care pediatric specialists, and
20 other child health professionals.

21 “(C) ADMINISTRATION BY HEALTH CARE
22 PROFESSIONALS.—A utilization review program
23 shall be administered by qualified health care
24 professionals, including health care profes-

1 sionals with pediatric expertise who shall over-
2 see review decisions.

3 “(3) USE OF QUALIFIED, INDEPENDENT PER-
4 SONNEL.—

5 “(A) IN GENERAL.—A utilization review
6 program shall provide for the conduct of utiliza-
7 tion review activities only through personnel
8 who are qualified and, to the extent required,
9 who have received appropriate pediatric or child
10 health training in the conduct of such activities
11 under the program.

12 “(B) PEER REVIEW OF ADVERSE CLINICAL
13 DETERMINATIONS.—A utilization review pro-
14 gram shall provide that clinical peers shall
15 evaluate the clinical appropriateness of adverse
16 clinical determinations and divergent clinical
17 options.

18 **“SEC. 2773. APPEALS AND GRIEVANCE MECHANISMS FOR**
19 **CHILDREN.**

20 “(a) INTERNAL APPEALS PROCESS.—A health insur-
21 ance issuer in connection with the provision of health in-
22 surance coverage for children shall establish and maintain
23 a system to provide for the resolution of complaints and
24 appeals regarding all aspects of such coverage. Such a sys-
25 tem shall include an expedited procedure for appeals on

1 behalf of a child enrollee in situations in which the time
2 frame of a standard appeal would jeopardize the life,
3 health, or development of the child.

4 “(b) EXTERNAL APPEALS PROCESS.—A health in-
5 surance issuer in connection with the provision of health
6 insurance coverage for children shall provide for an inde-
7 pendent external review process that meets the following
8 requirements:

9 “(1) External appeal activities shall be con-
10 ducted through clinical peers, a physician or other
11 health care professional who is appropriately
12 credentialed in pediatrics with the same or similar
13 specialty and typically manages the condition, proce-
14 dure, or treatment under review or appeal.

15 “(2) External appeal activities shall be con-
16 ducted through an entity that has sufficient pedi-
17 atric expertise, including subspecialty expertise, and
18 staffing to conduct external appeal activities on a
19 timely basis.

20 “(3) Such a review process shall include an ex-
21 pedited procedure for appeals on behalf of a child
22 enrollee in which the time frame of a standard ap-
23 peal would jeopardize the life, health, or development
24 of the child.

1 **“SEC. 2774. ACCOUNTABILITY THROUGH DISTRIBUTION OF**
 2 **INFORMATION.**

3 “(a) IN GENERAL.—A health insurance issuer in con-
 4 nection with the provision of health insurance coverage for
 5 children shall submit to enrollees (and prospective enroll-
 6 ees), and make available to the public, in writing the
 7 health-related information described in subsection (b).

8 “(b) INFORMATION.—The information to be provided
 9 under subsection (a) shall include a report of measures
 10 of structures, processes, and outcomes regarding each
 11 health insurance product offered to participants and de-
 12 pendants in a manner that is separate for both the adult
 13 and child enrollees, using measures that are specific to
 14 each group.”.

15 (b) APPLICATION TO GROUP HEALTH INSURANCE
 16 COVERAGE.—

17 (1) IN GENERAL.—Subpart 2 of part A of title
 18 XXVII of the Public Health Service Act (42 U.S.C.
 19 300gg-4 et seq.) is amended by adding at the end
 20 the following new section:

21 **“SEC. 2707. CHILDREN’S HEALTH ACCOUNTABILITY STAND-**
 22 **ARDS.**

23 “(a) IN GENERAL.—Each health insurance issuer
 24 shall comply with children’s health accountability require-
 25 ment under part C with respect to group health insurance
 26 coverage it offers.

1 “(b) ASSURING COORDINATION.—The Secretary of
2 Health and Human Services and the Secretary of Labor
3 shall ensure, through the execution of an interagency
4 memorandum of understanding between such Secretaries,
5 that—

6 “(1) regulations, rulings, and interpretations
7 issued by such Secretaries relating to the same mat-
8 ter over which such Secretaries have responsibility
9 under part C (and this section) and section 714 of
10 the Employee Retirement Income Security Act of
11 1974 are administered so as to have the same effect
12 at all times; and

13 “(2) coordination of policies relating to enforce-
14 ing the same requirements through such Secretaries
15 in order to have a coordinated enforcement strategy
16 that avoids duplication of enforcement efforts and
17 assigns priorities in enforcement.”.

18 (2) CONFORMING AMENDMENT.—Section 2792
19 of the Public Health Service Act (42 U.S.C. 300gg-
20 92) is amended by inserting “and section 2707(b)”
21 after “of 1996”.

22 (c) APPLICATION TO INDIVIDUAL HEALTH INSUR-
23 ANCE COVERAGE.—Part B of title XXVII of the Public
24 Health Service Act (42 U.S.C. 300gg-41 et seq.) is amend-

1 ed by inserting after section 2752 the following new sec-
2 tion:

3 **“SEC. 2753. CHILDREN’S HEALTH ACCOUNTABILITY STAND-**
4 **ARDS.**

5 “Each health insurance issuer shall comply with chil-
6 dren’s health accountability requirements under part C
7 with respect to individual health insurance coverage it of-
8 fers.”.

9 (d) MODIFICATION OF PREEMPTION STANDARDS.—

10 (1) GROUP HEALTH INSURANCE COVERAGE.—

11 Section 2723 of the Public Health Service Act (42
12 U.S.C. 300gg–23) is amended—

13 (A) in subsection (a)(1), by striking “sub-
14 section (b)” and inserting “subsections (b) and
15 (c)”;

16 (B) by redesignating subsections (c) and
17 (d) as subsections (d) and (e), respectively; and

18 (C) by inserting after subsection (b) the
19 following new subsection:

20 “(c) SPECIAL RULES IN CASE OF CHILDREN’S
21 HEALTH ACCOUNTABILITY REQUIREMENTS.—Subject to
22 subsection (a)(2), the provisions of section 2707 and part
23 C, and part D insofar as it applies to section 2707 or part
24 C, shall not prevent a State from establishing require-
25 ments relating to the subject matter of such provisions

1 so long as such requirements are at least as stringent on
 2 health insurance issuers as the requirements imposed
 3 under such provisions.”.

4 (2) INDIVIDUAL HEALTH INSURANCE COV-
 5 ERAGE.—Section 2762 of the Public Health Service
 6 Act (42 U.S.C. 300gg–62), as added by section
 7 605(b)(3)(B) of Public Law 104–204, is amended—

8 (A) in subsection (a), by striking “sub-
 9 section (b), nothing in this part” and inserting
 10 “subsections (b) and (c)”, and

11 (B) by adding at the end the following new
 12 subsection:

13 “(c) SPECIAL RULES IN CASE OF CHILDREN’S
 14 HEALTH ACCOUNTABILITY REQUIREMENTS.—Subject to
 15 subsection (b), the provisions of section 2753 and part C,
 16 and part D insofar as it applies to section 2753 or part
 17 C, shall not prevent a State from establishing require-
 18 ments relating to the subject matter of such provisions
 19 so long as such requirements are at least as stringent on
 20 health insurance issuers as the requirements imposed
 21 under such section.”.

22 **SEC. 1214. AMENDMENTS TO THE EMPLOYEE RETIREMENT**
 23 **INCOME SECURITY ACT OF 1974.**

24 (a) IN GENERAL.—Subpart B of part 7 of subtitle
 25 B of title I of the Employee Retirement Income Security

1 Act of 1974 (29 U.S.C. 1185 et seq.) is amended by add-
2 ing at the end the following:

3 **“SEC. 714. CHILDREN’S HEALTH ACCOUNTABILITY STAND-**
4 **ARDS.**

5 “(a) IN GENERAL.—Subject to subsection (b), the
6 provisions of part C of title XXVII of the Public Health
7 Service Act shall apply under this subpart and part to a
8 group health plan (and group health insurance coverage
9 offered in connection with a group health plan) as if such
10 part were incorporated in this section.

11 “(b) APPLICATION.—In applying subsection (a)
12 under this subpart and part, any reference in such part
13 C—

14 “(1) to health insurance coverage is deemed to
15 be a reference only to group health insurance cov-
16 erage offered in connection with a group health plan
17 and to also be a reference to coverage under a group
18 health plan;

19 “(2) to a health insurance issuer is deemed to
20 be a reference only to such an issuer in relation to
21 group health insurance coverage or, with respect to
22 a group health plan, to the plan;

23 “(3) to the Secretary is deemed to be a ref-
24 erence to the Secretary of Labor;

1 “(4) to an applicable State authority is deemed
2 to be a reference to the Secretary of Labor; and

3 “(5) to an enrollee with respect to health insur-
4 ance coverage is deemed to include a reference to a
5 participant or beneficiary with respect to a group
6 health plan.”.

7 (b) MODIFICATION OF PREEMPTION STANDARDS.—
8 Section 731 of the Employee Retirement Income Security
9 Act of 1974 (42 U.S.C. 1191) is amended—

10 (1) in subsection (a)(1), by striking “subsection
11 (b)” and inserting “subsections (b) and (c)”;

12 (2) by redesignating subsections (c) and (d) as
13 subsections (d) and (e), respectively; and

14 (3) by inserting after subsection (b) the fol-
15 lowing new subsection:

16 “(c) SPECIAL RULES IN CASE OF PATIENT AC-
17 COUNTABILITY REQUIREMENTS.—Subject to subsection
18 (a)(2), the provisions of section 714, shall not prevent a
19 State from establishing requirements relating to the sub-
20 ject matter of such provisions so long as such require-
21 ments are at least as stringent on group health plans and
22 health insurance issuers in connection with group health
23 insurance coverage as the requirements imposed under
24 such provisions.”.

25 (c) CONFORMING AMENDMENTS.—

1 (1) Section 732(a) of the Employee Retirement
2 Income Security Act of 1974 (29 U.S.C. 1185(a)) is
3 amended by striking “section 711” and inserting
4 “sections 711 and 714”.

5 (2) The table of contents in section 1 of the
6 Employee Retirement Income Security Act of 1974
7 is amended by inserting after the item relating to
8 section 713 the following new item:

 “Sec. 714. Children’s health accountability standards.”.

9 **SEC. 1215. STUDIES.**

10 (a) BY SECRETARY.—Not later than 1 year after the
11 date of enactment of this Act, the Secretary of Health and
12 Human Services shall conduct a study, and prepare and
13 submit to Congress a report, concerning—

14 (1) the unique characteristics of patterns of ill-
15 ness, disability, and injury in children;

16 (2) the development of measures of quality of
17 care and outcomes related to the health care of chil-
18 dren; and

19 (3) the access of children to primary mental
20 health services and the coordination of managed be-
21 havioral health services.

22 (b) BY GAO.—

23 (1) MANAGED CARE.—Not later than 1 year
24 after the date of enactment of this Act, the General
25 Accounting Office shall conduct a study, and pre-

1 pare and submit to the Committee on Health, Edu-
2 cation, Labor, and Pensions of the Senate and the
3 Committee on Energy and Commerce of the House
4 of Representatives a report, concerning—

5 (A) an assessment of the structure and
6 performance of non-governmental health plans,
7 medicaid managed care organizations, plans
8 under title XIX of the Social Security Act (42
9 U.S.C. 1396 et seq.), and the program under
10 title XXI of the Social Security Act (42 U.S.C.
11 1397aa et seq.) serving the needs of children
12 with special health care needs;

13 (B) an assessment of the structure and
14 performance of non-governmental plans in serv-
15 ing the needs of children as compared to med-
16 icaid managed care organizations under title
17 XIX of the Social Security Act (42 U.S.C. 1396
18 et seq.); and

19 (C) the emphasis that private managed
20 care health plans place on primary care and the
21 control of services as it relates to care and serv-
22 ices provided to children with special health
23 care needs.

24 (2) PLAN SURVEY.—Not later than 1 year after
25 the date of enactment of this Act, the General Ac-

1 counting Office shall prepare and submit to the
2 Committee on Health, Education, Labor, and Pen-
3 sions of the Senate and the Committee on Energy
4 and Commerce of the House of Representatives a re-
5 port that contains a survey of health plan activities
6 that address the unique health needs of adolescents,
7 including quality measures for adolescents and inno-
8 vative practice arrangement.

9 **CHAPTER 3—EPSDT**

10 **SEC. 1221. COLLECTION OF DATA REGARDING THE DELIV-** 11 **ERY OF EPSDT SERVICES.**

12 Section 1902(a)(43) of the Social Security Act (42
13 U.S.C. 1396a(a)(43)) is amended—

14 (1) in subparagraph (C), by striking “and” at
15 the end;

16 (2) in subparagraph (D)(iv), by striking the
17 semicolon and inserting “, and”; and

18 (3) by inserting after subparagraph (D)(iv), the
19 following new subparagraph:

20 “(E) beginning with fiscal year 2003, re-
21 porting to the Secretary (in a uniform form and
22 manner established by the Secretary that does
23 not identify individual patients and that allows
24 for the comparison of data within and among
25 States) the following information relating to

1 early and periodic screening, diagnostic, and
2 treatment services provided to each child en-
3 rolled under the plan during each fiscal year:

4 “(i) as of the date of enrollment of
5 the child, the child’s—

6 “(I) age, State of residence, gen-
7 der, and race/ethnicity,

8 “(II) the basis for eligibility for
9 medical assistance,

10 “(III) immunization history,

11 “(IV) blood-lead level,

12 “(V) weight and height percentile
13 compared to the widely accepted
14 standard percentiles for the child’s
15 age,

16 “(VI) general health and any
17 chronic conditions or disabilities, and

18 “(VII) the primary service deliv-
19 ery arrangement (such as fee-for-serv-
20 ice, managed care, preferred provider
21 organization, or other provider prac-
22 tice arrangement); and

23 “(ii) throughout the fiscal year (at
24 such intervals as the Secretary shall speci-
25 fy)—

1 “(I) the number of medical
2 screenings the child received and a
3 specific description of the services per-
4 formed as part of such screenings
5 (such as the weighing and measuring
6 of the child and the administering of
7 a blood-lead level test),

8 “(II) the number of screenings
9 the child received for vision and hear-
10 ing problems,

11 “(III) the number of dental
12 screenings the child received,

13 “(IV) information regarding
14 whether a condition was discovered
15 from any of such screenings, whether
16 the child was referred for, and re-
17 ceived, further treatment, and if so,
18 the number of visits, and the treat-
19 ments received, and

20 “(V) the actual or estimated
21 costs of each of such screenings and
22 treatments,

23 “(VI) information regarding
24 whether such screenings and treat-
25 ments are more comprehensive than

1 similar screenings and treatments pro-
2 vided to adult individuals enrolled in
3 the plan, and

4 “(VII) the service delivery ar-
5 rangement for such screening and
6 treatment provided;”.

7 **Subtitle D—Reducing Public** 8 **Health Risks**

9 **CHAPTER 1—ASTHMA TREATMENTS**

10 **SEC. 1301. FINDINGS.**

11 Congress finds that—

12 (1)(A) asthma is 1 of the most common and
13 deadly diseases in the United States, affecting an es-
14 timated 14,000,000 to 15,000,000 individuals in the
15 United States, including almost 5,000,000 children;

16 (B) asthma is the most common chronic illness
17 in children, affecting an estimated 7 percent of chil-
18 dren in the United States;

19 (C) although asthma can occur at any age,
20 about 80 percent of the children who develop asthma
21 do so before starting school;

22 (D) asthma is the single greatest cause of
23 school absenteeism, with 10,100,000 days missed
24 from school per year in the United States; and

1 (E) according to a 1995 National Institutes of
2 Health workshop report, the cost of lost productivity
3 from missed school days for parents of children with
4 asthma is estimated at \$1,000,000,000 per year;
5 and

6 (2)(A) vision and hearing screening is an essen-
7 tial part of child health care;

8 (B) a vision or hearing deficit may undermine
9 a child's ability to learn;

10 (C) the Chicago public school system has deter-
11 mined through vision screening that a far higher
12 number of children identified as failing academically
13 suffer from vision impairment;

14 (D) students who have failed a grade 1 or more
15 times are even more likely to have a vision problem;

16 (E) more than 30 percent of students in Chi-
17 cago public schools who were retained during the
18 1998-1999 school year failed their school-based vi-
19 sion screening, a rate that is 50 percent higher than
20 children who were not failing;

21 (F) schools play a critical role in promoting a
22 clear link between visual and hearing acuity and
23 academic performance;

1 (G) providing vision and hearing screening in
2 schools helps children receive those essential health
3 care services in a timely fashion;

4 (H) many parents find it difficult to take time
5 off work in order to ensure that their children re-
6 ceive preventive or other nonemergency health care
7 services; and

8 (I) allowing children to receive nonemergency
9 health care services at school would ensure that the
10 children receive services that promote healthy lives
11 and better academic achievement.

12 **SEC. 1302. ASTHMA, VISION, AND HEARING SCREENING FOR**
13 **EARLY HEAD START AND HEAD START PRO-**
14 **GRAMS.**

15 (a) EARLY HEAD START PROGRAMS.—Section 645A
16 of the Head Start Act (42 U.S.C. 9840a) is amended by
17 adding at the end the following:

18 “(h) ASTHMA, VISION, AND HEARING SCREENING.—

19 “(1) IN GENERAL.—An entity that receives as-
20 sistance under this section may carry out a program
21 under which the entity—

22 “(A) determines whether a child eligible to
23 participate in the program described in sub-
24 section (a)(1) has received each of an asthma,
25 vision, and hearing screening test using a test

1 that is appropriate for age and risk factors on
2 the enrollment of the child in the program; and

3 “(B) in the case of a child who has not re-
4 ceived each of an asthma, and vision, and hear-
5 ing screening test, ensures that the enrolled
6 child receives such a test either by referral or
7 by performing the test (under contract or other-
8 wise).

9 “(2) REIMBURSEMENT.—

10 “(A) IN GENERAL.—On the request of an
11 entity that performs or arranges for the per-
12 formance of an asthma, vision, or hearing
13 screening test under paragraph (1) on a child
14 who is eligible for or receiving medical assist-
15 ance under a State plan under title XIX of the
16 Social Security Act (42 U.S.C. 1396 et seq.),
17 the Secretary of Health and Human Services,
18 notwithstanding any other provision of, or limi-
19 tation under, title XIX of the Social Security
20 Act, shall reimburse the entity, from funds that
21 are made available under that title, for 100 per-
22 cent of the cost of the test and data reporting.

23 “(B) COSTS.—The costs of a test con-
24 ducted under this subsection—

1 “(i) shall include reimbursement for
2 testing devices and associated supplies ap-
3 proved for sale by the Food and Drug Ad-
4 ministration and used in compliance with
5 section 353 of the Public Health Service
6 Act (42 U.S.C. 263a); and

7 “(ii) shall include reimbursement for
8 administering the tests and related serv-
9 ices, as determined appropriate by the
10 State agency.

11 “(3) HEAD START.—This subsection shall apply
12 to Head Start programs that include coverage, di-
13 rectly or indirectly, for infants and toddlers under
14 the age of 3 years.”.

15 (b) HEAD START PROGRAMS.—Section 642(b) of the
16 Head Start Act (42 U.S.C. 9837(b)) is amended—

17 (1) in paragraph (10), by striking “and” at the
18 end;

19 (2) in paragraph (11), by striking the period at
20 the end and inserting “; and”; and

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

22 “(12) with respect to an agency that elects to
23 carry out a program under section 645(h), comply
24 with the requirements of such section 645A(h) in the

1 case of each child eligible to participate in the Head
2 Start program to be carried out by the agency.”.

3 (c) PAYMENTS FOR SCREENING AND TREATMENT
4 PROVIDED TO CHILDREN ELIGIBLE UNDER MEDICAID OR
5 SCHIP.—

6 (1) MEDICAID.—Section 1903(c) of the Social
7 Security Act (42 U.S.C. 1396b(c)) is amended—

8 (A) by inserting “(1)” after “(c)”; and

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

10 “(2) Nothing in this title or any other provision of
11 law, including the payment limitation commonly known as
12 the ‘free care rule’, shall be construed as prohibiting or
13 restricting, or authorizing the Secretary to prohibit or re-
14 strict, payment under subsection (a) for medical assist-
15 ance for covered services furnished to a child who is eligi-
16 ble for or receiving medical assistance under the State
17 plan and who receives an asthma, vision, hearing, or other
18 health screening test, or is provided treatment, education
19 in disease management, corrective eyewear, or hearing
20 aids, through a public elementary or secondary school,
21 whether directly or indirectly, and regardless of whether
22 the school participates in a program established under
23 subsection (a) or (b) of section 320B of the Public Health
24 Service Act.”.

1 (2) SCHIP.—Section 2105 of the Social Secu-
2 rity Act (42 U.S.C.1397ee) is amended by adding at
3 the end the following:

4 “(g) REQUIRED PAYMENT FOR CERTAIN SCHOOL-
5 BASED SERVICES.—Nothing in this title or any other pro-
6 vision of law (including the payment limitation under title
7 XIX commonly known as the ‘free care rule’ to the extent,
8 if any, such limitation applies to the program established
9 under this title), shall be construed as prohibiting or re-
10 stricting, or authorizing the Secretary to prohibit or re-
11 strict, payment under subsection (a) for child health as-
12 sistance for covered services furnished to a child who is
13 eligible for or receiving such assistance under the State
14 plan and who receives an asthma, vision, or hearing
15 screening test, or other health screening test that is avail-
16 able to children receiving assistance under the State plan,
17 or is provided treatment, education in disease manage-
18 ment, corrective eyewear, or hearing aids through a public
19 elementary or secondary school, whether directly or indi-
20 rectly, and regardless of whether the school participates
21 in a program established under subsection (a) or (b) of
22 section 320B of the Public Health Service Act.”.

1 **SEC. 1303. ASTHMA, VISION, AND HEARING SCREENING AND**
2 **TREATMENT FOR CHILDREN ENROLLED IN**
3 **PUBLIC SCHOOLS.**

4 Part B of title III of the Public Health Service Act
5 (42 U.S.C. 243 et seq.) is amended by adding at the end
6 the following:

7 **“SEC. 320B. ASTHMA, VISION, AND HEARING SCREENING**
8 **AND TREATMENT FOR CHILDREN ENROLLED**
9 **IN PUBLIC SCHOOLS.**

10 “(a) **ASTHMA SCREENING AND CASE MANAGEMENT**
11 **PROGRAM.—**

12 “(1) **IN GENERAL.—**The Secretary, in collabo-
13 ration with the Secretary of Education, shall carry
14 out an asthma screening and case management pro-
15 gram under which local educational agencies shall be
16 reimbursed for the provision of asthma screening
17 and case management to children enrolled in public
18 elementary schools and secondary schools located in
19 areas with respect to which there is a high incidence
20 of childhood asthma.

21 “(2) **PROGRAM ELEMENTS.—**Under the pro-
22 gram, a local educational agency shall—

23 “(A) determine whether a child enrolled in
24 a school described in paragraph (1) has received
25 an asthma screening test using a test that is

1 appropriate for age and risk factors on the en-
2 rollment of the child in the school;

3 “(B) in the case of a child who has not re-
4 ceived an asthma screening test, ensure that
5 the child receives such a test either by referral
6 or by performing the test (under contract or
7 otherwise); and

8 “(C) in the case of a child determined to
9 have asthma, provide treatment or refer the
10 child for treatment (including case manage-
11 ment) and education in the management of
12 asthma.

13 “(3) AUTHORIZATION OF APPROPRIATIONS.—
14 There is authorized to be appropriated to carry out
15 this subsection with respect to a child, and any data
16 reporting with respect to the child, who is not eligi-
17 ble for coverage under title XIX or XXI of the So-
18 cial Security Act, or is not otherwise covered under
19 a health insurance plan, \$10,000,000 for each fiscal
20 year.

21 “(b) VISION AND HEARING SCREENING PROGRAM.—

22 “(1) IN GENERAL.—The Secretary shall carry
23 out a vision and hearing screening program under
24 which local educational agencies shall be reimbursed
25 for the provision of vision and hearing screening and

1 corrective eyewear and hearing aids to children en-
2 rolled in public elementary schools and secondary
3 schools.

4 “(2) PROGRAM ELEMENTS.—Under the pro-
5 gram, a local educational agency shall—

6 “(A) elect to provide vision and hearing
7 screening tests—

8 “(i) to all children enrolled in a school
9 who are most likely to suffer from vision or
10 hearing loss; or

11 “(ii) to all children enrolled in a
12 school;

13 “(B) ensure that the category of children
14 elected under subparagraph (A) receive such
15 tests, either by referral or by performing the
16 test (under contract or otherwise), that are ap-
17 propriate for the age and risk factors of the
18 children, based on the enrollment of the chil-
19 dren in the school; and

20 “(C) in the case of any child determined to
21 have a vision or hearing impairment, provide
22 the child with such eyewear and hearing aids as
23 are appropriate to correct the child’s vision or
24 hearing, to the extent that such correction is
25 feasible.

1 “(3) AUTHORIZATION OF APPROPRIATIONS.—

2 There is authorized to be appropriated to carry out
3 this subsection with respect to a child, and any data
4 reporting with respect to the child, who is not eligi-
5 ble for coverage under title XIX or XXI of the So-
6 cial Security Act, or is not otherwise covered under
7 a health insurance plan, \$10,000,000 for each fiscal
8 year.

9 “(c) REIMBURSEMENT.—

10 “(1) CHILDREN ENROLLED IN OR ELIGIBLE
11 FOR MEDICAID.—

12 “(A) IN GENERAL.—With respect to a
13 child who is eligible for or receiving medical as-
14 sistance under a State plan under title XIX of
15 the Social Security Act (42 U.S.C. 1396 et
16 seq.) and who receives, or is provided, a test,
17 treatment, education, corrective eyewear, or
18 hearing aid under a program established under
19 subsection (a) or (b), the Secretary, notwith-
20 standing any other provision of, or limitation
21 under, such title XIX, including the payment
22 limitation commonly known as the ‘free care
23 rule’, shall reimburse the local educational
24 agency administering such program from funds
25 that are made available under such title XIX

1 for 100 percent of the cost of the performance,
2 arrangement, or provision and data reporting.

3 “(B) COSTS.—The costs of a test con-
4 ducted under this section shall include reim-
5 bursement for—

6 “(i) testing devices and associated
7 supplies approved for sale by the Food and
8 Drug Administration and used in compli-
9 ance with section 353; and

10 “(ii) administering the tests and re-
11 lated services, as determined appropriate
12 by the State agency responsible for the ad-
13 ministration of title XIX of the Social Se-
14 curity Act (42 U.S.C. 1396 et seq.).

15 “(2) CHILDREN ENROLLED IN OR ELIGIBLE
16 FOR SCHIP.—

17 “(A) IN GENERAL.—With respect to a
18 child who is eligible for or receiving child health
19 assistance under a State plan under title XXI
20 of the Social Security Act (42 U.S.C. 1397aa et
21 seq.) and who receives, or is provided, a test,
22 treatment, education, corrective eyewear, or
23 hearing aid under a program established under
24 subsection (a) or (b), the Secretary, notwith-
25 standing any other provision of, or limitation

1 under, such title XXI, or any other provision of
2 law (including the payment limitation under
3 title XIX commonly known as the ‘free care
4 rule’ to the extent, if any, such limitation ap-
5 plies to the State children’s health insurance
6 program established under title XXI of that
7 Act), shall reimburse the local educational agen-
8 cy administering such program from funds that
9 are made available under such title XXI for
10 100 percent of the cost of the performance, ar-
11 rangement, or provision and data reporting.

12 “(B) COSTS.—The costs shall include the
13 costs described in paragraph (1)(B).

14 “(d) RULE OF CONSTRUCTION.—Nothing in this sec-
15 tion shall be construed to require that a local educational
16 agency participate in a program carried out by the Sec-
17 retary under this section.

18 “(e) DEFINITIONS.—In this section, the terms ‘local
19 educational agency’ and ‘elementary and secondary school’
20 shall have the meanings given such terms in section 14101
21 of the Elementary and Secondary Education Act of 1965
22 (20 U.S.C. 8801).”.

23 **SEC. 1304. GENERAL EFFECTIVE DATE.**

24 (a) IN GENERAL.—Except as provided in subsection
25 (b), the amendments made by this chapter take effect on

1 the date that is 18 months after the date of enactment
2 of this Act.

3 (b) HEAD START WAIVERS.—

4 (1) IN GENERAL.—An entity carrying out ac-
5 tivities under section 642 or 645A of the Head Start
6 Act (42 U.S.C. 9837, 9840a), may be awarded a
7 waiver from the amendments made by section 1302
8 if the State where the entity is located establishes to
9 the satisfaction of the Secretary of Health and
10 Human Services, in accordance with requirements
11 and procedures recommended in accordance with
12 paragraph (2) to the Secretary by the Director of
13 the Centers for Disease Control and Prevention a
14 plan for increasing the number of asthma, vision,
15 and hearing screening tests of children enrolled in
16 the Early Head Start and Head Start programs in
17 the State.

18 (2) DEVELOPMENT OF WAIVER PROCEDURES
19 AND REQUIREMENTS.—Not later than 1 year after
20 the date of enactment of this Act, the Director of
21 the Centers for Disease Control and Prevention shall
22 develop and recommend to the Secretary of Health
23 and Human Services criteria and procedures (includ-
24 ing a timetable for the submission of the State plan

1 described in paragraph (1)) for the awarding of
2 waivers under that paragraph.

3 **CHAPTER 2—INCREASE IN FUNDING FOR**
4 **HUD PROGRAMS**

5 **SEC. 1311. LEAD-BASED PAINT HAZARD CONTROL GRANTS.**

6 Section 1011(p) of the Residential Lead-Based Paint
7 Hazard Reduction Act of 1992 (42 U.S.C. 4852) is
8 amended by striking “appropriated” and all that follows
9 through the period and inserting “appropriated—

10 “(1) \$125,000,000 for fiscal year 1993 and
11 \$250,000,000 for fiscal year 1994;

12 “(2) \$200,000,000 for fiscal year 2002;

13 “(3) \$250,000,000 for fiscal year 2003; and

14 “(4) \$300,000,000 beginning with fiscal year
15 2004 and fiscal years thereafter.”.

16 **SEC. 1312. HEALTHY HOMES INITIATIVE PROGRAM.**

17 There are authorized to be appropriated for the
18 Healthy Homes Initiative program pursuant to sections
19 501 and 502 of the Housing and Urban Development Act
20 of 1970, for which funds were provided under title II of
21 the Departments of Veterans Affairs and Housing and
22 Urban Development, Independent Agencies Appropria-
23 tions Act, 2000—

24 (1) \$100,000,000 for fiscal year 2002; and

1 (2) \$150,000,000 beginning with fiscal year
2 2003 and fiscal years thereafter.

3 **CHAPTER 3—YOUTH SMOKING CESSATION**
4 **AND EDUCATION**

5 **SEC. 1321. SHORT TITLE.**

6 This chapter may be cited as the “Kids Deserve Free-
7 dom from Tobacco Act of 2001” or the “KIDS Act”.

8 **Subchapter A—Protection of Children from**
9 **Tobacco**

10 **PART I—FOOD AND DRUG ADMINISTRATION**
11 **JURISDICTION AND GENERAL AUTHORITY**

12 **SEC. 1331. REFERENCE.**

13 Whenever in this subchapter an amendment or repeal
14 is expressed in terms of an amendment to, or repeal of,
15 a section or other provision, the reference shall be consid-
16 ered to be made to a section or other provision of the Fed-
17 eral Food, Drug, and Cosmetic Act (21 U.S.C. 301 et
18 seq.).

19 **SEC. 1332. STATEMENT OF GENERAL AUTHORITY.**

20 The regulations promulgated by the Secretary in the
21 rule dated August 28, 1996 (Vol. 61, No. 168 C.F.R.),
22 adding part 897 to title 21, Code of Federal Regulations,
23 shall be deemed to have been lawfully promulgated under
24 the Food, Drug, and Cosmetic Act as amended by this

1 subchapter. Such regulations shall apply to all tobacco
2 products.

3 **SEC. 1333. NONAPPLICABILITY TO OTHER DRUGS OR DE-**
4 **VICES.**

5 Nothing in this subchapter, or an amendment made
6 by this subchapter, shall be construed to affect the regula-
7 tion of drugs and devices that are not tobacco products
8 by the Secretary under the Federal Food, Drug, and Cos-
9 metic Act.

10 **SEC. 1334. CONFORMING AMENDMENTS TO CONFIRM JU-**
11 **RISDICTION.**

12 (a) DEFINITIONS.—

13 (1) DRUG.—Section 201(g)(1) (21 U.S.C.
14 321(g)(1)) is amended by striking “; and (D)” and
15 inserting “; (D) nicotine in tobacco products; and
16 (E)”.

17 (2) DEVICES.—Section 201(h) (21 U.S.C.
18 321(h)) is amended by adding at the end the fol-
19 lowing: “Such term includes a tobacco product.”.

20 (3) OTHER DEFINITIONS.—Section 201 (21
21 U.S.C. 321) is amended by adding at the end the
22 following:

23 “(kk) The term ‘tobacco product’ means any
24 product made or derived from tobacco that is in-
25 tended for human consumption.”.

1 (b) PROHIBITED ACTS.—Section 301 (21 U.S.C.
2 331) is amended by adding at the end the following:

3 “(aa) The manufacture, labeling, distribution, adver-
4 tising and sale of any adulterated or misbranded tobacco
5 product in violation of—

6 “(1) regulations issued under this Act; or

7 “(2) the KIDS Act, or regulations issued under
8 such Act.”.

9 (c) ADULTERATED DRUGS AND DEVICES.—

10 (1) IN GENERAL.—Section 501 of the Federal
11 Food, Drug, and Cosmetic Act (21 U.S.C. 351) is
12 amended by adding at the end the following:

13 “(j) If it is a tobacco product and it does not comply
14 with the provisions of subchapter D of this chapter or the
15 KIDS Act.”.

16 (2) MISBRANDING.—Section 502(q) (21 U.S.C.
17 352(q)) is amended—

18 (A) by striking “or (2)” and inserting in
19 lieu thereof “(2)”; and

20 (B) by inserting before the period the fol-
21 lowing: “, or (3) in the case of a tobacco prod-
22 uct, it is sold, distributed, advertised, labeled,
23 or used in violation of this Act or the KIDS
24 Act, or regulations prescribed under such
25 Acts”.

1 (d) RESTRICTED DEVICE.—Section 520(e) (21
2 U.S.C. 360j(e)) is amended—

3 (1) in paragraph (1), by striking “or use—”
4 and inserting “or use, including restrictions on the
5 access to, and the advertising and promotion of, to-
6 bacco products—”; and

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

8 “(3) Tobacco products are a restricted device under
9 this paragraph.”.

10 (e) REGULATORY AUTHORITY.—Section 503(g) (21
11 U.S.C. 353(g)) is amended by adding at the end the fol-
12 lowing:

13 “(5) The Secretary may regulate any tobacco product
14 as a drug, device, or both, and may designate the office
15 of the Administration that shall be responsible for regu-
16 lating such products.”.

17 **SEC. 1335. GENERAL RULE.**

18 Section 513(a)(1)(B) (21 U.S.C. 360e(a)(1)(B)) is
19 amended by adding at the end the following: “The sale
20 of tobacco products to adults that comply with perform-
21 ance standards established for these products under sec-
22 tion 514 and other provisions of this Act and any regula-
23 tions prescribed under this Act shall not be prohibited by
24 the Secretary, notwithstanding sections 502(j), 516, and
25 518.”.

1 **SEC. 1336. SAFETY AND EFFICACY STANDARD AND RECALL**

2 **AUTHORITY.**

3 (a) SAFETY AND EFFICACY STANDARD.—Section
4 513(a) (21 U.S.C. 360c(a)) is amended—

5 (1) in paragraph (1)(B), by inserting after the
6 first sentence the following: “For a device which is
7 a tobacco product, the assurance in the previous sen-
8 tence need not be found if the Secretary finds that
9 special controls achieve the best public health re-
10 sult.”; and

11 (2) in paragraph (2)—

12 (A) by redesignating subparagraphs (A),
13 (B) and (C) as clauses (i), (ii) and (iii), respec-
14 tively;

15 (B) by striking “(2) For” and inserting
16 “(2)(A) For”; and

17 (C) by adding at the end the following:

18 “(B) For purposes of paragraph (1)(B), subsections
19 (c)(2)(C), (d)(2)(B), (e)(2)(A), (f)(3)(B)(i), and
20 (f)(3)(C)(i), and sections 514, 519(a), 520(e), and 520(f),
21 the safety and effectiveness of a device that is a tobacco
22 product need not be found if the Secretary finds that the
23 action to be taken under any such provision would achieve
24 the best public health result. The finding as to whether
25 the best public health result has been achieved shall be
26 determined with respect to the risks and benefits to the

1 population as a whole, including users and non-users of
2 the tobacco product, and taking into account—

3 “(i) the increased or decreased likelihood that
4 existing consumers of tobacco products will stop
5 using such products; and

6 “(ii) the increased or decreased likelihood that
7 those who do not use tobacco products will start
8 using such products.”.

9 (b) RECALL AUTHORITY.—Section 518(e)(1) (21
10 U.S.C. 360h(e)(1)) is amended by inserting after “adverse
11 health consequences or death,” the following: “and for to-
12 bacco products that the best public health result would
13 be achieved,”.

14 **PART II—REGULATION OF TOBACCO PRODUCTS**

15 **SEC. 1341. PERFORMANCE STANDARDS.**

16 Section 514(a) (21 U.S.C. 60d(a)) is amended—

17 (1) in paragraph (2), by striking “device” and
18 inserting “nontobacco product device”;

19 (2) by redesignating paragraphs (3) and (4) as
20 paragraphs (6) and (7), respectively; and

21 (3) by inserting after paragraph (2) the fol-
22 lowing:

23 “(3) The Secretary may adopt a performance stand-
24 ard under section 514(a)(2) for a tobacco product regard-

1 less of whether the product has been classified under sec-
2 tion 513. Such standard may—

3 “(A) include provisions to achieve the best pub-
4 lic health result;

5 “(B) where necessary to achieve the best public
6 health result, include—

7 “(i) provisions respecting the construction,
8 components, constituents, ingredients, and
9 properties of the tobacco product device, includ-
10 ing the reduction or elimination (or both) of
11 nicotine and the other components, ingredients,
12 and constituents of the tobacco product, its
13 components and its by-products, based upon the
14 best available technology;

15 “(ii) provisions for the testing (on a sam-
16 ple basis or, if necessary, on an individual
17 basis) of the tobacco product device or, if it is
18 determined that no other more practicable
19 means are available to the Secretary to assure
20 the conformity of the tobacco product device to
21 such standard, provisions for the testing (on a
22 sample basis or, if necessary, on an individual
23 basis) by the Secretary or by another person at
24 the direction of the Secretary;

1 “(iii) provisions for the measurement of
2 the performance characteristics of the tobacco
3 product device;

4 “(iv) provisions requiring that the results
5 of each test or of certain tests of the tobacco
6 product device required to be made under
7 clause (ii) demonstrate that the tobacco product
8 device is in conformity with the portions of the
9 standard for which the test or tests were re-
10 quired; and

11 “(v) a provision that the sale and distribu-
12 tion of the tobacco product device be restricted
13 but only to the extent that the sale and dis-
14 tribution of a tobacco product device may other-
15 wise be restricted under this Act; and

16 “(C) where appropriate, require the use and
17 prescribe the form and content of labeling for the
18 use of the tobacco product device.

19 “(4) Not later than 1 year after the date of enact-
20 ment of the KIDS Act, the Secretary (acting through the
21 Commissioner of Food and Drugs) shall establish a Sci-
22 entific Advisory Committee to evaluate whether a level or
23 range of levels exists at which nicotine yields do not
24 produce drug-dependence. The Advisory Committee shall
25 also review any other safety, dependence or health issue

1 assigned to it by the Secretary. The Secretary need not
2 promulgate regulations to establish the Committee.”.

3 **SEC. 1342. APPLICATION OF FEDERAL FOOD, DRUG, AND**
4 **COSMETIC ACT TO TOBACCO PRODUCTS.**

5 (a) TOBACCO PRODUCTS REGULATION.—Chapter V
6 (21 U.S.C. 351 et seq.) is amended by adding at the end
7 the following:

8 “SUBCHAPTER F—TOBACCO PRODUCT DEVEL-
9 OPMENT, MANUFACTURING, AND ACCESS
10 RESTRICTIONS

11 **“SEC. 570. PROMULGATION OF REGULATIONS.**

12 “Any regulations necessary to implement this sub-
13 chapter shall be promulgated not later than 12 months
14 after the date of enactment of this subchapter using notice
15 and comment rulemaking (in accordance with chapter 5
16 of title 5, United States Code). Such regulations may be
17 revised thereafter as determined necessary by the Sec-
18 retary.

19 **“SEC. 571. MAIL-ORDER SALES.**

20 “(a) IN GENERAL.—Not later than 2 years after the
21 date of enactment of this subchapter, the Secretary shall
22 review and determine whether persons under the age of
23 18 years are obtaining tobacco products by means of the
24 mail.

1 posed Resolution entered into by the tobacco manufactur-
2 ers and the State attorneys general on June 20, 1997.

3 “(c) RULES OF CONSTRUCTION.—

4 “(1) IN GENERAL.—Nothing in this section
5 shall be construed to limit the ability of the Sec-
6 retary to change the text or layout of any of the
7 warning statements, or any of the labeling provi-
8 sions, under the regulations promulgated under sub-
9 section (b) and other provisions of this Act, if deter-
10 mined necessary by the Secretary in order to make
11 such statements or labels larger, more prominent,
12 more conspicuous, or more effective.

13 “(2) UNFAIR ACTS.—Nothing in this section
14 (other than the requirements of subsections (a) and
15 (b)) shall be construed to limit or restrict the au-
16 thority of the Federal Trade Commission with re-
17 spect to unfair or deceptive acts or practices in the
18 advertising of tobacco products.

19 “(d) LIMITED PREEMPTION.—

20 “(1) STATE AND LOCAL ACTION.—No warning
21 label with respect to tobacco products, or any other
22 tobacco product for which warning labels have been
23 required under this section, other than the warning
24 labels required under this Act, shall be required by

1 any State or local statute or regulation to be in-
2 cluded on any package of a tobacco product.

3 “(2) EFFECT ON LIABILITY LAW.—Nothing in
4 this section shall relieve any person from liability at
5 common law or under State statutory law to any
6 other person.

7 “(e) VIOLATION OF SECTION.—Any tobacco product
8 that is in violation of this section shall be deemed to be
9 misbranded.

10 **“SEC. 573. GENERAL RESPONSIBILITIES OF MANUFACTUR-**
11 **ERS, DISTRIBUTORS AND RETAILERS.**

12 “Each manufacturer, distributor, and retailer shall
13 ensure that the tobacco products it manufactures, labels,
14 advertises, packages, distributes, sells, or otherwise holds
15 for sale comply with all applicable requirements of this
16 Act.

17 **“SEC. 574. DISCLOSURE AND REPORTING OF TOBACCO AND**
18 **NONTOBACCO INGREDIENTS AND CONSTITU-**
19 **ENTS.**

20 “(a) DISCLOSURE OF ALL INGREDIENTS.—

21 “(1) IMMEDIATE AND ANNUAL DISCLOSURE.—
22 Not later than 30 days after the date of enactment
23 of this subchapter, and annually thereafter, each
24 manufacturer of a tobacco product shall submit to
25 the Secretary an ingredient list for each brand of to-

1 tobacco product it manufactures that contains the in-
2 formation described in paragraph (2).

3 “(2) REQUIREMENTS.—The list described in
4 paragraph (1) shall, with respect to each brand or
5 variety of tobacco product of a manufacturer,
6 include—

7 “(A) a list of all ingredients, constituents,
8 substances, and compounds that are found in or
9 added to the tobacco or tobacco product (in-
10 cluding the paper, filter, or packaging of the
11 product if applicable) in the manufacture of the
12 tobacco product, for each brand or variety of to-
13 bacco product so manufactured, including, if
14 determined necessary by the Secretary, any ma-
15 terial added to the tobacco used in the product
16 prior to harvesting;

17 “(B) the quantity of the ingredients, con-
18 stituents, substances, and compounds that are
19 listed under subparagraph (A) in each brand or
20 variety of tobacco product;

21 “(C) the nicotine content of the product,
22 measured in milligrams of nicotine;

23 “(D) for each brand or variety of
24 cigarettes—

1 “(i) the filter ventilation percentage
2 (the level of air dilution in the cigarette as
3 provided by the ventilation holes in the fil-
4 ter, described as a percentage);

5 “(ii) the pH level of the smoke of the
6 cigarette; and

7 “(iii) the tar, unionized (free) nico-
8 tine, and carbon monoxide delivery level
9 and any other smoking conditions estab-
10 lished by the Secretary, reported in milli-
11 grams of tar, nicotine, and carbon mon-
12 oxide per cigarette;

13 “(E) for each brand or variety of smoke-
14 less tobacco products—

15 “(i) the pH level of the tobacco;

16 “(ii) the moisture content of the to-
17 bacco expressed as a percentage of the
18 weight of the tobacco; and

19 “(iii) the nicotine content—

20 “(I) for each gram of the prod-
21 uct, measured in milligrams of nico-
22 tine;

23 “(II) expressed as a percentage
24 of the dry weight of the tobacco; and

1 “(III) with respect to unionized
2 (free) nicotine, expressed as a percent-
3 age per gram of the tobacco and ex-
4 pressed in milligrams per gram of the
5 tobacco; and

6 “(F) any other information determined ap-
7 propriate by the Secretary.

8 “(3) METHODS.—The Secretary shall have the
9 authority to promulgate regulations to establish the
10 methods to be used by manufacturers in making the
11 determinations required under paragraph (2).

12 “(4) OTHER TOBACCO PRODUCTS.—The Sec-
13 retary shall prescribe such regulations as may be
14 necessary to establish information disclosure proce-
15 dures for other tobacco products.

16 “(b) SAFETY ASSESSMENTS.—

17 “(1) APPLICATION TO NEW INGREDIENTS.—

18 “(A) IN GENERAL.—Not later than 1 year
19 after the date of enactment of this subchapter,
20 and annually thereafter, each manufacturer
21 shall submit to the Secretary a safety assess-
22 ment for each new ingredient, constituent, sub-
23 stance, or compound that such manufacturer
24 desires to make a part of a tobacco product.
25 Such new ingredient, constituent, substance, or

1 compound shall not be included in a tobacco
2 product prior to approval by the Secretary of
3 such a safety assessment.

4 “(B) METHOD OF FILING.—A safety as-
5 sessment submitted under subparagraph (A)
6 shall be signed by an officer of the manufac-
7 turer who is acting on behalf of the manufac-
8 turer and who has the authority to bind the
9 manufacturer, and contain a statement that en-
10 sures that the information contained in the as-
11 sessment is true, complete and accurate.

12 “(C) DEFINITION OF NEW INGREDIENT.—
13 For purposes of subparagraph (A), the term
14 ‘new ingredient, constituent, substance, or com-
15 pound’ means an ingredient, constituent, sub-
16 stance, or compound listed under subsection
17 (a)(1) that was not used in the brand or variety
18 of tobacco product involved prior to January 1,
19 1998.

20 “(2) APPLICATION TO OTHER INGREDIENTS.—
21 With respect to the application of this section to in-
22 gredients, constituents substances, or compounds
23 listed under subsection (a) to which paragraph (1)
24 does not apply, all such ingredients, constituents,
25 substances, or compounds shall be reviewed through

1 the safety assessment process within the 5-year pe-
2 riod beginning on the date of enactment of this sub-
3 chapter. The Secretary shall develop a procedure for
4 the submission of safety assessments of such ingre-
5 dients, constituents, substances, or compounds that
6 staggers such safety assessments within the 5-year
7 period.

8 “(3) BASIS OF ASSESSMENT.—The safety as-
9 sessment of an ingredient, constituent, substance, or
10 compound described in paragraphs (1) and (2)
11 shall—

12 “(A) be based on the best scientific evi-
13 dence available at the time of the submission of
14 the assessment; and

15 “(B) demonstrate that there is a reason-
16 able certainty among experts qualified by sci-
17 entific training and experience who are con-
18 sulted, that the ingredient, constituent, sub-
19 stance, or compound will not present any risk
20 to consumers or the public in the quantities
21 used under the intended conditions of use.

22 “(c) PROHIBITION.—

23 “(1) REGULATIONS.—Not later than 12 months
24 after the date of enactment of this subchapter, the
25 Secretary shall promulgate regulations to prohibit

1 the use of any ingredient, constituent, substance, or
2 compound in the tobacco product of a
3 manufacturer—

4 “(A) if no safety assessment has been sub-
5 mitted by the manufacturer for the ingredient,
6 constituent, substance, or compound as other-
7 wise required under this section; or

8 “(B) if the Secretary finds that the manu-
9 facturer has failed to demonstrate the safety of
10 the ingredient, constituent, substance, or com-
11 pound that was the subject of the assessment
12 under paragraph (2).

13 “(2) REVIEW OF ASSESSMENTS.—

14 “(A) GENERAL REVIEW.—Not later than
15 180 days after the receipt of a safety assess-
16 ment under subsection (b), the Secretary shall
17 review the findings contained in such assess-
18 ment and approve or disapprove of the safety of
19 the ingredient, constituent, substance, or com-
20 pound that was the subject of the assessment.
21 The Secretary may, for good cause, extend the
22 period for such review. The Secretary shall pro-
23 vide notice to the manufacturer of an action
24 under this subparagraph.

1 “(B) INACTION BY SECRETARY.—If the
2 Secretary fails to act with respect to an assess-
3 ment of an existing ingredient, constituent, sub-
4 stance, or additive during the period referred to
5 in subparagraph (A), the manufacturer of the
6 tobacco product involved may continue to use
7 the ingredient, constituent, substance, or com-
8 pound involved until such time as the Secretary
9 makes a determination with respect to the as-
10 sessment.

11 “(d) RIGHT TO KNOW; FULL DISCLOSURE OF IN-
12 GREDIENTS TO THE PUBLIC.—

13 “(1) IN GENERAL.—Except as provided in para-
14 graph (3), a package of a tobacco product shall dis-
15 close all ingredients, constituents, substances, or
16 compounds contained in the product in accordance
17 with regulations promulgated under section 701(a)
18 by the Secretary.

19 “(2) DISCLOSURE OF PERCENTAGE OF DOMES-
20 TIC AND FOREIGN TOBACCO.—The regulations re-
21 ferred to in paragraph (1) shall require that the
22 package of a tobacco product disclose, with respect
23 to the tobacco contained in the product—

24 “(A) the percentage that is domestic to-
25 bacco; and

1 “(B) the percentage that is foreign to-
2 bacco.

3 “(3) HEALTH DISCLOSURE.—Notwithstanding
4 section 301(j), the Secretary may require the public
5 disclosure of any ingredient, constituent, substance,
6 or compound contained in a tobacco product that re-
7 lates to a trade secret or other matter referred to in
8 section 1905 of title 18, United States Code, if the
9 Secretary determines that such disclosure will pro-
10 mote the public health.

11 **“SEC. 575. REDUCED RISK PRODUCTS.**

12 “(a) PROHIBITION.—

13 “(1) IN GENERAL.—No manufacturer, dis-
14 tributor or retailer of tobacco products may make
15 any direct or implied statement in advertising or on
16 a product package that could reasonably be inter-
17 preted to state or imply a reduced health risk associ-
18 ated with a tobacco product unless the manufacturer
19 demonstrates to the Secretary, in such form as the
20 Secretary may require, that based on the best avail-
21 able scientific evidence the product significantly re-
22 duces the overall health risk to the public when com-
23 pared to other tobacco products.

24 “(2) SUBMISSION TO SECRETARY.—Prior to
25 making any statement described in paragraph (1), a

1 manufacturer, distributor or retailer shall submit
2 such statement to the Secretary, who shall review
3 such statement to ensure its accuracy and, in the
4 case of advertising, to prevent such statement from
5 increasing, or preventing the contraction of, the size
6 of the overall market for tobacco products.

7 “(b) DETERMINATION BY SECRETARY.—If the Sec-
8 retary determines that a statement described in subsection
9 (a)(2) is permissible because the tobacco product does
10 present a significantly reduced overall health risk to the
11 public, the Secretary may permit such statement to be
12 made.

13 “(c) DEVELOPMENT OR ACQUISITION OF REDUCED
14 RISK TECHNOLOGY.—

15 “(1) IN GENERAL.—Any manufacturer that de-
16 velops or acquires any technology that the manufac-
17 turer reasonably believes will reduce the risk from
18 tobacco products shall notify the Secretary of the de-
19 velopment or acquisition of the technology. Such no-
20 tice shall be in such form and within such time as
21 the Secretary shall require.

22 “(2) CONFIDENTIALITY.—With respect to any
23 technology described in paragraph (1) that is in the
24 early stages of development (as determined by the
25 Secretary), the Secretary shall establish protections

1 to ensure the confidentiality of any proprietary in-
2 formation submitted to the Secretary under this sub-
3 section during such development.

4 **“SEC. 576. ACCESS TO COMPANY INFORMATION.**

5 “(a) COMPLIANCE PROCEDURES.—Each manufac-
6 turer of tobacco products shall establish procedures to en-
7 sure compliance with this Act.

8 “(b) REQUIREMENT.—In addition to any other dis-
9 closure obligations under this Act, the KIDS Act, or any
10 other law, each manufacturer of tobacco products shall,
11 not later than 90 days after the date of the enactment
12 of the KIDS Act and thereafter as required by the Sec-
13 retary, disclose to the Secretary all nonpublic information
14 and research in its possession or control relating to the
15 addiction or dependency, or the health or safety of tobacco
16 products, including (without limitation) all research relat-
17 ing to processes to make tobacco products less hazardous
18 to consumers and the research and documents described
19 in subsection (c).

20 “(c) RESEARCH AND DOCUMENTS.—The documents
21 described in this section include any documents concerning
22 tobacco product research relating to—

23 “(1) nicotine, including—

24 “(A) the interaction between nicotine and
25 other components in tobacco products including

1 ingredients in the tobacco and smoke compo-
2 nents;

3 “(B) the role of nicotine in product design
4 and manufacture, including product charters,
5 and parameters in product development, the to-
6 bacco blend, filter technology, and paper;

7 “(C) the role of nicotine in tobacco leaf
8 purchasing;

9 “(D) reverse engineering activities involv-
10 ing nicotine (such as analyzing the products of
11 other companies);

12 “(E) an analysis of nicotine delivery; and

13 “(F) the biology, psychopharmacology and
14 any other health effects of nicotine;

15 “(2) other ingredients, including—

16 “(A) the identification of ingredients in to-
17 bacco products and constituents in smoke, in-
18 cluding additives used in product components
19 such as paper, filter, and wrapper;

20 “(B) any research on the health effects of
21 ingredients; and

22 “(C) any research or other information ex-
23 plaining what happens to ingredients when they
24 are heated and burned;

1 “(3) less hazardous or safer products, including
2 any research or product development information on
3 activities involving reduced risk, less hazardous, low-
4 tar or reduced-tar, low-nicotine or reduced-nicotine
5 or nicotine-free products; and

6 “(4) tobacco product advertising, marketing
7 and promotion, including—

8 “(A) documents related to the design of
9 advertising campaigns, including the desired de-
10 mographics for individual products on the mar-
11 ket or being tested;

12 “(B) documents concerning the age of ini-
13 tiation of tobacco use, general tobacco use be-
14 havior, beginning smokers, pre-smokers, and
15 new smokers;

16 “(C) documents concerning the effects of
17 advertising; and

18 “(D) documents concerning future mar-
19 keting options or plans in light of the require-
20 ments and regulations to be imposed under this
21 subchapter or the KIDS Act.

22 “(d) *AUTHORITY OF SECRETARY.*—With respect to
23 tobacco product manufacturers, the Secretary shall have
24 the same access to records and information and inspection

1 authority as is available with respect to manufacturers of
2 other medical devices.

3 **“SEC. 577. OVERSIGHT OF TOBACCO PRODUCT MANUFAC-**
4 **TURING.**

5 “The Secretary shall by regulation prescribe good
6 manufacturing practice standards for tobacco products.
7 Such regulations shall be modeled after good manufac-
8 turing practice regulations for medical devices, food, and
9 other items under section 520(f). Such standards shall be
10 directed specifically toward tobacco products, and shall
11 include—

12 “(1) a quality control system, to ensure that to-
13 bacco products comply with such standards;

14 “(2) a system for inspecting tobacco product
15 materials to ensure their compliance with such
16 standards;

17 “(3) requirements for the proper handling of
18 finished tobacco products;

19 “(4) strict tolerances for pesticide chemical resi-
20 dues in or on tobacco or tobacco product commod-
21 ities in the possession of the manufacturer, except
22 that nothing in this paragraph shall be construed to
23 affect any authority of the Environmental Protection
24 Agency;

1 “(5) authority for officers or employees of the
2 Secretary to inspect any factory, warehouse, or other
3 establishment of any tobacco product manufacturer,
4 and to have access to records, files, papers, proc-
5 esses, controls and facilities related to tobacco prod-
6 uct manufacturing, in accordance with appropriate
7 authority and rules promulgated under this Act; and

8 “(6) a requirement that the tobacco product
9 manufacturer maintain such files and records as the
10 Secretary may specify, as well as that the manufac-
11 turer report to the Secretary such information as
12 the Secretary shall require, in accordance with sec-
13 tion 519.

14 **“SEC. 578. PRESERVATION OF STATE AND LOCAL AUTHOR-**
15 **ITY.**

16 “Notwithstanding section 521 and except as other-
17 wise provided for in section 572(e), nothing in this sub-
18 chapter shall be construed as prohibiting a State or local-
19 ity from imposing requirements, prohibitions, penalties or
20 other measures to further the purposes of this subchapter
21 that are in addition to the requirements, prohibitions, or
22 penalties required under this subchapter. State and local
23 governments may impose additional tobacco product con-
24 trol measures to further restrict or limit the use of such
25 products.”.

1 **SEC. 1343. FUNDING.**

2 (a) AUTHORIZATION OF APPROPRIATIONS.—There
3 are authorized to be appropriated such sums as may be
4 necessary to carry out this part (and the amendments
5 made by this part).

6 (b) TRIGGER.—No expenditures shall be made under
7 this part (or the amendments made by this part) during
8 any fiscal year in which the annual amount appropriated
9 for the Food and Drug Administration is less than the
10 amount so appropriated for the prior fiscal year.

11 **SEC. 1344. REPEALS.**

12 The following provisions of law are repealed:

13 (1) The Federal Cigarette Labeling and Adver-
14 tising Act (15 U.S.C. 1331 et seq.), except for sec-
15 tions 5(d)(1) and (2) and 6.

16 (2) The Comprehensive Smokeless Tobacco
17 Health Education Act of 1986 (15 U.S.C. 4401 et
18 seq.), except for sections 3(f) and 8(a) and (b).

19 (3) The Comprehensive Smoking Education Act
20 of 1964 (Public law 98-474).

21 **Subchapter B—Miscellaneous Provisions**

22 **SEC. 1351. NONAPPLICATION TO TOBACCO PRODUCERS.**

23 (a) IN GENERAL.—This chapter and the amendments
24 made by this chapter shall not apply to the producers of
25 tobacco leaf, including tobacco growers, tobacco ware-
26 houses, and tobacco grower cooperatives.

1 (b) RULE OF CONSTRUCTION.—Nothing in this chap-
2 ter, or an amendment made by this chapter, shall be con-
3 strued to provide the Secretary of Health and Human
4 Services with the authority to—

5 (1) enter onto a farm owned by a producer of
6 tobacco leaf without the written consent of such pro-
7 ducer; or

8 (2) promulgate regulations on any matter that
9 involves the production of tobacco leaf or a producer
10 thereof, other than activities by a manufacturer that
11 affect production.

12 (c) MANUFACTURER ACTING AS PRODUCER.—Not-
13 withstanding any other provision of this section, if a pro-
14 ducer of tobacco leaf is also a tobacco product manufac-
15 turer or is owned or controlled by a tobacco product manu-
16 facturer, the producer shall be subject to the provisions
17 of this chapter, and the amendments made by this chap-
18 ter, in the producer's capacity as a manufacturer.

19 (d) DEFINITION.—In this section, the term “con-
20 trolled by” means a producer that is a member of the same
21 controlled group of corporations, as that term is used for
22 purposes of section 52(a) of the Internal Revenue Code
23 of 1986, or under common control within the meaning of
24 the regulations promulgated under section 52(b) of such
25 Code.

1 **SEC. 1352. EQUAL TREATMENT OF RETAIL OUTLETS.**

2 The Secretary of Health and Human Services shall
3 promulgate regulations to require that retail establish-
4 ments that are accessible to individuals under the age of
5 18, for which the predominant business is the sale of to-
6 bacco products, comply with any advertising restrictions
7 applicable to such establishments.

8 **CHAPTER 4—COVERAGE OF CHILDHOOD**
9 **IMMUNIZATIONS**

10 **SEC. 1361. SHORT TITLE.**

11 This chapter be cited as the “Comprehensive Insur-
12 ance Coverage of Childhood Immunization Act of 2001”.

13 **SEC. 1362. AMENDMENTS TO THE EMPLOYEE RETIREMENT**
14 **INCOME SECURITY ACT OF 1974.**

15 (a) IN GENERAL.—Subpart B of part 7 of subtitle
16 B of title I of the Employee Retirement Income Security
17 Act of 1974 (29 U.S.C. 1185 et seq.), as amended by sec-
18 tion 1214, is further amended by adding at the end the
19 following:

20 **“SEC. 715. STANDARD RELATING TO COVERAGE OF CHILD-**
21 **HOOD IMMUNIZATION.**

22 “(a) IN GENERAL.—A group health plan, and a
23 health insurance issuer offering health insurance coverage
24 in connection with a group health plan, shall provide for
25 each plan year comprehensive coverage for routine immu-
26 nizations for each individual who is a dependent of a par-

1 ticipant or beneficiary under the plan and is under 19
2 years of age.

3 “(b) COMPREHENSIVE COVERAGE.—For purposes of
4 this section, comprehensive coverage for routine immuni-
5 zations for a plan year consists of coverage, without
6 deductibles, coinsurance, or other cost-sharing, for immu-
7 nizations (including the vaccine itself) in accordance with
8 the most recent version of the Recommended Childhood
9 Immunization Schedule issued prior to such plan year by
10 the Advisory Committee on Immunization Practices of the
11 Centers for Disease Control and Prevention.”.

12 (b) CONFORMING AMENDMENT.—The table of con-
13 tents in section 1 of the Employee Retirement Income Se-
14 curity Act of 1974, as amended by section 1214, is further
15 amended by inserting after the item relating to section
16 714 the following new item:

“Sec. 715. Standard relating to coverage of childhood immunization.”.

17 **SEC. 1363. AMENDMENTS TO THE PUBLIC HEALTH SERVICE**
18 **ACT.**

19 (a) GROUP MARKET.—Subpart 2 of part A of title
20 XXVII of the Public Health Service Act (42 U.S.C.
21 300gg–4 et seq.) is amended by adding at the end the
22 following:

1 **“SEC. 2707. STANDARD RELATING TO COVERAGE OF CHILD-**
2 **HOOD IMMUNIZATION.**

3 “(a) IN GENERAL.—A group health plan, and a
4 health insurance issuer offering health insurance coverage
5 in connection with a group health plan, shall provide for
6 each plan year comprehensive coverage for routine immu-
7 nizations for each individual who is a dependent of a par-
8 ticipant or beneficiary under the plan and is under 19
9 years of age.

10 “(b) COMPREHENSIVE COVERAGE.—For purposes of
11 this section, comprehensive coverage for routine immuni-
12 zations for a plan year consists of coverage, without
13 deductibles, coinsurance, or other cost-sharing, for immu-
14 nizations (including the vaccine itself) in accordance with
15 the most recent version of the Recommended Childhood
16 Immunization Schedule issued prior to such plan year by
17 the Advisory Committee on Immunization Practices of the
18 Centers for Disease Control and Prevention.”.

19 (b) INDIVIDUAL MARKET.—The first subpart 3 of
20 part B of title XXVII of the Public Health Service Act
21 (42 U.S.C. 300gg–51 et seq.) (relating to other require-
22 ments) (42 U.S.C. 300gg–51 et seq.) is amended—

23 (1) by redesignating such subpart as subpart 2;

24 and

25 (2) by inserting after section 2753, as added by
26 section 1213(c), the following:

1 **“SEC. 2754. STANDARD RELATING TO COVERAGE OF CHILD-**
 2 **HOOD IMMUNIZATION.**

3 “The provisions of section 2707 shall apply to health
 4 insurance coverage offered by a health insurance issuer
 5 in the individual market in the same manner as they apply
 6 to health insurance coverage offered by a health insurance
 7 issuer in connection with a group health plan in the small
 8 or large group market.”.

9 **SEC. 1364. AMENDMENTS TO THE INTERNAL REVENUE**
 10 **CODE OF 1986.**

11 Subchapter B of chapter 100 of the Internal Revenue
 12 Code of 1986 is amended—

13 (1) in the table of sections, by inserting after
 14 the item relating to section 9812 the following new
 15 item:

“Sec. 9813. Standard relating to coverage of childhood immuni-
 zation.”;

16 and

17 (2) by inserting after section 9812 the fol-
 18 lowing:

19 **“SEC. 9813. STANDARD RELATING TO COVERAGE OF CHILD-**
 20 **HOOD IMMUNIZATION.**

21 “(a) IN GENERAL.—A group health plan shall pro-
 22 vide for each plan year comprehensive coverage for routine
 23 immunizations for each individual who is a dependent of

1 a participant or beneficiary under the plan and is under
2 19 years of age.

3 “(b) COMPREHENSIVE COVERAGE.—For purposes of
4 this section, comprehensive coverage for routine immuni-
5 zations for a plan year consists of coverage, without
6 deductibles, coinsurance, or other cost-sharing, for immu-
7 nizations (including the vaccine itself) in accordance with
8 the most recent version of the Recommended Childhood
9 Immunization Schedule issued prior to such plan year by
10 the Advisory Committee on Immunization Practices of the
11 Centers for Disease Control and Prevention.”.

12 **SEC. 1365. EFFECTIVE DATES.**

13 (a) GROUP HEALTH INSURANCE COVERAGE.—Sub-
14 ject to subsection (c), the amendments made by sections
15 1362, 1363(a), and 1364 apply with respect to group
16 health plans for plan years beginning on or after January
17 1, 2002.

18 (b) INDIVIDUAL HEALTH INSURANCE COVERAGE.—
19 The amendment made by section 1363(b) applies with re-
20 spect to health insurance coverage offered, sold, issued,
21 renewed, in effect, or operated in the individual market
22 on or after such date.

23 (c) COLLECTIVE BARGAINING EXCEPTION.—In the
24 case of a group health plan maintained pursuant to 1 or
25 more collective bargaining agreements between employee

1 representatives and 1 or more employers ratified before
2 the date of enactment of this Act, the amendments made
3 sections 1362, 1363(a), and 1364 shall not apply to plan
4 years beginning before the later of—

5 (1) the earliest date as of which all such collec-
6 tive bargaining agreements relating to the plan have
7 terminated (determined without regard to any exten-
8 sion thereof agreed to after the date of the enact-
9 ment of this Act), or

10 (2) January 1, 2002.

11 For purposes of paragraph (1), any plan amendment made
12 pursuant to a collective bargaining agreement relating to
13 the plan which amends the plan solely to conform to any
14 requirement added by sections 1362, 1363(a), and 1364
15 shall not be treated as a termination of such collective bar-
16 gaining agreement.

17 **Subtitle E—Reducing**
18 **Environmental Health Risks**

19 **CHAPTER 1—ENVIRONMENTAL**
20 **PROTECTION OF CHILDREN**

21 **SEC. 1401. SHORT TITLE.**

22 This chapter may be cited as the “Children’s Envi-
23 ronmental Protection Act”.

1 **SEC. 1402. ENVIRONMENTAL PROTECTION FOR CHILDREN**
2 **AND OTHER VULNERABLE SUBPOPULATIONS.**

3 The Toxic Substances Control Act (15 U.S.C. 2601
4 et seq.) is amended by adding at the end the following:

5 **“TITLE V—ENVIRONMENTAL**
6 **PROTECTION FOR CHILDREN**
7 **AND OTHER VULNERABLE**
8 **SUBPOPULATIONS**

9 **“SEC. 501. FINDINGS AND POLICY.**

10 “(a) FINDINGS.—Congress finds that—

11 “(1) the protection of public health and safety
12 depends on individuals and government officials
13 being aware of the pollution dangers that exist in
14 their homes, schools, and communities, and whether
15 those dangers present special threats to the health
16 of children and other vulnerable subpopulations;

17 “(2) children spend much of their young lives
18 in schools and day care centers, and may face sig-
19 nificant exposure to pesticides and other environ-
20 mental pollutants in those locations;

21 “(3) the metabolism, physiology, and diet of
22 children, and exposure patterns of children to envi-
23 ronmental pollutants, differ from those of adults,
24 and those differences and the inherent nature of im-
25 mature and developing systems of children can make

1 children more susceptible than adults to the harmful
2 effects of environmental pollutants;

3 “(4) a study conducted by the National Acad-
4 emy of Sciences that particularly considered the ef-
5 fects of pesticides on children concluded that current
6 approaches to assessing pesticide risks typically do
7 not consider risks to children and, as a result, cur-
8 rent standards and tolerances often fail to ade-
9 quately protect children;

10 “(5) there are often insufficient data to enable
11 the Administrator, when establishing an environ-
12 mental and public health standard for an environ-
13 mental pollutant, to evaluate the special suscepti-
14 bility or exposure of children to environmental pol-
15 lutants;

16 “(6) when data are lacking to evaluate the spe-
17 cial susceptibility or exposure of children to an envi-
18 ronmental pollutant, the Administrator generally—

19 “(A) does not presume that the environ-
20 mental pollutant presents a special risk to chil-
21 dren; and

22 “(B) does not apply a special or additional
23 margin of safety to protect the health of chil-
24 dren in establishing an environmental or public
25 health standard for that pollutant; and

1 “(7) safeguarding children from environmental
2 pollutants requires the systematic collection of data
3 concerning the special susceptibility and exposure of
4 children to those pollutants, and the adoption of an
5 additional safety factor of at least 10-fold in the es-
6 tablishment of environmental and public health
7 standards where reliable data are not available.

8 “(b) POLICY.—It is the policy of the United States
9 that—

10 “(1) the public has the right to be informed
11 about the pollution dangers to which children are
12 being exposed in their homes, schools and commu-
13 nities, and how those dangers may present special
14 health threats to children and other vulnerable sub-
15 populations;

16 “(2) each environmental and public health
17 standard for an environmental pollutant established
18 by the Administrator must, with an adequate margin
19 of safety, protect children and other vulnerable sub-
20 populations;

21 “(3) where data sufficient to evaluate the spe-
22 cial susceptibility and exposure of children (including
23 exposure in utero) to an environmental pollutant are
24 lacking, the Administrator should presume that the
25 environmental pollutant poses a special risk to chil-

1 dren and should apply an appropriate additional
2 margin of safety of at least 10-fold in establishing
3 an environmental or public health standard for that
4 environmental pollutant;

5 “(4) since it is difficult to identify all conceiv-
6 able risks and address all uncertainties associated
7 with pesticide use, the use of dangerous pesticides in
8 schools and day care centers should be eliminated;
9 and

10 “(5) the Environmental Protection Agency, the
11 Department of Health and Human Services (includ-
12 ing the National Institute of Environmental Health
13 Sciences and the Agency for Toxic Substances and
14 Disease Registry), the National Institutes of Health,
15 and other Federal agencies should support research
16 on the short-term and long-term health effects of cu-
17 mulative and synergistic exposures of children and
18 other vulnerable subpopulations to environmental
19 pollutants.

20 **“SEC. 502. DEFINITIONS.**

21 “In this title:

22 “(1) CHILD.—The term ‘child’ means an indi-
23 vidual 18 years of age or younger.

24 “(2) COMMITTEE.—The term ‘Committee’
25 means the Children’s Environmental Health Protec-

1 tion Advisory Committee established under section
2 506.

3 “(3) DAY CARE CENTER.—The term ‘day care
4 center’ means a center-based child care provider that
5 is licensed, regulated, or registered under applicable
6 State or local law.

7 “(4) ENVIRONMENTAL POLLUTANT.—The term
8 ‘environmental pollutant’ includes—

9 “(A) a hazardous substance (as defined in
10 section 101 of the Comprehensive Environ-
11 mental Response, Compensation, and Liability
12 Act of 1980 (42 U.S.C. 9601));

13 “(B) a contaminant (as defined in section
14 1401 of the Safe Drinking Water Act (42
15 U.S.C. 300f));

16 “(C) an air pollutant subject to regulation
17 under the Clean Air Act (42 U.S.C. 7401 et
18 seq.);

19 “(D) a water pollutant subject to regula-
20 tion under the Federal Water Pollution Control
21 Act (33 U.S.C. 1251 et seq.); and

22 “(E) a pesticide subject to regulation
23 under the Federal Insecticide, Fungicide, and
24 Rodenticide Act (7 U.S.C. 136 et seq.).

1 “(5) PESTICIDE.—The term ‘pesticide’ has the
2 meaning given the term in section 2 of the Federal
3 Insecticide, Fungicide, and Rodenticide Act (7
4 U.S.C. 136).

5 “(6) SCHOOL.—The term ‘school’ means an ele-
6 mentary school (as defined in section 14101 of the
7 Elementary and Secondary Education Act of 1965
8 (20 U.S.C. 8801)), a secondary school (as defined in
9 section 14101 of that Act), a kindergarten, or a
10 nursery school that is public or receives Federal
11 funding.

12 “(7) VULNERABLE SUBPOPULATION.—The
13 term ‘vulnerable subpopulation’ means—

14 “(A) children;

15 “(B) pregnant women;

16 “(C) the elderly;

17 “(D) individuals with a history of serious
18 illness; and

19 “(E) any other subpopulation identified by
20 the Administrator as being likely to experience
21 special health risks from environmental pollut-
22 ants.

23 **“SEC. 503. SAFEGUARDING CHILDREN AND OTHER VULNER-**
24 **ABLE SUBPOPULATIONS.**

25 “(a) IN GENERAL.—The Administrator shall—

1 “(1) ensure that each environmental and public
2 health standard for an environmental pollutant pro-
3 tects children and other vulnerable subpopulations
4 with an adequate margin of safety;

5 “(2) explicitly evaluate data concerning the spe-
6 cial susceptibility and exposure of children to any
7 environmental pollutant for which an environmental
8 or public health standard is established; and

9 “(3) adopt an additional margin of safety of at
10 least 10-fold in the establishment of an environ-
11 mental or public health standard for an environ-
12 mental pollutant in the absence of reliable data on
13 toxicity and exposure of the child to an environ-
14 mental pollutant or if there is a lack of reliable data
15 on the susceptibility of the child to an environmental
16 pollutant for which the environmental and public
17 health standard is being established.

18 “(b) ESTABLISHING, MODIFYING, OR REEVALUATING
19 ENVIRONMENTAL AND PUBLIC HEALTH STANDARDS.—

20 “(1) IN GENERAL.—In establishing, modifying,
21 or reevaluating any environmental or public health
22 standard for an environmental pollutant under any
23 law administered by the Administrator, the Adminis-
24 trator shall take into consideration available infor-
25 mation concerning—

1 “(A) all routes of exposure of children to
2 that environmental pollutant; and

3 “(B) the special susceptibility of children
4 to the environmental pollutant, including—

5 “(i) neurological differences between
6 children and adults;

7 “(ii) the effect of exposure to that en-
8 vironmental pollutant in utero; and

9 “(iii) the cumulative effect on a child
10 of exposure to that environmental pollutant
11 and any other substance having a common
12 toxicological mechanism.

13 “(2) ADDITIONAL SAFETY MARGIN.—If any of
14 the data described in paragraph (1) are not avail-
15 able, the Administrator shall, in completing a risk
16 assessment, risk characterization, or other assess-
17 ment of risk underlying an environmental or public
18 health standard, adopt an additional margin of safe-
19 ty of at least 10-fold to take into account—

20 “(A) potential pre-natal and post-natal
21 toxicity of an environmental pollutant; and

22 “(B) the completeness of data concerning
23 the exposure and toxicity of the environmental
24 pollutant to children.

1 “(c) IDENTIFICATION AND REVISION OF CURRENT
2 ENVIRONMENTAL AND PUBLIC HEALTH STANDARDS
3 THAT PRESENT SPECIAL RISKS TO CHILDREN.—

4 “(1) IN GENERAL.—Not later than 1 year after
5 the date of enactment of this title and annually
6 thereafter, based on the recommendations of the
7 Committee, the Administrator shall—

8 “(A) repromulgate, in accordance with this
9 section, at least 3 of the environmental and
10 public health standards identified by the Com-
11 mittee as posing a special risk to children; or

12 “(B) publish a finding in the Federal Reg-
13 ister that provides the reasons of the Adminis-
14 trator for declining to repromulgate at least 3
15 of the environmental and public health stand-
16 ards identified by the Committee as posing a
17 special risk to children.

18 “(2) DETERMINATION BY ADMINISTRATOR.—If
19 the Administrator makes the finding described in
20 paragraph (1)(B), the Administrator shall repromul-
21 gate in accordance with this section at least 3 envi-
22 ronmental and public health standards determined
23 to pose a greater risk to children’s health than the
24 environmental and public health standards identified

1 by the Children’s Environmental Health Protection
2 Advisory Committee.

3 “(3) REPORT.—Not later than 1 year after the
4 date of enactment of this title and annually there-
5 after, the Administrator shall submit a report to
6 Congress describing the progress made by the Ad-
7 ministrator in carrying out this subsection.

8 **“SEC. 504. SAFER ENVIRONMENT FOR CHILDREN.**

9 “Not later than 1 year after the date of enactment
10 of this title, the Administrator shall—

11 “(1) identify environmental pollutants com-
12 monly used or found in areas that are reasonably ac-
13 cessible to children;

14 “(2) create a scientifically peer-reviewed list of
15 substances identified under paragraph (1) with
16 known, likely, or suspected health risks to children;

17 “(3) develop a scientifically peer reviewed list of
18 safer-for-children substances and products rec-
19 ommended by the Administrator for use in areas
20 that are reasonably accessible to children that, when
21 applied as recommended by the manufacturer, will
22 minimize potential risks to children from exposure to
23 environmental pollutants;

24 “(4) establish guidelines to help reduce and
25 eliminate exposure of children to environmental pol-

1 lutants in areas reasonably accessible to children, in-
2 cluding advice on how to establish an integrated pest
3 management program;

4 “(5) develop a family right-to-know information
5 kit that includes a summary of helpful information
6 and guidance to families, such as—

7 “(A) the information developed under
8 paragraph (3);

9 “(B) the guidelines established under para-
10 graph (4);

11 “(C) information on the potential health
12 effects of environmental pollutants;

13 “(D) practical suggestions on how parents
14 may reduce the exposure of their children to en-
15 vironmental pollutants; and

16 “(E) other information determined to be
17 relevant by the Administrator, in cooperation
18 with the Director of the Centers for Disease
19 Control and Prevention;

20 “(6) make all information developed under this
21 subsection available to Federal and State agencies,
22 to the public, and on the Internet; and

23 “(7) review and update the lists developed
24 under paragraphs (2) and (3) at least annually.

1 **“SEC. 505. RESEARCH TO IMPROVE INFORMATION ON THE**
2 **EFFECTS OF ENVIRONMENTAL POLLUTANTS**
3 **ON CHILDREN.**

4 “(a) EXPOSURE AND TOXICITY DATA.—The Admin-
5 istrator, the Secretary of Agriculture, and the Secretary
6 of Health and Human Services shall coordinate and sup-
7 port the development and implementation of basic and ap-
8 plied research initiatives to examine—

9 “(1) the health effects and toxicity of pesticides
10 (including active and inert ingredients) and other
11 environmental pollutants on children and other vul-
12 nerable subpopulations; and

13 “(2) the exposure of children and other vulner-
14 able subpopulations to environmental pollutants.

15 “(b) BIENNIAL REPORTS.—The Administrator, the
16 Secretary of Agriculture, and the Secretary of Health and
17 Human Services shall submit biennial reports to Congress
18 describing actions taken to carry out this section.

19 **“SEC. 506. CHILDREN’S ENVIRONMENTAL HEALTH PROTEC-**
20 **TION ADVISORY COMMITTEE.**

21 “(a) ESTABLISHMENT.—The Administrator shall es-
22 tablish a Children’s Environmental Health Protection Ad-
23 visory Committee to assist the Administrator in carrying
24 out this title.

25 “(b) COMPOSITION.—The Committee shall be com-
26 prised of—

1 “(1) medical professionals specializing in pedi-
2 atric health;

3 “(2) educators;

4 “(3) representatives of community groups;

5 “(4) representatives of environmental and pub-
6 lic health nonprofit organizations;

7 “(5) industry representatives; and

8 “(6) representatives of State environmental and
9 public health departments.

10 “(c) DUTIES.—Not later than 2 years after the date
11 of enactment of this title and annually thereafter, the
12 Committee shall develop a list of standards that merit re-
13 evaluation by the Administrator in order to better protect
14 the health of children.

15 “(d) TERMINATION.—The Committee shall terminate
16 not later than 15 years after the date on which the Com-
17 mittee is established.

18 **“SEC. 507. AUTHORIZATION OF APPROPRIATIONS.**

19 There are authorized to be appropriated such sums
20 as are necessary to carry out this title.”.

21 **SEC. 1403. CONFORMING AMENDMENT.**

22 The table of contents in section 1 of the Toxic Sub-
23 stances Control Act (15 U.S.C. prec. 2601) is amended
24 by adding at the end the following:

“TITLE V—ENVIRONMENTAL PROTECTION FOR CHILDREN AND
OTHER VULNERABLE SUBPOPULATIONS

“Sec. 501. Findings and policy.

“Sec. 502. Definitions.

“Sec. 503. Safeguarding children and other vulnerable subpopulations.

“Sec. 504. Safer environment for children.

“Sec. 505. Research to improve information on the effects of environmental pollutants on children.

“Sec. 506. Children’s environmental health protection advisory committee.

“Sec. 507. Authorization of appropriations.”.

1 **CHAPTER 2—SCHOOL ENVIRONMENTAL**
 2 **PROTECTION**

3 **SEC. 1411. SHORT TITLE.**

4 This chapter may be cited as the “School Environ-
 5 ment Protection Act”.

6 **SEC. 1412. INTEGRATED PEST MANAGEMENT SYSTEMS FOR**
 7 **SCHOOLS.**

8 The Federal Insecticide, Fungicide, and Rodenticide
 9 Act is amended—

10 (1) by redesignating sections 33 and 34 (7
 11 U.S.C. 136x, 136y) as sections 34 and 35, respec-
 12 tively; and

13 (2) by inserting after section 32 (7 U.S.C.
 14 136w–7) the following:

15 **“SEC. 33. INTEGRATED PEST MANAGEMENT SYSTEMS FOR**
 16 **SCHOOLS.**

17 “(a) DEFINITIONS.—In this section:

18 “(1) BOARD.—The term ‘Board’ means the Na-
 19 tional School Integrated Pest Management Advisory
 20 Board established under subsection (c).

1 “(2) CONTACT PERSON.—The term ‘contact
2 person’ means an individual who is—

3 “(A) knowledgeable about integrated pest
4 management systems; and

5 “(B) designated by a local educational
6 agency as the contact person under subsection
7 (f).

8 “(3) CRACK AND CREVICE TREATMENT.—The
9 term ‘crack and crevice treatment’ means the appli-
10 cation of small quantities of a pesticide in a building
11 into openings such as those commonly found at ex-
12 pansion joints, between levels of construction, and
13 between equipment and floors.

14 “(4) EMERGENCY.—The term ‘emergency’
15 means an urgent need to mitigate or eliminate a
16 pest that threatens the health or safety of a student
17 or staff member.

18 “(5) FUND.—The term ‘Fund’ means the Inte-
19 grated Pest Management Trust Fund established
20 under subsection (m).

21 “(6) INTEGRATED PEST MANAGEMENT SYS-
22 TEM.—The term ‘integrated pest management sys-
23 tem’ means a managed pest control system that—

24 “(A) eliminates or mitigates economic,
25 health, and aesthetic damage caused by pests;

- 1 “(B) uses—
- 2 “(i) integrated methods;
- 3 “(ii) site or pest inspections;
- 4 “(iii) pest population monitoring;
- 5 “(iv) an evaluation of the need for
- 6 pest control; and
- 7 “(v) 1 or more pest control methods,
- 8 including sanitation, structural repair, me-
- 9 chanical and biological controls, other non-
- 10 chemical methods, and (if nontoxic options
- 11 are unreasonable and have been exhausted)
- 12 least toxic pesticides; and
- 13 “(C) minimizes—
- 14 “(i) the use of pesticides; and
- 15 “(ii) the risk to human health and the
- 16 environment associated with pesticide ap-
- 17 plications.
- 18 “(7) LEAST TOXIC PESTICIDES.—
- 19 “(A) IN GENERAL.—The term ‘least toxic
- 20 pesticides’ means—
- 21 “(i) boric acid and disodium
- 22 octoborate tetrahydrate;
- 23 “(ii) silica gels;
- 24 “(iii) diatomaceous earth;

1 “(iv) nonvolatile insect and rodent
2 baits in tamper resistant containers or for
3 crack and crevice treatment only;

4 “(v) microbe-based insecticides;

5 “(vi) botanical insecticides (not in-
6 cluding synthetic pyrethroids) without toxic
7 synergists;

8 “(vii) biological, living control agents;

9 and

10 “(viii) materials for which the
11 inert ingredients are nontoxic and dis-
12 closed.

13 “(B) EXCLUSIONS.—The term ‘least toxic
14 pesticides’ does not include a pesticide that is
15 determined by the Administrator to be an
16 acutely or moderately toxic pesticide, car-
17 cinogen, mutagen, teratogen, reproductive toxin,
18 developmental neurotoxin, endocrine disrupter,
19 or immune system toxin, and any application of
20 the pesticide using a broadcast spray, dust,
21 tenting, fogging, or baseboard spray applica-
22 tion.

23 “(8) LIST.—The term ‘list’ means the list of
24 least toxic pesticides established under subsection
25 (d).

1 “(9) LOCAL EDUCATIONAL AGENCY.—The term
2 ‘local educational agency’ has the meaning given the
3 term in section 14101 of the Elementary and Sec-
4 ondary Education Act of 1965 (20 U.S.C. 8801).

5 “(10) OFFICIAL.—The term ‘official’ means the
6 official appointed by the Administrator under sub-
7 section (e).

8 “(11) PERSON.—The term ‘person’ means—

9 “(A) an individual that attends, has chil-
10 dren enrolled in, works at, or uses a school;

11 “(B) a resident of a school district; and

12 “(C) any other individual that may be af-
13 fected by pest management activities of a
14 school.

15 “(12) PESTICIDE.—

16 “(A) IN GENERAL.—The term ‘pesticide’
17 means any substance or mixture of substances,
18 including herbicides and bait stations, intended
19 for—

20 “(i) preventing, destroying, repelling,
21 or mitigating any pest;

22 “(ii) use as a plant regulator, defo-
23 liant, or desiccant; or

24 “(iii) use as a spray adjuvant such as
25 a wetting agent or adhesive.

1 “(B) EXCLUSION.—The term ‘pesticide’
2 does not include antimicrobial agents such as
3 disinfectants or deodorizers used for cleaning
4 products.

5 “(13) SCHOOL.—The term ‘school’ means a
6 public—

7 “(A) elementary school (as defined in sec-
8 tion 14101 of the Elementary and Secondary
9 Education Act of 1965 (20 U.S.C. 8801));

10 “(B) secondary school (as defined in sec-
11 tion 14101 of that Act); or

12 “(C) kindergarten or nursery school.

13 “(14) SCHOOL GROUNDS.—

14 “(A) IN GENERAL.—The term ‘school
15 grounds’ means the area outside of the school
16 buildings controlled, managed, or owned by the
17 school or school district.

18 “(B) INCLUSIONS.—The term ‘school
19 grounds’ includes a lawn, playground, sports
20 field, and any other property or facility con-
21 trolled, managed, owned, or leased for use for
22 a school-sponsored event, by a school.

23 “(15) SPACE SPRAYING.—

24 “(A) IN GENERAL.—The term ‘space
25 spraying’ means application of a pesticide by

1 discharge into the air throughout an inside
2 area.

3 “(B) INCLUSION.—The term ‘space spray-
4 ing’ includes the application of a pesticide using
5 a broadcast spray, dust, tenting, or fogging.

6 “(C) EXCLUSION.—The term ‘space spray-
7 ing’ does not include crack and crevice treat-
8 ment.

9 “(16) STAFF MEMBER.—

10 “(A) IN GENERAL.—The term ‘staff mem-
11 ber’ means an employee of a school or local
12 educational agency.

13 “(B) INCLUSIONS.—The term ‘staff mem-
14 ber’ includes an administrator, teacher, and
15 other person that is regularly employed by a
16 school or local educational agency.

17 “(C) EXCLUSIONS.—The term ‘staff mem-
18 ber’ does not include—

19 “(i) an employee hired by a school,
20 local educational agency, or State to apply
21 a pesticide; or

22 “(ii) a person assisting in the applica-
23 tion of a pesticide.

24 “(17) STATE EDUCATIONAL AGENCY.—The
25 term ‘State educational agency’ has the meaning

1 given the term in section 14101 of the Elementary
2 and Secondary Education Act of 1965 (20 U.S.C.
3 8801).

4 “(18) UNIVERSAL NOTIFICATION.—The term
5 ‘universal notification’ means notice provided by a
6 local educational agency or school to—

7 “(A) all parents or guardians of children
8 attending the school; and

9 “(B) staff members of the school or local
10 educational agency.

11 “(b) INTEGRATED PEST MANAGEMENT SYSTEMS.—

12 “(1) IN GENERAL.—The Administrator, in con-
13 sultation with the Secretary of Education, shall es-
14 tablish a National School Integrated Pest Manage-
15 ment Advisory System to develop and update uni-
16 form standards and criteria for implementing inte-
17 grated pest management systems in schools.

18 “(2) IMPLEMENTATION.—Not later than 18
19 months after the date of enactment of this sub-
20 section, each local educational agency of a school
21 district shall develop and implement in each of the
22 schools in the school district an integrated pest man-
23 agement system that complies with this section.

24 “(3) STATE PROGRAMS.—If, on the date of en-
25 actment of this section, a State maintains an inte-

1 grated pest management system that meets the
2 standards and criteria established under paragraph
3 (1) (as determined by the Board), a local edu-
4 cational agency in the State may continue to imple-
5 ment the system in a school or in the school district
6 in accordance with paragraph (2).

7 “(4) APPLICATION TO SCHOOLS AND SCHOOL
8 GROUNDS.—The requirements of this section that
9 apply to a school, including the requirement to im-
10 plement an integrated management system, apply to
11 pesticide application in a school building and on the
12 school grounds.

13 “(5) APPLICATION OF PESTICIDES WHEN
14 SCHOOLS IN USE.—A school shall prohibit—

15 “(A) the application of a pesticide when a
16 school or school grounds are occupied or in use;
17 or

18 “(B) the use of an area or room treated by
19 a pesticide, other than a least toxic pesticide,
20 during the 24-hour period beginning at the end
21 of the treatment.

22 “(c) NATIONAL SCHOOL INTEGRATED PEST MAN-
23 AGEMENT ADVISORY BOARD.—

24 “(1) IN GENERAL.—The Administrator, in con-
25 sultation with the Secretary of Education, shall es-

1 establish a National School Integrated Pest Manage-
2 ment Advisory Board to—

3 “(A) establish uniform standards and cri-
4 teria for developing integrated pest manage-
5 ment systems and policies in schools;

6 “(B) develop standards for the use of least
7 toxic pesticides in schools; and

8 “(C) advise the Administrator on any other
9 aspects of the implementation of this section.

10 “(2) COMPOSITION OF BOARD.—The Board
11 shall be composed of 12 members and include 1 rep-
12 resentative from each of the following groups:

13 “(A) Parents.

14 “(B) Public health care professionals.

15 “(C) Medical professionals.

16 “(D) State integrated pest management
17 system coordinators.

18 “(E) Independent integrated pest manage-
19 ment specialists that have carried out school in-
20 tegrated pest management programs.

21 “(F) Environmental advocacy groups.

22 “(G) Children’s health advocacy groups.

23 “(H) Trade organization for pest control
24 operators.

25 “(I) Teachers and staff members.

1 “(J) School maintenance staff.

2 “(K) School administrators.

3 “(L) School board members.

4 “(3) APPOINTMENT.—Not later than 180 days
5 after the date of enactment of this section, the Ad-
6 ministrator shall appoint members of the Board
7 from nominations received from Parent Teacher As-
8 sociations, school districts, States, and other inter-
9 ested persons and organizations.

10 “(4) TERM.—

11 “(A) IN GENERAL.—A member of the
12 Board shall serve for a term of 5 years, except
13 that the Administrator may shorten the terms
14 of the original members of the Board in order
15 to provide for a staggered term of appointment
16 for all members of the Board.

17 “(B) CONSECUTIVE TERMS.—Subject to
18 subparagraph (C), a member of the Board shall
19 not serve consecutive terms unless the term of
20 the member has been reduced by the Adminis-
21 trator.

22 “(C) MAXIMUM TERM.—In no event may a
23 member of the Board serve for more than 6
24 consecutive years.

1 “(5) MEETINGS.—The Administrator shall
2 convene—

3 “(A) an initial meeting of the Board not
4 later than 60 days after the appointment of the
5 members; and

6 “(B) subsequent meetings on a periodic
7 basis, but not less often than 2 times each year.

8 “(6) COMPENSATION.—A member of the Board
9 shall serve without compensation, but may be reim-
10 bursed by the Administrator for expenses (in accord-
11 ance with section 5703 of title 5, United States
12 Code) incurred in performing duties as a member of
13 the Board.

14 “(7) CHAIRPERSON.—The Board shall select a
15 Chairperson for the Board.

16 “(8) QUORUM.—A majority of the members of
17 the Board shall constitute a quorum for the purpose
18 of conducting business.

19 “(9) DECISIVE VOTES.—Two-thirds of the votes
20 cast at a meeting of the Board at which a quorum
21 is present shall be decisive for any motion.

22 “(10) ADMINISTRATION.—The Administrator—
23 “(A) shall—

24 “(i) authorize the Board to hire a
25 staff director; and

1 “(ii) detail staff of the Environmental
2 Protection Agency, or allow for the hiring
3 of staff for the Board; and

4 “(B) subject to the availability of appro-
5 priations, may pay necessary expenses incurred
6 by the Board in carrying out this subtitle, as
7 determined appropriate by the Administrator.

8 “(11) RESPONSIBILITIES OF THE BOARD.—

9 “(A) IN GENERAL.—The Board shall pro-
10 vide recommendations to the Administrator re-
11 garding the implementation of this section.

12 “(B) LIST OF LEAST TOXIC PESTICIDES.—
13 Not later than 1 year after the initial meeting
14 of the Board, the Board shall—

15 “(i) review implementation of this sec-
16 tion (including use of least toxic pes-
17 ticides); and

18 “(ii) review and make recommenda-
19 tions to the Administrator with respect to
20 new proposed active and inert ingredients
21 or proposed amendments to the list in ac-
22 cordance with subsection (d).

23 “(C) TECHNICAL ADVISORY PANELS.—

24 “(i) IN GENERAL.—The Board shall
25 convene technical advisory panels to pro-

1 vide scientific evaluations of the materials
2 considered for inclusion on the list.

3 “(ii) COMPOSITION.—A panel de-
4 scribed in clause (i) shall include experts
5 on integrated pest management, children’s
6 health, entomology, health sciences, and
7 other relevant disciplines.

8 “(D) SPECIAL REVIEW.—

9 “(i) IN GENERAL.—Not later than 2
10 years after the initial meeting of the
11 Board, the Board shall review, with the as-
12 sistance of a technical advisory panel, pes-
13 ticides used in school buildings and on
14 school grounds for their acute toxicity and
15 chronic effects, including cancer,
16 mutations, birth defects, reproductive dys-
17 function, neurological and immune system
18 effects, and endocrine system disruption.

19 “(ii) DETERMINATION.—The Board—

20 “(I) shall determine whether the
21 use of pesticides described in clause
22 (i) may endanger the health of chil-
23 dren; and

24 “(II) may recommend to the Ad-
25 ministrators restrictions on pesticide

1 use in school buildings and on school
2 grounds.

3 “(12) REQUIREMENTS.—In establishing the
4 proposed list, the Board shall—

5 “(A) review available information from the
6 Environmental Protection Agency, the National
7 Institute of Environmental Health Studies,
8 medical and scientific literature, and such other
9 sources as appropriate, concerning the potential
10 for adverse human and environmental effects of
11 substances considered for inclusion in the pro-
12 posed list; and

13 “(B) cooperate with manufacturers of sub-
14 stances considered for inclusion in the proposed
15 list to obtain a complete list of ingredients and
16 determine that such substances contain inert
17 ingredients that are generally recognized as
18 safe.

19 “(13) PETITIONS.—The Board shall establish
20 procedures under which individuals may petition the
21 Board for the purpose of evaluating substances for
22 inclusion on the list.

23 “(14) PERIODIC REVIEW.—

1 “(A) IN GENERAL.—The Board shall re-
2 view each substance included on the list at least
3 once during each 5-year period beginning on—

4 “(i) the date that the substance was
5 initially included on the list; or

6 “(ii) the date of the last review of the
7 substance under this subsection.

8 “(B) SUBMISSION TO ADMINISTRATOR.—

9 The Board shall submit the results of a review
10 under subparagraph (A) to the Administrator
11 with a recommendation as to whether the sub-
12 stance should continue to be included on the
13 list.

14 “(15) CONFIDENTIALITY.—Any business sen-
15 sitive material obtained by the Board in carrying out
16 this section shall be treated as confidential business
17 information by the Board and shall not be released
18 to the public.

19 “(d) LIST OF LEAST TOXIC PESTICIDES; PESTICIDE
20 REVIEW.—

21 “(1) IN GENERAL.—The Board shall rec-
22 ommend to the Administrator a list of least toxic
23 pesticides (including the pesticides described in sub-
24 section (a)(7)) that may be used as least toxic pes-
25 ticides, any restrictions on the use of the listed pes-

1 pesticides, and any recommendations regarding restric-
2 tions on all other pesticides, in accordance with this
3 section.

4 “(2) PROCEDURE FOR EVALUATING PESTICIDE
5 USE.—

6 “(A) LIST OF LEAST TOXIC PESTICIDES.—

7 “(i) IN GENERAL.—The Administrator
8 shall establish a list of least toxic pes-
9 ticides that may be used in school build-
10 ings and on school grounds, including any
11 restrictions on the use of the pesticides,
12 that is based on the list prepared by the
13 Board.

14 “(ii) REGULATORY REVIEW.—The Ad-
15 ministrator shall initiate regulatory review
16 of all other pesticides recommended for re-
17 striction by the Board.

18 “(B) RECOMMENDATIONS.—Not later than
19 1 year after receiving the proposed list and re-
20 strictions, and recommended restrictions on all
21 other pesticides from the Board, the Adminis-
22 trator shall—

23 “(i) publish the proposed list and re-
24 strictions and all other proposed pesticide
25 restrictions in the Federal Register and

1 seek public comment on the proposed pro-
2 posals; and

3 “(ii) after evaluating all comments re-
4 ceived concerning the proposed list and re-
5 strictions, but not later than 1 year after
6 the close of the period during which public
7 comments are accepted, publish the final
8 list and restrictions in the Federal Reg-
9 ister, together with a discussion of com-
10 ments received.

11 “(C) FINDINGS.—Not later than 2 years
12 after publication of the final list and restric-
13 tions, the Administrator shall make a deter-
14 mination and issue findings on whether use of
15 registered pesticides in school buildings and on
16 school grounds may endanger the health of chil-
17 dren.

18 “(D) NOTICE AND COMMENT.—

19 “(i) IN GENERAL.—Prior to estab-
20 lishing or making amendments to the list,
21 the Administrator shall publish the pro-
22 posed list or any proposed amendments to
23 the list in the Federal Register and seek
24 public comment on the proposals.

1 “(ii) RECOMMENDATIONS.—The Ad-
2 ministrators shall include in any publication
3 described in clause (i) any changes or
4 amendments to the proposed list that are
5 recommended to and by the Administrator.

6 “(E) PUBLICATION OF LIST.—After evalu-
7 ating all comments received concerning the pro-
8 posed list or proposed amendments to the list,
9 the Administrator shall publish the final list in
10 the Federal Register, together with a descrip-
11 tion of comments received.

12 “(e) OFFICE OF PESTICIDE PROGRAMS.—

13 “(1) ESTABLISHMENT.—The Administrator
14 shall appoint an official for school pest management
15 within the Office of Pesticide Programs of the Envi-
16 ronmental Protection Agency to coordinate the de-
17 velopment and implementation of integrated pest
18 management systems in schools.

19 “(2) DUTIES.—The official shall—

20 “(A) coordinate the development of school
21 integrated pest management systems and poli-
22 cies;

23 “(B) consult with schools concerning—

24 “(i) issues related to the integrated
25 pest management systems of schools;

1 “(ii) the use of least toxic pesticides;

2 and

3 “(iii) the registration of pesticides,

4 and amendments to the registrations, as

5 the registrations and amendments relate to

6 the use of integrated pest management

7 systems in schools; and

8 “(C) support and provide technical assist-

9 ance to the Board.

10 “(f) CONTACT PERSON.—

11 “(1) IN GENERAL.—Each local educational

12 agency of a school district shall designate a contact

13 person for carrying out an integrated pest manage-

14 ment system in schools in the school district.

15 “(2) DUTIES.—The contact person of a school

16 district shall—

17 “(A) maintain information about pesticide

18 applications inside and outside schools within

19 the school district, in school buildings, and on

20 school grounds;

21 “(B) act as a contact for inquiries about

22 the integrated pest management system;

23 “(C) maintain material safety data sheets

24 and labels for all pesticides that may be used in

25 the school district;

1 “(D) be informed of Federal and State
2 chemical health and safety information and con-
3 tact information;

4 “(E) maintain scheduling of all pesticide
5 usage for schools in the school district;

6 “(F) maintain contact with Federal and
7 State integrated pest management system ex-
8 perts; and

9 “(G) obtain periodic updates and training
10 from State integrated pest management system
11 experts.

12 “(3) PESTICIDE USE DATA.—A local edu-
13 cational agency of a school district shall—

14 “(A) maintain all pesticide use data for
15 each school in the school district; and

16 “(B) on request, make the data available
17 to the public for review.

18 “(g) NOTICE OF INTEGRATED PEST MANAGEMENT
19 SYSTEM.—

20 “(1) IN GENERAL.—At the beginning of each
21 school year, each local educational agency or school
22 of a school district shall include a notice of the inte-
23 grated pest management system of the school dis-
24 trict in school calendars or other forms of universal
25 notification.

1 “(2) CONTENTS.—The notice shall include a de-
2 scription of—

3 “(A) the integrated pest management sys-
4 tem of the school district;

5 “(B) any pesticide (including any least
6 toxic pesticide) or bait station that may be used
7 in a school building or on school grounds as
8 part of the integrated pest management system;

9 “(C) the name, address, and telephone
10 number of the contact person of the school dis-
11 trict;

12 “(D) a statement that—

13 “(i) the contact person maintains the
14 product label and material safety data
15 sheet of each pesticide (including each
16 least toxic pesticide) and bait station that
17 may be used by a school in buildings or on
18 school grounds;

19 “(ii) the label and data sheet is avail-
20 able for review by a parent, guardian, staff
21 member, or student attending the school;
22 and

23 “(iii) the contact person is available to
24 parents, guardians, and staff members for
25 information and comment; and

1 “(E) the time and place of any meetings
2 that will be held under subsection (g)(1).

3 “(3) USE OF PESTICIDES.—A local educational
4 agency or school may use a pesticide during a school
5 year only if the use of the pesticide has been dis-
6 closed in the notice required under paragraph (1) at
7 the beginning of the school year.

8 “(4) NEW EMPLOYEES AND STUDENTS.—After
9 the beginning of each school year, a local educational
10 agency or school of a school district shall provide
11 the notice required under this subsection to—

12 “(A) each new staff member who is em-
13 ployed during the school year; and

14 “(B) the parent or guardian of each new
15 student enrolled during the school year.

16 “(h) USE OF PESTICIDES.—

17 “(1) IN GENERAL.—If a local educational agen-
18 cy or school determines that a pest in the school or
19 on school grounds cannot be controlled after having
20 used the integrated pest management system of the
21 school or school district and least toxic pesticides,
22 the school may use a pesticide (other than space
23 spraying of the pesticide) to control the pest in ac-
24 cordance with this subsection.

1 “(2) PRIOR NOTIFICATION OF PARENTS,
2 GUARDIANS, AND STAFF MEMBERS.—

3 “(A) IN GENERAL.—Subject to paragraphs
4 (4) and (5), not less than 72 hours before a
5 pesticide (other than a least toxic pesticide) is
6 used by a school, the school shall provide to a
7 parent or guardian of each student enrolled at
8 the school and each staff member of the school,
9 notice that includes—

10 “(i) the common name, trade name,
11 and Environmental Protection Agency reg-
12 istration number of the pesticide;

13 “(ii) a description of the location of
14 the application of the pesticide;

15 “(iii) a description of the date and
16 time of application, except that, in the case
17 of outdoor pesticide applications, 1 notice
18 shall include 3 dates, in chronological
19 order, that the outdoor pesticide applica-
20 tions may take place if the preceding date
21 is canceled;

22 “(iv) a statement that ‘The Office of
23 Pesticide Programs of the United States
24 Environmental Protection Agency has stat-
25 ed: ‘Where possible, persons who poten-

1 tially are sensitive, such as pregnant
2 women and infants (less than 2 years old),
3 should avoid any unnecessary pesticide ex-
4 posure.’;

5 “(v) a description of potential adverse
6 effects of the pesticide based on the mate-
7 rial safety data sheet of the pesticide;

8 “(vi) a description of the reasons for
9 the application of the pesticide;

10 “(vii) the name and telephone number
11 of the contact person of the school district;
12 and

13 “(viii) any additional warning infor-
14 mation related to the pesticide.

15 “(B) METHOD OF NOTIFICATION.—The
16 school may provide the notice required by sub-
17 paragraph (A) by—

18 “(i) written notice sent home with the
19 student and provided to the staff member;

20 “(ii) a telephone call;

21 “(iii) direct contact; or

22 “(iv) written notice mailed at least 1
23 week before the application.

24 “(C) REISSUANCE.—If the date of the ap-
25 plication of the pesticide needs to be extended

1 beyond the period required for notice under this
2 paragraph, the school shall reissue the notice
3 under this paragraph for the new date of appli-
4 cation.

5 “(3) POSTING OF SIGNS.—

6 “(A) IN GENERAL.—Subject to paragraphs
7 (4) and (5), at least 72 hours before a pesticide
8 (other than a least toxic pesticide) is used by a
9 school, the school shall post a sign that provides
10 notice of the application of the pesticide—

11 “(i) in a prominent place that is in or
12 adjacent to the location to be treated; and

13 “(ii) at each entrance to the building
14 or school grounds to be treated.

15 “(B) ADMINISTRATION.—A sign required
16 under subparagraph (A) for the application of
17 a pesticide shall—

18 “(i) remain posted for at least 72
19 hours after the end of the treatment;

20 “(ii) be at least 8½ inches by 11
21 inches; and

22 “(iii) state the same information as
23 that required for prior notification of the
24 application under paragraph (2).

1 “(C) OUTDOOR PESTICIDE APPLICA-
2 TIONS.—

3 “(i) IN GENERAL.—In the case of out-
4 door pesticide applications, each sign shall
5 include 3 dates, in chronological order,
6 that the outdoor pesticide application may
7 take place if the preceding date is canceled
8 due to weather.

9 “(ii) DURATION OF POSTING.—A sign
10 described in clause (i) shall be posted after
11 an outdoor pesticide application in accord-
12 ance with subparagraph (B).

13 “(4) ADMINISTRATION.—

14 “(A) APPLICATORS.—Paragraphs (2) and
15 (3) shall apply to any person that applies a pes-
16 ticide in a school or on school grounds, includ-
17 ing a custodian, staff member, or commercial
18 applicator.

19 “(B) TIME OF YEAR.—Paragraphs (2) and
20 (3) shall apply to a school—

21 “(i) during the school year; and

22 “(ii) during holidays and the summer
23 months, if the school is in use, with notice
24 provided to all staff members and the par-

1 ents or guardians of the students that are
2 using the school in an authorized manner.

3 “(5) EMERGENCIES.—

4 “(A) IN GENERAL.—A school may apply a
5 pesticide (other than a least toxic pesticide) in
6 the school or on school grounds without com-
7 plying with paragraphs (2) and (3) in an emer-
8 gency, subject to subparagraph (B).

9 “(B) SUBSEQUENT NOTIFICATION OF PAR-
10 ENTS, GUARDIANS, AND STAFF MEMBERS.—Not
11 later than the earlier of the time that is 24
12 hours after a school applies a pesticide under
13 this paragraph or on the morning of the next
14 school day, the school shall provide to each par-
15 ent or guardian of a student enrolled at the
16 school, and staff member of the school, notice
17 of the application of the pesticide for emergency
18 pest control that includes—

19 “(i) the information required for a no-
20 tice under paragraph (2)(A);

21 “(ii) a description of the problem and
22 the factors that qualified the problem as
23 an emergency that threatened the health or
24 safety of a student or staff member; and

1 “(iii) a description of the steps the
2 school will take in the future to avoid
3 emergency application of a pesticide under
4 this paragraph.

5 “(C) METHOD OF NOTIFICATION.—The
6 school may provide the notice required by sub-
7 paragraph (B) by—

8 “(i) written notice sent home with the
9 student and provided to the staff member;

10 “(ii) a telephone call; or

11 “(iii) direct contact.

12 “(D) POSTING OF SIGNS.—A school apply-
13 ing a pesticide under this paragraph shall post
14 a sign warning of the pesticide application in
15 accordance with paragraph (3).

16 “(E) MODIFICATION OF INTEGRATED PEST
17 MANAGEMENT PLANS.—If a school in a school
18 district applies a pesticide under this para-
19 graph, the local educational agency of the
20 school district shall modify the integrated pest
21 management plan of the school district to mini-
22 mize the future applications of pesticides under
23 this paragraph.

24 “(6) DRIFT OF PESTICIDES ONTO SCHOOL
25 GROUNDS.—Each local educational agency, State

1 pesticide lead agency, and the Administrator are en-
2 couraged to—

3 “(A) identify sources of pesticides that
4 drift from treated land to school grounds of the
5 educational agency; and

6 “(B) take steps necessary to create an in-
7 door and outdoor school environment that are
8 protected from pesticides described in subpara-
9 graph (A).

10 “(i) MEETINGS.—

11 “(1) IN GENERAL.—Before the beginning of a
12 school year, at the beginning of each new calendar
13 year, and at a regularly scheduled meeting of a
14 school board, each local educational agency shall
15 provide an opportunity for the contact person des-
16 ignated under subsection (d) to receive and address
17 public comments regarding the integrated pest man-
18 agement system of the school district.

19 “(2) EMERGENCY MEETINGS.—An emergency
20 meeting of a school board to address a pesticide ap-
21 plication may be called under locally appropriate
22 procedures for convening emergency meetings.

23 “(j) INVESTIGATIONS AND ORDERS.—

1 “(1) IN GENERAL.—Not later than 60 days
2 after receiving a complaint of a violation of this sec-
3 tion, the Administrator shall—

4 “(A) conduct an investigation of the com-
5 plaint;

6 “(B) determine whether it is reasonable to
7 believe the complaint has merit; and

8 “(C) notify the complainant and the per-
9 son alleged to have committed the violation of
10 the findings of the Administrator.

11 “(2) PRELIMINARY ORDER.—If the Adminis-
12 trator determines it is reasonable to believe a viola-
13 tion occurred, the Administrator shall issue a pre-
14 liminary order (that includes findings) to impose the
15 penalty described in subsection (j).

16 “(3) OBJECTIONS TO PRELIMINARY ORDER.—

17 “(A) IN GENERAL.—Not later than 30
18 days after the preliminary order is issued under
19 paragraph (2), the complainant and the person
20 alleged to have committed the violation may—

21 “(i) file objections to the preliminary
22 order (including findings); and

23 “(ii) request a hearing on the record.

24 “(B) FINAL ORDER.—If a hearing is not
25 requested within 30 days after the preliminary

1 order is issued, the preliminary order shall be
2 final and not subject to judicial review.

3 “(4) HEARING.—A hearing under this sub-
4 section shall be conducted expeditiously.

5 “(5) FINAL ORDER.—Not later than 120 days
6 after the end of the hearing, the Administrator shall
7 issue a final order.

8 “(6) SETTLEMENT AGREEMENT.—Before the
9 final order is issued, the proceeding may be termi-
10 nated by a settlement agreement, which shall remain
11 open, entered into by the Administrator, the com-
12 plainant, and the person alleged to have committed
13 the violation.

14 “(7) COSTS.—

15 “(A) IN GENERAL.—If the Administrator
16 issues a final order against a school or school
17 district for violation of this section and the
18 complainant requests, the Administrator may
19 assess against the person against whom the
20 order is issued the costs (including attorney’s
21 fees) reasonably incurred by the complainant in
22 bringing the complaint.

23 “(B) AMOUNT.—The Administrator shall
24 determine the amount of the costs that were
25 reasonably incurred by the complainant.

1 “(8) JUDICIAL REVIEW AND VENUE.—

2 “(A) IN GENERAL.—A person adversely af-
3 fected by an order issued after a hearing under
4 this subsection may file a petition for review
5 not later than 60 days after the date that the
6 order is issued, in a district court of the United
7 States or other United States court for any dis-
8 trict in which a local educational agency or
9 school is found, resides, or transacts business.

10 “(B) TIMING.—The review shall be heard
11 and decided expeditiously.

12 “(C) COLLATERAL REVIEW.—An order of
13 the Administrator subject to review under this
14 paragraph shall not be subject to judicial review
15 in a criminal or other civil proceeding.

16 “(k) CIVIL PENALTY.—

17 “(1) IN GENERAL.—Any local educational agen-
18 cy, school, or person that violates this section may
19 be assessed a civil penalty by the Administrator
20 under subsections (h) and (i), respectively, of not
21 more than \$10,000 for each offense.

22 “(2) TRANSFER TO TRUST FUND.—Except as
23 provided in subsection (i)(4)(B), civil penalties col-
24 lected under paragraph (1) shall be deposited in the
25 Fund.

1 “(1) INTEGRATED PEST MANAGEMENT TRUST
2 FUND.—

3 “(1) ESTABLISHMENT.—There is established in
4 the Treasury of the United States a trust fund to
5 be known as the ‘Integrated Pest Management
6 Trust Fund’, consisting of—

7 “(A) amounts deposited in the Fund under
8 subsection (j)(2);

9 “(B) amounts transferred to the Secretary
10 of the Treasury for deposit into the Fund under
11 paragraph (5); and

12 “(C) any interest earned on investment of
13 amounts in the Fund under paragraph (3).

14 “(2) EXPENDITURES FROM FUND.—

15 “(A) IN GENERAL.—Subject to subpara-
16 graph (B), on request by the Administrator, the
17 Secretary of the Treasury shall transfer from
18 the Fund to the Administrator, without further
19 appropriation, such amounts as the Secretary
20 determines are necessary to provide funds to
21 each State educational agency of a State, in
22 proportion to the amount of civil penalties col-
23 lected in the State under subsection (j)(1), to
24 carry out education, training, propagation, and
25 development activities under integrated pest

1 management systems of schools in the State to
2 remedy the harmful effects of actions taken by
3 the persons that paid the civil penalties.

4 “(B) ADMINISTRATIVE EXPENSES.—An
5 amount not to exceed 6 percent of the amounts
6 in the Fund shall be available for each fiscal
7 year to pay the administrative expenses nec-
8 essary to carry out this subsection.

9 “(3) INVESTMENT OF AMOUNTS.—

10 “(A) IN GENERAL.—The Secretary of the
11 Treasury shall invest such portion of the Fund
12 as is not, in the judgment of the Secretary of
13 the Treasury, required to meet current with-
14 drawals. Investments may be made only in in-
15 terest-bearing obligations of the United States.

16 “(B) ACQUISITION OF OBLIGATIONS.—For
17 the purpose of investments under subparagraph
18 (A), obligations may be acquired—

19 “(i) on original issue at the issue
20 price; or

21 “(ii) by purchase of outstanding obli-
22 gations at the market price.

23 “(C) SALE OF OBLIGATIONS.—Any obliga-
24 tion acquired by the Fund may be sold by the
25 Secretary of the Treasury at the market price.

1 “(D) CREDITS TO FUND.—The interest on,
2 and the proceeds from the sale or redemption
3 of, any obligations held in the Fund shall be
4 credited to and form a part of the Fund.

5 “(4) TRANSFERS OF AMOUNTS.—

6 “(A) IN GENERAL.—The amounts required
7 to be transferred to the Fund under this sub-
8 section shall be transferred at least monthly
9 from the general fund of the Treasury to the
10 Fund on the basis of estimates made by the
11 Secretary of the Treasury.

12 “(B) ADJUSTMENTS.—Proper adjustment
13 shall be made in amounts subsequently trans-
14 ferred to the extent prior estimates were in ex-
15 cess of or less than the amounts required to be
16 transferred.

17 “(5) ACCEPTANCE AND USE OF DONATIONS.—

18 The Secretary may accept and use donations to
19 carry out paragraph (2)(A). Amounts received by
20 the Secretary in the form of donations shall be
21 transferred to the Secretary of the Treasury for de-
22 posit into the Fund.

23 “(m) EMPLOYEE PROTECTION.—

24 “(1) IN GENERAL.—No local educational agen-
25 cy, school, or person may harass, prosecute, hold lia-

1 ble, or discriminate against any employee or other
2 person because the employee or other person—

3 “(A) is assisting or demonstrating an in-
4 tent to assist in achieving compliance with this
5 section (including any regulation);

6 “(B) is refusing to violate or assist in the
7 violation of this section (including any regula-
8 tion); or

9 “(C) has commenced, caused to be com-
10 menced, or is about to commence a proceeding,
11 has testified or is about to testify at a pro-
12 ceeding, or has assisted or participated or is
13 about to participate in any manner in such a
14 proceeding or in any other action to carry out
15 this section.

16 “(2) COMPLAINTS.—Not later than 1 year after
17 an alleged violation occurred, an employee or other
18 person alleging a violation of this section, or another
19 person at the request of the employee, may file a
20 complaint with the Administrator.

21 “(3) REMEDIAL ACTION.—If the Administrator
22 decides, on the basis of a complaint, that a local
23 educational agency, school, or person violated para-
24 graph (1), the Administrator shall order the local
25 educational agency, school, or person to—

1 “(A) take affirmative action to abate the
2 violation;

3 “(B) reinstate the complainant to the
4 former position with the same pay and terms
5 and privileges of employment; and

6 “(C) pay compensatory damages, including
7 back pay.

8 “(n) GRANTS.—

9 “(1) IN GENERAL.—The Administrator, in con-
10 sultation with the Secretary of Education, shall pro-
11 vide grants to local educational agencies to develop
12 and implement integrated pest management systems
13 in schools in the school district of the local edu-
14 cational agencies.

15 “(2) AMOUNT.—The amount of a grant pro-
16 vided to a local educational agency of a school dis-
17 trict under paragraph (1) shall be based on the ratio
18 that the number of students enrolled in schools in
19 the school district bears to the total number of stu-
20 dents enrolled in schools in all school districts in the
21 United States.

22 “(o) RELATIONSHIP TO STATE AND LOCAL REQUIRE-
23 MENTS.—This section (including regulations promulgated
24 under this section) shall not preempt requirements im-
25 posed on local educational agencies and schools related to

1 the use of integrated pest management by State or local
2 law (including regulations) that are more stringent than
3 the requirements imposed under this section.

4 “(p) REGULATIONS.—Subject to subsection (m), the
5 Administrator shall promulgate such regulations as are
6 necessary to carry out this section.

7 “(q) RESTRICTION ON PESTICIDE USE.—Not later
8 than 6 years after the date of enactment of this section,
9 no pesticide, other than a pesticide that is defined as a
10 least toxic pesticide under this subsection, shall be used
11 in a school or on school grounds unless the Administrator
12 has met the deadlines and requirements of this section.

13 “(r) AUTHORIZATION OF APPROPRIATIONS.—There
14 are authorized to be appropriated to carry out this section
15 \$7,000,000 for each of fiscal years 2002 through 2006.”.

16 **SEC. 1413. CONFORMING AMENDMENT.**

17 The table of contents in section 1(b) of the Federal
18 Insecticide, Fungicide, and Rodenticide Act (7 U.S.C.
19 prec. 121) is amended by striking the items relating to
20 sections 30 through 32 and inserting the following:

“Sec. 30. Minimum requirements for training of maintenance applicators and
service technicians.

“Sec. 31. Environmental Protection Agency minor use program.

“Sec. 32. Department of Agriculture minor use program.

“(a) In general.

“(b)(1) Minor use pesticide data.

“(2) Minor Use Pesticide Data Revolving Fund.

“Sec. 33. Integrated pest management systems for schools.

- “(a) Definitions.
 - “(1) Board.
 - “(2) Contact person.
 - “(3) Crack and crevice treatment.
 - “(4) Emergency.
 - “(5) Fund.
 - “(6) Integrated pest management system.
 - “(7) Least toxic pesticides.
 - “(8) List.
 - “(9) Local educational agency.
 - “(10) Official.
 - “(11) Person.
 - “(12) Pesticide.
 - “(13) School.
 - “(14) School grounds.
 - “(15) Space spraying.
 - “(16) Staff member.
 - “(17) State educational agency.
 - “(18) Universal notification.
- “(b) Integrated pest management systems.
 - “(1) In general.
 - “(2) Implementation.
 - “(3) State programs.
 - “(4) Application to schools and school grounds.
 - “(5) Application of pesticides when schools in use.
- “(c) National School Integrated Pest Management Advisory Board.
 - “(1) In general.
 - “(2) Composition of Board.
 - “(3) Appointment.
 - “(4) Term.
 - “(5) Meetings.
 - “(6) Compensation.
 - “(7) Chairperson.
 - “(8) Quorum.
 - “(9) Decisive votes.
 - “(10) Administration.
 - “(11) Responsibilities of the Board.
 - “(12) Requirements.
 - “(13) Petitions.
 - “(14) Periodic review.
 - “(15) Confidentiality.
- “(d) List of least toxic pesticides.
 - “(1) In general.
 - “(2) Procedure for evaluating pesticide use.
- “(e) Office of Pesticide Programs.
 - “(1) Establishment.
 - “(2) Duties.
- “(f) Contact person.
 - “(1) In general.
 - “(2) Duties.
 - “(3) Pesticide use data.
- “(g) Notice of integrated pest management system.
 - “(1) In general.
 - “(2) Contents.

- “(3) Use of pesticides.
 - “(4) New employees and students.
 - “(h) Use of pesticides.
 - “(1) In general.
 - “(2) Prior notification of parents, guardians, and staff members.
 - “(3) Posting of signs.
 - “(4) Administration.
 - “(5) Emergencies.
 - “(6) Drift of pesticides onto school grounds.
 - “(i) Meetings.
 - “(1) In general.
 - “(2) Emergency meetings.
 - “(j) Investigations and orders.
 - “(1) In general.
 - “(2) Preliminary order.
 - “(3) Objections to preliminary order.
 - “(4) Hearing.
 - “(5) Final order.
 - “(6) Settlement agreement.
 - “(7) Costs.
 - “(8) Judicial review and venue.
 - “(k) Civil penalty.
 - “(1) In general.
 - “(2) Transfer to Trust Fund.
 - “(l) Integrated Pest Management Trust Fund.
 - “(1) Establishment.
 - “(2) Expenditures from Fund.
 - “(3) Investment of amounts.
 - “(4) Transfers of amounts.
 - “(5) Acceptance and use of donations.
 - “(m) Employee protection.
 - “(1) In general.
 - “(2) Complaints.
 - “(3) Remedial action.
 - “(n) Grants.
 - “(1) In general.
 - “(2) Amount.
 - “(o) Relationship to State and local requirements.
 - “(p) Regulations.
 - “(q) Restriction on pesticide use.
 - “(r) Authorization of appropriations.
- “Sec. 34. Severability.
- “Sec. 35. Authorization of appropriations.”.

1 SEC. 1414. EFFECTIVE DATE.

2 This chapter and the amendments made by this chap-
 3 ter take effect on October 1, 2001.

1 **TITLE II—HEALTHY START - SUP-**
2 **PORT FOR HEALTHY DEVEL-**
3 **OPMENT**

4 **Subtitle A—Promotion of State and**
5 **Local Support**

6 **SEC. 2001. STATE AND LOCAL PARENTING SUPPORT AND**
7 **EDUCATION GRANT PROGRAM.**

8 (a) STATE ALLOTMENTS.—

9 (1) IN GENERAL.—The Secretary of Health and
10 Human Services (referred to in this section as the
11 “Secretary”) shall make grants, from allotments
12 made under paragraph (2), to eligible States to sup-
13 port parenting support and education programs.

14 (2) ALLOTMENTS.—From the funds appro-
15 priated under subsection (h) for a fiscal year, the
16 Secretary shall allot to each State an amount that
17 bears the same relationship to the funds as the total
18 number of children in the State bears to the total
19 number of children in all States, but no State shall
20 receive less than $\frac{1}{2}$ of 1 percent of the funds.

21 (3) RESERVATION.—

22 (A) IN GENERAL.—For each State in
23 which the population of Indians (including Alas-
24 ka Natives) is more than 2 percent of the popu-
25 lation of the State, the Governor of the State

1 shall reserve for Indian tribes 2 percent of the
2 funds received through an allotment made
3 under paragraph (2).

4 (B) DISTRIBUTION.—

5 (i) IN GENERAL.—Except as described
6 in clause (ii), from the funds reserved
7 under subparagraph (A), the Governor
8 shall allocate to each Indian tribe in the
9 State an amount that bears the same rela-
10 tionship to the funds as the total number
11 of children in the tribe bears to the total
12 number of children in all Indian tribes in
13 the State.

14 (ii) ALASKA.—The Governor of Alas-
15 ka shall allocate the funds reserved under
16 subparagraph (A) for Indian tribes in
17 Alaska to the nonprofit entities described
18 in section 419(4)(B) of the Social Security
19 Act (42 U.S.C. 619(4)(B)). The Governor
20 shall allocate to each region of the State,
21 for such entities, an amount that bears the
22 same relationship to the funds as the total
23 number of Alaska Native children in the
24 region bears to the total number of Alaska
25 Native children in all regions of the State.

1 (C) DEFINITIONS.—In this paragraph:

2 (i) ALASKA NATIVE.—The term
3 “Alaska Native” has the meaning given
4 the term “Native” in section 3 of the Alas-
5 ka Native Claims Settlement Act (43
6 U.S.C. 1602).

7 (ii) INDIAN; INDIAN TRIBE.—The
8 terms ‘Indian’ and ‘Indian tribe’ have the
9 meanings given the terms in section 4 of
10 the Indian Self-Determination and Edu-
11 cation Assistance Act (25 U.S.C. 450b).

12 (b) STATE PARENTING SUPPORT AND EDUCATION
13 COUNCILS.—

14 (1) IN GENERAL.—To be eligible to receive a
15 grant under subsection (a), the Governor of each
16 State shall appoint or designate an existing entity
17 (as of the date of the appointment or designation)
18 to serve as a State Parenting Support and Edu-
19 cation Council (referred to in this section as the
20 “Council”), which shall include—

21 (A) representatives of parents;

22 (B) representatives of the State govern-
23 ment;

24 (C) bipartisan representation from the
25 State legislature;

1 (D) representatives from communities; and

2 (E) representatives of children’s organiza-
3 tions interested in promoting parenting support
4 and education programs.

5 (2) RESPONSIBILITIES.—

6 (A) ASSESSMENT.—The Council shall con-
7 duct a needs and resources assessment of par-
8 enting support and education programs in the
9 State to—

10 (i) determine areas in which such pro-
11 grams are lacking or inadequate; and

12 (ii) identify the additional programs
13 that are needed and the programs that re-
14 quire additional resources.

15 (B) GRANTS.—On completion of the as-
16 sessment, the Council for a State may use the
17 grant received by the State under subsection (a)
18 to make grants under subsection (c) in a man-
19 ner that takes into account the results of the
20 assessment.

21 (c) GRANTS TO STATE AND LOCAL AGENCIES AND
22 ENTITIES.—

23 (1) IN GENERAL.—The Council may carry out
24 a program under which the Council makes grants to
25 State agencies to provide parenting support and edu-

1 cation programs on a statewide basis, or to local
2 agencies (including schools) and nonprofit service
3 providers (including faith-based organizations) to
4 provide parenting support and education programs.

5 (2) APPLICATIONS.—To be eligible to receive a
6 grant under this subsection, an agency or entity
7 shall submit an application to a Council at such
8 time, in such manner, and containing such informa-
9 tion as the Council may require.

10 (d) LOCAL USE OF FUNDS.—An agency or entity
11 that receives a grant under subsection (c) may use the
12 funds made available through the grant to carry out par-
13 enting support and education programs that—

14 (1) provide parenting support to promote early
15 brain development and childhood development and
16 education, including—

17 (A) providing assistance to schools to offer
18 classroom instruction on brain stimulation,
19 child development, and early childhood edu-
20 cation;

21 (B) distributing materials developed by en-
22 tities that reflect best parenting practices;

23 (C) developing and distributing referral in-
24 formation on programs and services available to

1 children and families at the local level, includ-
2 ing information on eligibility criteria;

3 (D) conducting voluntary hospital visits for
4 postpartum women and in-home visits for fami-
5 lies with infants, toddlers, or newly adopted
6 children to provide hands-on training and one-
7 on-one instruction on brain stimulation, child
8 development, and early childhood education;
9 and

10 (E) carrying out parenting education pro-
11 grams, including training programs, with re-
12 spect to best parenting practices;

13 (2) provide parenting support for parents of
14 adolescents and youth, including providing funds for
15 services and support for parents and other care-
16 givers of adolescents and youth being served by a
17 range of education, social service, mental health,
18 health, runaway, and homeless youth programs,
19 which parenting support—

20 (A) may be provided by the Boys and Girls
21 Club, the YMCA, the YWCA, entities that pro-
22 vide after school programs, entities that provide
23 4-H programs, or other community based orga-
24 nizations; and

1 (B) may include providing parent-caregiver
2 support groups, peer support groups, parent
3 education classes, seminars or discussion groups
4 on problems facing adolescents and youth, or
5 advocates and mentors to help parents under-
6 stand and work with schools, the courts, and
7 various treatment programs; or

8 (3) provide parenting support and education re-
9 source centers, including—

10 (A) centers that may serve as a single
11 point of contact for the provision to children
12 and their families of comprehensive services,
13 which—

14 (i) shall include services available to
15 children from Federal, State, and local
16 government agencies and nonprofit organi-
17 zations; and

18 (ii) may include child care, respite
19 care, pediatric care, child abuse prevention
20 programs, nutrition programs, parent
21 training, infant and child cardiopulmonary
22 resuscitation programs, safety training,
23 caregiver training and education, and other
24 related programs;

1 (B) centers that provide a national toll-free
2 parent hotline that provides 24-hour consulta-
3 tion and advice, on an anonymous basis, includ-
4 ing referrals to local community-based services;
5 and

6 (C) centers that provide respite care for
7 parents with children with special needs, single
8 mothers, and parents with at-risk youth.

9 (e) REPORTING.—Each agency or entity that receives
10 a grant under this section shall prepare and submit to the
11 Council every 2 years a report describing the program that
12 the agency or entity carried out under this section, the
13 number of parents and children served, and the success
14 of the program in supporting and educating parents using
15 specific performance measures.

16 (f) ADMINISTRATIVE COSTS.—Not more than 5 per-
17 cent of the amount made available through a grant re-
18 ceived by a State under subsection (a) may be used for
19 the administrative expenses of the State Council in imple-
20 menting the grant program described in subsection (c).

21 (g) SUPPLEMENT NOT SUPPLANT.—Funds appro-
22 priated pursuant to this section shall be used to supple-
23 ment and not supplant other Federal, State, and local
24 public funds expended for parenting support and edu-
25 cation programs.

1 (h) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated to carry out this section
3 \$100,000,000 for each of fiscal years 2002 and 2003,
4 \$200,000,000 for each of fiscal years 2004 and 2005, and
5 \$300,000,000 for fiscal year 2006.

6 (i) DEFINITION.—In this section, the term “child”
7 means an individual who is younger than age 18.

8 **Subtitle B—Support for Parents**
9 **Caring for Children**

10 **SEC. 2101. SHORT TITLE.**

11 This subtitle may be cited as the “Family and Med-
12 ical Leave Fairness Act of 2001”.

13 **SEC. 2102. FINDINGS.**

14 Congress finds that—

15 (1) the Family and Medical Leave Act of 1993
16 (29 U.S.C. 2601 et seq.) has provided employees
17 with a significant new tool in balancing the needs of
18 their families with the demands of work;

19 (2) the Family and Medical Leave Act of 1993
20 has had a minimal impact on business, and over 90
21 percent of private employers covered by the Act ex-
22 perience little or no cost and a minimal, or positive,
23 impact on productivity as a result of the Act;

24 (3) although both employers at workplaces with
25 large numbers of employees and employers at work-

1 places with small numbers of employees reported
2 that compliance with the Family and Medical Leave
3 Act of 1993 involved very easy administration and
4 low costs, the smaller employers found it easier and
5 less expensive to comply with the Act than the larger
6 employers;

7 (4) over three-quarters of worksites with under
8 50 employees covered by the Family and Medical
9 Leave Act of 1993 report no cost increases or small
10 cost increases associated with compliance with the
11 Act;

12 (5) in 1998, 27 percent of Americans needed to
13 take family or medical leave but were unable to do
14 so, and 44 percent of these employees did not take
15 such leave because they would have lost their jobs or
16 their employers did not allow it;

17 (6) only 57 percent of the private workforce is
18 currently protected by the Family and Medical
19 Leave Act of 1993; and

20 (7) 13,000,000 more private employees, or an
21 additional 14 percent of the private workforce, would
22 be protected by the Family and Medical Leave Act
23 of 1993 if the Act was expanded to cover private
24 employers with 25 or more employees.

1 **SEC. 2103. COVERAGE OF EMPLOYEES.**

2 Paragraphs (2)(B)(ii) and (4)(A)(i) of section 101 of
3 the Family and Medical Leave Act of 1993 (29 U.S.C.
4 2611(2)(B)(ii) and (4)(A)(i)) are amended by striking
5 “50” each place it appears and inserting “25”.

6 **Subtitle C—Paid Family Leave**

7 **SEC. 2201. SHORT TITLE.**

8 This subtitle may be cited as the “Family Income to
9 Respond to Significant Transitions Insurance Act”.

10 **SEC. 2202. FINDINGS.**

11 Congress finds that—

12 (1) nearly every industrialized nation other than
13 the United States, and most developing nations, pro-
14 vide parents with paid leave for infant care;

15 (2)(A) parents’ interactions with their infants
16 have a major influence on the physical, cognitive,
17 and social development of the infants; and

18 (B) optimal development of an infant depends
19 on a strong attachment between an infant and the
20 infant’s parents;

21 (3) nearly $\frac{2}{3}$ of employees, who need to take
22 family or medical leave, but do not take the leave,
23 report that they cannot afford to take the leave;

24 (4) although some employees in the United
25 States receive wage replacement during periods of
26 family or medical leave, the benefit of wage replace-

1 ment is not shared equally in the workforce, as dem-
2 onstrated by the fact that—

3 (A) employees with less education and
4 lower income are less likely to receive wage re-
5 placement than employees with more education
6 and higher salaries; and

7 (B) female employees, employees from ra-
8 cial minority groups, and younger employees
9 are slightly less likely to receive wage replace-
10 ment than male employees, white employees,
11 and older employees, respectively;

12 (5) in order to cope financially with taking fam-
13 ily or medical leave, of persons taking that leave
14 without full wage replacement—

15 (A) 40 percent cut their leave short;

16 (B) 39 percent put off paying bills;

17 (C) 25 percent borrowed money; and

18 (D) 9 percent obtained public assistance;

19 (6) taking family or medical leave often drives
20 employees earning low wages into poverty, and 21
21 percent of such low-wage employees who take family
22 or medical leave without full wage replacement re-
23 sort to public assistance;

24 (7) studies document shortages in the supply of
25 infant care, and that the shortages are expected to

1 worsen as welfare reform measures are implemented;
2 and

3 (8) compared to 30 years ago, families have ex-
4perienced an average decrease of 22 hours per week
5 in time that parents spend with their children.

6 **SEC. 2203. PURPOSES.**

7 The purposes of this subtitle are—

8 (1) to establish a demonstration program that
9 supports the efforts of States and political subdivi-
10sions to provide partial or full wage replacement,
11 often referred to as FIRST insurance, to new par-
12ents so that the new parents are able to spend time
13 with a new infant or newly adopted child, and to
14 other employees; and

15 (2) to learn about the most effective mecha-
16nisms for providing the wage replacement assistance.

17 **SEC. 2204. DEFINITIONS.**

18 In this subtitle:

19 (1) SECRETARY.—The term “Secretary” means
20 the Secretary of Labor, acting after consultation
21 with the Secretary of Health and Human Services.

22 (2) SON OR DAUGHTER; STATE.—The terms
23 “son or daughter” and “State” have the meanings
24 given the terms in section 101 of the Family and
25 Medical Leave Act of 1993 (29 U.S.C. 2611).

1 **SEC. 2205. DEMONSTRATION PROJECTS.**

2 (a) GRANTS.—The Secretary shall make grants to eli-
3 gible entities to pay for the Federal share of the cost of
4 carrying out projects that assist families by providing,
5 through various mechanisms, wage replacement for eligi-
6 ble individuals that are responding to caregiving needs re-
7 sulting from the birth or adoption of a son or daughter
8 or other family caregiving needs. The Secretary shall make
9 the grants for periods of 5 years.

10 (b) ELIGIBLE ENTITIES.—To be eligible to receive a
11 grant under this section, an entity shall be a State or polit-
12 ical subdivision of a State.

13 (c) USE OF FUNDS.—

14 (1) IN GENERAL.—An entity that receives a
15 grant under this section may use the funds made
16 available through the grant to provide partial or full
17 wage replacement as described in subsection (a) to
18 eligible individuals—

19 (A) directly;

20 (B) through an insurance program, such
21 as a State temporary disability insurance pro-
22 gram or the State unemployment compensation
23 benefit program;

24 (C) through a private disability or other
25 insurance plan, or another mechanism provided
26 by a private employer; or

1 (D) through another mechanism.

2 (2) ADMINISTRATIVE COSTS.—No entity may
3 use more than 10 percent of the total funds made
4 available through the grant during the 5-year period
5 of the grant to pay for the administrative costs re-
6 lating to a project described in subsection (a).

7 (d) ELIGIBLE INDIVIDUALS.—To be eligible to re-
8 ceive wage replacement under subsection (a), an individual
9 shall—

10 (1) meet such eligibility criteria as the eligible
11 entity providing the wage replacement may specify
12 in an application described in subsection (e); and

13 (2) be—

14 (A) an individual who is taking leave,
15 under the Family and Medical Leave Act of
16 1993 (29 U.S.C. 2601 et seq.), other Federal,
17 State, or local law, or a private plan, for a rea-
18 son described in subparagraph (A) or (B) of
19 section 102(a)(1) of the Family and Medical
20 Leave Act of 1993 (29 U.S.C. 2612(a)(1));

21 (B) at the option of the eligible entity, an
22 individual who—

23 (i) is taking leave, under that Act,
24 other Federal, State, or local law, or a pri-
25 vate plan, for a reason described in sub-

1 paragraph (C) or (D) of section 102(a)(1)
2 of the Family and Medical Leave Act of
3 1993 (29 U.S.C. 2612(a)(1)); or

4 (ii) leaves employment because the in-
5 dividual has elected to care for a son or
6 daughter under age 1; or

7 (C) at the option of the eligible entity, an
8 individual with other characteristics specified by
9 the eligible entity in an application described in
10 subsection (e).

11 (e) APPLICATION.—To be eligible to receive a grant
12 under this section, an entity shall submit an application
13 to the Secretary, at such time, in such manner, and con-
14 taining such information as the Secretary may require, in-
15 cluding, at a minimum—

16 (1) a plan for the project to be carried out with
17 the grant;

18 (2) information demonstrating that the appli-
19 cant consulted representatives of employers and em-
20 ployees, including labor organizations, in developing
21 the plan;

22 (3) estimates of the costs and benefits of the
23 project;

24 (4)(A) information on the number and type of
25 families to be covered by the project, and the extent

1 of such coverage in the area served under the grant;
2 and

3 (B) information on any criteria or characteris-
4 tics that the entity will use to determine whether an
5 individual is eligible for wage replacement under
6 subsection (a), as described in paragraphs (1) and
7 (2)(C) of subsection (d);

8 (5) if the project will expand on State and pri-
9 vate systems of wage replacement for eligible indi-
10 viduals, information on the manner in which the
11 project will expand on the systems;

12 (6) information demonstrating the manner in
13 which the wage replacement assistance provided
14 through the project will assist families in which an
15 individual takes leave as described in subsection
16 (d)(1); and

17 (7) an assurance that the applicant will partici-
18 pate in efforts to evaluate the effectiveness of the
19 project.

20 (f) SELECTION CRITERIA.—In selecting entities to re-
21 ceive grants for projects under this section, the Secretary
22 shall—

23 (1) take into consideration—

24 (A) the scope of the proposed projects;

1 (B) the cost-effectiveness, feasibility, and
2 financial soundness of the proposed projects;

3 (C) the extent to which the proposed
4 projects would expand access to wage replace-
5 ment in response to family caregiving needs,
6 particularly for low-wage employees, in the area
7 served by the grant; and

8 (D) the benefits that would be offered to
9 families and children through the proposed
10 projects; and

11 (2) to the extent feasible, select entities pro-
12 posing projects that utilize diverse mechanisms, in-
13 cluding expansion of State unemployment compensa-
14 tion benefit programs, and establishment or expan-
15 sion of State temporary disability insurance pro-
16 grams, to provide the wage replacement.

17 (g) FEDERAL SHARE.—

18 (1) IN GENERAL.—The Federal share of the
19 cost described in subsection (a) shall be—

20 (A) 50 percent for the first year of the
21 grant period;

22 (B) 40 percent for the second year of that
23 period;

24 (C) 30 percent for the third year of that
25 period; and

1 (D) 20 percent for each subsequent year.

2 (2) NON-FEDERAL SHARE.—The non-Federal
3 share of the cost may be in cash or in kind, fairly
4 evaluated, including plant, equipment, and services
5 and may be provided from State, local, or private
6 sources, or Federal sources other than this subtitle.

7 (h) SUPPLEMENT NOT SUPPLANT.—Funds appro-
8 priated pursuant to the authority of this subtitle shall be
9 used to supplement and not supplant other Federal, State,
10 and local public funds and private funds expended to pro-
11 vide wage replacement.

12 (i) EFFECT ON EXISTING RIGHTS.—Nothing in this
13 subtitle shall be construed to supersede, preempt, or other-
14 wise infringe on the provisions of any collective bargaining
15 agreement or any employment benefit program or plan
16 that provides greater rights to employees than the rights
17 established under this subtitle.

18 **SEC. 2206. EVALUATIONS AND REPORTS.**

19 (a) AVAILABLE FUNDS.—The Secretary shall use not
20 more than 2 percent of the funds made available under
21 section 2205 to carry out this section.

22 (b) EVALUATIONS.—The Secretary shall, directly or
23 by contract, evaluate the effectiveness of projects carried
24 out with grants made under section 2205, including
25 conducting—

1 (1) research relating to the projects, including
2 research comparing—

3 (A) the scope of the projects, including the
4 type of insurance or other wage replacement
5 mechanism used, the method of financing used,
6 the eligibility requirements, the level of the
7 wage replacement benefit provided (such as the
8 percentage of salary replaced), and the length
9 of the benefit provided, for the projects;

10 (B) the utilization of the projects, includ-
11 ing the characteristics of individuals who ben-
12 efit from the projects, particularly low-wage
13 workers, and factors that determine the ability
14 of eligible individuals to obtain wage replace-
15 ment through the projects; and

16 (C) the costs of and savings achieved by
17 the projects, including the cost-effectiveness of
18 the projects and their benefits for children and
19 families;

20 (2) analysis of the overall need for wage re-
21 placement; and

22 (3) analysis of the impact of the projects on the
23 overall availability of wage replacement.

24 (c) REPORTS.—

1 (1) INITIAL REPORT.—Not later than 3 years
 2 after the beginning of the grant period for the first
 3 grant made under section 2205, the Secretary shall
 4 prepare and submit to Congress a report that con-
 5 tains information resulting from the evaluations con-
 6 ducted under subsection (b).

7 (2) SUBSEQUENT REPORTS.—Not later than 4
 8 years after the beginning of that grant period, and
 9 annually thereafter, the Secretary shall prepare and
 10 submit to Congress a report that contains—

11 (A) information resulting from the evalua-
 12 tions conducted under subsection (b); and

13 (B) usage data for the demonstration
 14 projects, for the most recent year for which
 15 data are available.

16 **SEC. 2207. AUTHORIZATION OF APPROPRIATIONS.**

17 There are authorized to be appropriated to carry out
 18 this subtitle \$400,000,000 for fiscal year 2002 and such
 19 sums as may be necessary for each subsequent fiscal year.

20 **Subtitle D—Health Care for the**
 21 **Uninsured**

22 **SEC. 2301. FAMILYCARE COVERAGE OF PARENTS UNDER**
 23 **THE MEDICAID PROGRAM AND TITLE XXI.**

24 (a) INCENTIVES TO IMPLEMENT FAMILYCARE COV-
 25 ERAGE.—

1 (1) UNDER MEDICAID.—

2 (A) ESTABLISHMENT OF NEW OPTIONAL
3 ELIGIBILITY CATEGORY.—Section
4 1902(a)(10)(A)(ii) of the Social Security Act
5 (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

6 (i) by striking “or” at the end of sub-
7 clause (XVI);

8 (ii) by adding “or” at the end of sub-
9 clause (XVII); and

10 (iii) by adding at the end the fol-
11 lowing new subclause:

12 “(XVIII) who are parents de-
13 scribed in subsection (k)(1), but only
14 if the State meets the conditions de-
15 scribed in subsection (k)(2);”.

16 (B) CONDITIONS FOR COVERAGE.—Section
17 1902 of such Act is further amended by insert-
18 ing after subsection (j) the following new sub-
19 section:

20 “(k)(1)(A) Parents described in this paragraph are
21 the parents of an individual who is under 19 years of age
22 (or such higher age as the State may have elected under
23 section 1902(l)(1)(D)) and who is eligible and enrolled for
24 medical assistance under subsection (a)(10)(A), if—

1 “(i) such parents are not otherwise eligible for
2 such assistance under such subsection; and

3 “(ii) the income of the family that includes such
4 parents does not exceed an income level specified by
5 the State consistent with paragraph (2)(B).

6 “(B) In this subsection, the term ‘parent’ has the
7 meaning given the term ‘caretaker’ for purposes of car-
8 rying out section 1931, and such additional meaning as
9 defined by the State and approved by the Secretary.

10 “(2) The conditions for a State to provide medical
11 assistance under subsection (a)(10)(A)(ii)(XVIII) are as
12 follows:

13 “(A) The State has a State child health plan
14 under title XXI which (whether implemented under
15 such title or under this title)—

16 “(i) has an income standard (or will estab-
17 lish an income standard that is effective at the
18 time additional allotments are available to the
19 State under section 2104(d), as amended by the
20 Leave No Child Behind Act of 2001) for chil-
21 dren that is at least 200 percent of the poverty
22 line; and

23 “(ii) does not limit the acceptance of appli-
24 cations, does not use a waiting list for children
25 who meet eligibility standards to qualify for as-

1 sistance, and provides benefits to all children in
2 the State who apply for and meet eligibility
3 standards.

4 “(B) The income level specified under para-
5 graph (1)(A)(ii) for parents in a family exceeds the
6 income level applicable under section 1931 but does
7 not exceed the highest income level applicable to a
8 child in the family under this title. A State may not
9 cover such parents with higher family income with-
10 out covering parents with a lower family income.

11 “(3) In the case of a parent described in paragraph
12 (1) who is also the parent of a child who is eligible and
13 enrolled for child health assistance under title XXI, the
14 State may elect (on a uniform basis) to cover all such par-
15 ents under section 2111 or under subsection (a)(10)(A).”.

16 (C) ENHANCED MATCHING FUNDS AVAIL-
17 ABLE.—Section 1905 of such Act (42 U.S.C.
18 1396d) is amended—

19 (i) in the fourth sentence of sub-
20 section (b), by striking “or subsection
21 (u)(3)” and inserting “, (u)(3), or (u)(4)”;
22 and

23 (ii) in subsection (u)—

24 (I) by redesignating paragraph
25 (4) as paragraph (6), and

1 (II) by inserting after paragraph
2 (3) the following new paragraph:

3 “(4) For purposes of subsection (b) and section
4 2105(a)(1):

5 “(A) FAMILYCARE PARENTS.—The expendi-
6 tures described in this subparagraph are the fol-
7 lowing:

8 “(i) PARENTS.—Expenditures for medical
9 assistance made available under section 1931,
10 or under section 1902(a)(10)(A)(ii)(XVIII) for
11 parents described in section 1902(k)(1), in a
12 family the income of which exceeds the income
13 level applicable under such section 1931 to a
14 family of the size involved as of January 1,
15 2000.

16 “(ii) CERTAIN PREGNANT WOMEN.—Ex-
17 penditures for medical assistance for pregnant
18 women under section 1902(l)(1)(A) in a family
19 the income of which exceeds the income level
20 applicable under section 1902(l)(2)(A) to a
21 family of the size involved as of January 1,
22 2000.”.

23 (D) APPROPRIATION FROM TITLE XXI AL-
24 LOTMENT FOR CERTAIN MEDICAID EXPANSION
25 COSTS.—Section 2105(a)(1)(C) of such Act (42

1 U.S.C. 1397ee(a)(1)(C))) is amended by insert-
2 ing “and for medical assistance that is attrib-
3 utable to expenditures described in section
4 1905(u)(4)(A)” before the semicolon.

5 (E) ONLY COUNTING ENHANCED PORTION
6 FOR COVERAGE OF ADDITIONAL PREGNANT
7 WOMEN.—Section 1905 of such Act (42 U.S.C.
8 1396d) is amended—

9 (i) in the fourth sentence of sub-
10 section (b), by inserting “(except in the
11 case of expenditures described in sub-
12 section (u)(5))” after “do not exceed”;

13 (ii) in subsection (u), by inserting
14 after paragraph (4) (as inserted by sub-
15 paragraph (C)), the following new para-
16 graph:

17 “(5) For purposes of the fourth sentence of sub-
18 section (b) and section 2105(a), the following payments
19 under this title do not count against a State’s allotment
20 under section 2104:

21 “(A) REGULAR FMAP FOR EXPENDITURES FOR
22 PREGNANT WOMEN WITH INCOME ABOVE JANUARY
23 1, 2000 INCOME LEVEL AND BELOW 185 PERCENT OF
24 POVERTY.—The portion of the payments made for
25 expenditures described in paragraph (4)(A)(ii) that

1 represents the amount that would have been paid if
2 the enhanced FMAP had not been substituted for
3 the Federal medical assistance percentage.”.

4 (2) UNDER TITLE XXI.—

5 (A) FAMILYCARE COVERAGE.—Title XXI
6 of such Act is amended by adding at the end
7 the following new section:

8 **“SEC. 2111. OPTIONAL FAMILYCARE COVERAGE OF PAR-**
9 **ENTS OF TARGETED LOW-INCOME CHILDREN.**

10 “(a) OPTIONAL COVERAGE.—Notwithstanding any
11 other provision of this title, a State child health plan may
12 provide for coverage, through an amendment to its State
13 child health plan under section 2102, of FamilyCare as-
14 sistance for targeted low-income parents in accordance
15 with this section, but only if—

16 “(1) the State meets the conditions described in
17 section 1902(k)(2); and

18 “(2) the State elects to provide medical assist-
19 ance under section 1902(a)(10)(A)(ii)(XVIII) and
20 elects an applicable income limit that is not lower
21 than the limit described in subsection (b)(2)(A).

22 “(b) DEFINITIONS.—For purposes of this section:

23 “(1) FAMILYCARE ASSISTANCE.—The term
24 ‘FamilyCare assistance’ has the meaning given the
25 term child health assistance in section 2110(a) as if

1 any reference to targeted low-income children were
2 a reference to targeted low-income parents.

3 “(2) TARGETED LOW-INCOME PARENT.—The
4 term ‘targeted low-income parent’ has the meaning
5 given the term targeted low-income child in section
6 2110(b) as if the reference to a child were deemed
7 a reference to a parent (as defined in paragraph (3))
8 of the child; except that in applying such section—

9 “(A) there shall be substituted for the in-
10 come limit described in paragraph (1)(B)(ii)(I)
11 the applicable income limit in effect for a tar-
12 geted low-income child;

13 “(B) in paragraph (3), January 1, 2000,
14 shall be substituted for July 1, 1997; and

15 “(C) in paragraph (4), January 1, 2000,
16 shall be substituted for March 31, 1997.

17 “(3) PARENT.—The term ‘parent’ has the
18 meaning given the term ‘caretaker’ for purposes of
19 carrying out section 1931, and such additional
20 meaning as defined by the State and approved by
21 the Secretary.

22 “(4) OPTIONAL TREATMENT OF PREGNANT
23 WOMEN AS PARENTS.—A State child health plan
24 may treat a pregnant woman who is not otherwise
25 a parent as a targeted low-income parent for pur-

1 poses of this section but only if the State has estab-
2 lished an income level under section 1902(l)(2)(A)(i)
3 for pregnant women that is at least 185 percent of
4 the income official poverty line described in such sec-
5 tion.

6 “(c) REFERENCES TO TERMS AND SPECIAL
7 RULES.—In the case of, and with respect to, a State pro-
8 viding for coverage of FamilyCare assistance to targeted
9 low-income parents under subsection (a), the following
10 special rules apply:

11 “(1) Any reference in this title (other than sub-
12 section (b)) to a targeted low-income child is deemed
13 to include a reference to a targeted low-income par-
14 ent.

15 “(2) Any such reference to child health assist-
16 ance with respect to such parents is deemed a ref-
17 erence to FamilyCare assistance.

18 “(3) In applying section 2103(e)(3)(B) in the
19 case of a family provided coverage under this sec-
20 tion, the limitation on total annual aggregate cost-
21 sharing shall be applied to the entire family.

22 “(4) In applying section 2110(b)(4), any ref-
23 erence to ‘section 1902(l)(2) or 1905(n)(2) (as se-
24 lected by a State)’ is deemed a reference to the in-
25 come level applicable to parents under section 1931,

1 or, in the case of a pregnant woman described in
 2 subsection (b)(4), the income level established under
 3 section 1902(l)(2)(A).”.

4 (B) ADDITIONAL ALLOTMENT FOR STATES
 5 PROVIDING FAMILYCARE.—

6 (i) IN GENERAL.—Section 2104 of
 7 such Act (42 U.S.C. 1397dd) is amended
 8 by inserting after subsection (e) the fol-
 9 lowing new subsection:

10 “(d) ADDITIONAL ALLOTMENTS FOR STATE PRO-
 11 VIDING FAMILYCARE.—

12 “(1) APPROPRIATION; TOTAL ALLOTMENT.—
 13 For the purpose of providing additional allotments
 14 to States electing to provide FamilyCare coverage
 15 under section 2111, there is appropriated, out of any
 16 money in the Treasury not otherwise appropriated—

17 “(A) for fiscal year 2002, \$2,000,000,000;

18 “(B) for fiscal year 2003, \$2,000,000,000;

19 “(C) for fiscal year 2004, \$3,000,000,000;

20 “(D) for fiscal year 2005, \$3,000,000,000;

21 “(E) for fiscal year 2006, \$6,000,000,000;

22 “(F) for fiscal year 2007, \$7,000,000,000;

23 “(G) for fiscal year 2008, \$8,000,000,000;

24 “(H) for fiscal year 2009, \$9,000,000,000;

1 “(I) for fiscal year 2010, \$10,000,000,000;
2 and

3 “(J) for fiscal year 2011 and each fiscal
4 year thereafter, the amount of the allotment
5 provided under this paragraph for the preceding
6 fiscal year increased by the percentage increase
7 (if any) in the medical care expenditure cat-
8 egory of the Consumer Price Index for All
9 Urban Consumers (United States city average).

10 “(2) STATE AND TERRITORIAL ALLOTMENTS.—

11 “(A) IN GENERAL.—In addition to the al-
12 lotments provided under subsections (b) and
13 (c), subject to paragraph (3), of the amount
14 available for the additional allotments under
15 paragraph (1) for a fiscal year, the Secretary
16 shall allot to each State with a State child
17 health plan approved under this title and which
18 has elected to provide coverage under section
19 2111 during the fiscal year—

20 “(i) in the case of such a State other
21 than a commonwealth or territory de-
22 scribed in clause (ii), the same proportion
23 as the proportion of the State’s allotment
24 under section 2104(b) (determined without
25 regard to section 2104(f)) to 98.95 percent

1 of the total amount of the allotments
2 under such section for such States eligible
3 for an allotment under this subparagraph
4 for such fiscal year; and

5 “(ii) in the case of a commonwealth or
6 territory described in section 2104(c)(3),
7 the same proportion as the proportion of
8 the commonwealth’s or territory’s allot-
9 ment under section 2104(c) (determined
10 without regard to section 2104(f)) to 1.05
11 percent of the total amount of the allot-
12 ments under such section for common-
13 wealths and territories eligible for an allot-
14 ment under this subparagraph for such fis-
15 cal year.

16 “(B) REDISTRIBUTION OF UNUSED ALLOT-
17 MENTS.—In applying subsection (f) with re-
18 spect to additional allotments made available
19 under this subsection, the procedures estab-
20 lished under such subsection shall ensure such
21 additional allotments are only made available to
22 States which have elected to provide coverage
23 under section 2111.

24 “(3) USE OF ADDITIONAL ALLOTMENT.—Addi-
25 tional allotments provided under this subsection are

1 not available for amounts expended before October
2 1, 2001. Such amounts are available for amounts ex-
3 pended on or after such date for child health assist-
4 ance for targeted low-income children, as well as for
5 FamilyCare assistance.”.

6 (ii) CONFORMING AMENDMENTS.—

7 Section 2104 of such Act (42 U.S.C.
8 1397dd) is further amended—

9 (I) in subsection (a), by inserting
10 “subject to subsection (d),” after
11 “under this section,”;

12 (II) in subsection (b)(1), by in-
13 sserting “and subsection (d)” after
14 “Subject to paragraph (4)”; and

15 (III) in subsection (c)(1), by in-
16 sserting “subject to subsection (d),”
17 after “for a fiscal year.”.

18 (C) NO COST-SHARING FOR PREGNANCY-

19 RELATED BENEFITS.—Section 2103(e)(2) of
20 such Act (42 U.S.C. 1397cc(e)(2)) is
21 amended—

22 (i) in the heading, by inserting “AND
23 PREGNANCY-RELATED SERVICES” after
24 “PREVENTIVE SERVICES”; and

1 (ii) by inserting before the period at
2 the end the following: “and for pregnancy-
3 related services”.

4 (3) EFFECTIVE DATE.—The amendments made
5 by this subsection apply to items and services fur-
6 nished on or after October 1, 2001.

7 (b) RULES FOR IMPLEMENTATION BEGINNING WITH
8 FISCAL YEAR 2006.—

9 (1) REQUIRED COVERAGE OF FAMILYCARE PAR-
10 ENTS.—Section 1902(a)(10)(A)(i) of the Social Se-
11 curity Act (42 U.S.C. 1396a(a)(10)(A)(i)) is
12 amended—

13 (A) by striking “or” at the end of sub-
14 clause (VI);

15 (B) by striking the semicolon at the end of
16 subclause (VII) and insert “, or”; and

17 (C) by adding at the end the following new
18 subclause:

19 “(VIII) who would be parents de-
20 scribed in subsection (k)(1) if the in-
21 come level specified in subsection
22 (k)(2)(B) were equal to at least 100
23 percent of the poverty line referred to
24 in such subsection;”.

1 (2) EXPANSION OF AVAILABILITY OF EN-
2 HANCED MATCH UNDER MEDICAID FOR PRE-CHIP
3 EXPANSIONS.—Paragraph (4) of section 1905(u) of
4 such Act (42 U.S.C. 1396d(u)), as inserted by sub-
5 section (a)(1)(C), is amended—

6 (A) by amending clause (ii) of subpara-
7 graph (A) to read as follows:

8 “(ii) CERTAIN PREGNANT WOMEN.—Ex-
9 penditures for medical assistance for pregnant
10 women under section 1902(l)(1)(A) in a family
11 the income of which exceeds the 133 percent of
12 the income official poverty line.”; and

13 (B) by adding at the end the following new
14 subparagraphs:

15 “(B) PARENTS WITH INCOME ABOVE 100 PER-
16 CENT OF POVERTY BUT BELOW JANUARY 1, 2000 IN-
17 COME LEVEL.—The expenditures described in this
18 subparagraph are expenditures for medical assist-
19 ance made available for any parents described in
20 section 1902(a)(10)(A)(i)(VIII), whose income ex-
21 ceeds 100 percent of the income official poverty line
22 applicable to a family of the size involved but does
23 not exceed the applicable income level established
24 under this title (under section 1931 or otherwise) for

1 a parent in a family of the size involved as of Janu-
2 ary 1, 2000.

3 “(C) CHILDREN IN FAMILIES WITH INCOME
4 ABOVE MEDICAID MANDATORY LEVEL NOT PRE-
5 VIOUSLY DESCRIBED.—The expenditures described
6 in this subparagraph are expenditures (other than
7 expenditures described in paragraph (2) or (3)) for
8 medical assistance made available to any child who
9 is eligible for assistance under section
10 1902(a)(10)(A) and the income of whose family ex-
11 ceeds the minimum income level required under sub-
12 section 1902(l)(2) for a child of the age involved
13 (treating any child who is 19 or 20 years of age as
14 being 18 years of age).”.

15 (3) OFFSET OF ADDITIONAL EXPENDITURES
16 FOR ENHANCED MATCH FOR PRE-CHIP EXPANSION;
17 ELIMINATION OF OFFSET FOR REQUIRED COVERAGE
18 OF FAMILYCARE PARENTS.—

19 (A) IN GENERAL.—Section 1905(u)(5) of
20 such Act (42 U.S.C. 1396d(u)(5)), as added by
21 subsection (a)(1)(E), is amended—

22 (i) by amending subparagraph (A) to
23 read as follows:

24 “(A) REGULAR FMAP FOR EXPENDITURES FOR
25 PREGNANT WOMEN WITH INCOME ABOVE 133 PER-

1 CENT OF POVERTY.—The portion of the payments
2 made for expenditures described in paragraph
3 (4)(A)(ii) that represents the amount that would
4 have been paid if the enhanced FMAP had not been
5 substituted for the Federal medical assistance per-
6 centage.”; and

7 (ii) by adding at the end the following
8 new subparagraphs:

9 “(B) FAMILYCARE PARENTS UNDER 100 PER-
10 CENT OF POVERTY.—Payments for expenditures de-
11 scribed in paragraph (4)(A)(i) in the case of parents
12 whose income does not exceed 100 percent of the in-
13 come official poverty line applicable to a family of
14 the size involved.

15 “(C) REGULAR FMAP FOR EXPENDITURES FOR
16 PARENTS WITH INCOME ABOVE 100 PERCENT OF
17 POVERTY BUT BELOW JANUARY 1, 2000 INCOME
18 LEVEL.—The portion of the payments made for ex-
19 penditures described in paragraph (4)(B) that rep-
20 resents the amount that would have been paid if the
21 enhanced FMAP had not been substituted for the
22 Federal medical assistance percentage.

23 “(D) REGULAR FMAP FOR EXPENDITURES FOR
24 CERTAIN CHILDREN IN FAMILIES WITH INCOME
25 ABOVE MEDICAID MANDATORY LEVEL.—The portion

1 of the payments made for expenditures described in
2 paragraph (4)(C) that represents the amount that
3 would have been paid if the enhanced FMAP had
4 not been substituted for the Federal medical assist-
5 ance percentage.”.

6 (B) CONFORMING AMENDMENTS.—Section
7 2105(a)(1)(C) of such Act (42 U.S.C.
8 1397ee(1)(1)(C)), as amended by subsection
9 (a)(1)(D), is amended by striking “and for
10 medical assistance that is attributable to ex-
11 penditures described in section 1905(u)(4)(A)”
12 and inserting “and for medical assistance that
13 is attributable to expenditures described in sec-
14 tion 1905(u)(4), except as provided in section
15 1905(u)(5)”.

16 (3) EFFECTIVE DATE.—The amendments made
17 by this subsection apply as of October 1, 2005, to
18 fiscal years beginning on or after such date and to
19 expenditures under the State plan on and after such
20 date.

21 (c) MAKING TITLE XXI BASE ALLOTMENTS PERMA-
22 NENT.—Section 2104(a) of such Act (42 U.S.C.
23 1397dd(a)) is amended—

24 (1) by striking “and” at the end of paragraph
25 (9);

1 (2) by striking the period at the end of para-
2 graph (10) and inserting “; and”; and

3 (3) by adding at the end the following new
4 paragraph:

5 “(11) for fiscal year 2008 and each fiscal year
6 thereafter, the amount of the allotment provided
7 under this subsection for the preceding fiscal year
8 increased by the percentage increase (if any) in the
9 medical care expenditure category of the Consumer
10 Price Index for All Urban Consumers (United States
11 city average).”.

12 (d) OPTIONAL APPLICATION OF PRESUMPTIVE ELI-
13 GIBILITY PROVISIONS TO PARENTS.—Section 1920A of
14 such Act (42 U.S.C. 1396r–1a) is amended by adding at
15 the end the following new subsection:

16 “(e) In accordance with regulations, a State may
17 elect to apply the previous provisions of this section to pro-
18 vide for a period of presumptive eligibility for medical as-
19 sistance for a parent of a child with respect to whom such
20 a period is provided under this section.”.

21 (e) CONFORMING AMENDMENTS.—

22 (1) ELIGIBILITY CATEGORIES.—Section
23 1905(a) of such Act (42 U.S.C. 1396d(a)) is amend-
24 ed, in the matter before paragraph (1)—

1 (A) by striking “or” at the end of clause
2 (xi);

3 (B) by inserting “or” at the end of clause
4 (xii); and

5 (C) by inserting after clause (xii) the fol-
6 lowing new clause:

7 “(xiii) who are parents described (or treated as
8 if described) in section 1902(k)(1),”.

9 (2) INCOME LIMITATIONS.—Section 1903(f)(4)
10 of such Act (42 U.S.C. 1396b(f)(4))—

11 (A) effective October 1, 2005, by inserting
12 “1902(a)(10)(A)(i)(VIII),” after
13 “1902(a)(10)(A)(i)(VII),”; and

14 (B) by inserting
15 “1902(a)(10)(A)(ii)(XVII),
16 1902(a)(10)(A)(ii)(XVIII),” after
17 “1902(a)(10)(A)(ii)(XVI),”.

18 (3) CONFORMING AMENDMENT RELATING TO
19 NO WAITING PERIOD FOR CERTAIN WOMEN.—Section
20 2102(b)(1)(B) of such Act (42 U.S.C.
21 1397bb(b)(1)(B)) is amended—

22 (A) by striking “, and” at the end of
23 clause (i) and inserting a semicolon;

24 (B) by striking the period at the end of
25 clause (ii) and inserting “; and”; and

1 (C) by adding at the end the following new
2 clause:

3 “(iii) may not apply a waiting period
4 (including a waiting period to carry out
5 paragraph (3)(C)) in the case of targeted
6 low-income women who are pregnant.”.

7 **Subtitle E—Awareness of**
8 **Environmental Risks to Children**

9 **SEC. 2401. SHORT TITLE.**

10 This subtitle may be cited as the “Children’s Envi-
11 ronmental Protection and Right to Know Act”.

12 **SEC. 2402. FINDING.**

13 Congress finds that requirements to disclose informa-
14 tion about environmental risks will improve health and
15 safety by—

16 (1) prompting persons causing those risks to re-
17 duce the risks; and

18 (2) enabling individuals to take actions to pro-
19 tect themselves from those risks.

1 **CHAPTER 1—CHILDREN’S**
2 **ENVIRONMENTAL PROTECTION**
3 **Subchapter A—Disclosure of Industrial Re-**
4 **leases That Present a Significant Risk to**
5 **Children**

6 **SEC. 2411. REPORTING REQUIREMENTS.**

7 (a) IN GENERAL.—Section 313(f) of the Emergency
8 Planning and Community Right-To-Know Act of 1986 (42
9 U.S.C. 11023(f)) is amended by striking paragraph (1)
10 and inserting the following:

11 “(1) IN GENERAL.—

12 “(A) TOXIC CHEMICAL THRESHOLD QUAN-
13 TITY.—The threshold quantities for purposes of
14 reporting toxic chemicals under this section are
15 as follows:

16 “(i) TOXIC CHEMICALS USED AT FA-
17 CILITIES.—The threshold quantity of a
18 toxic chemical used at a facility shall be
19 10,000 pounds of the toxic chemical per
20 year.

21 “(ii) MANUFACTURED OR PROCESSED
22 TOXIC CHEMICALS.—The threshold quan-
23 tity of a toxic chemical manufactured or
24 processed at a facility shall be—

1 “(I) 75,000 pounds of a toxic
2 chemical per year, for any toxic chem-
3 ical for which a toxic chemical release
4 form is required to be submitted
5 under this section on or before July 1,
6 1988;

7 “(II) 50,000 pounds of a toxic
8 chemical per year, for any toxic chem-
9 ical for which a toxic chemical release
10 form is required to be submitted dur-
11 ing the period beginning July 2, 1988,
12 and ending July 1, 1989; and

13 “(III) 25,000 pounds of a toxic
14 chemical per year, for any toxic chem-
15 ical for which any toxic release form
16 is required to be submitted on or after
17 July 2, 1989.

18 “(B) TOXIC CHEMICALS RELEASED FROM
19 FACILITIES.—

20 “(i) TOXIC CHEMICAL THRESHOLD
21 PROGRAM.—

22 “(I) ESTABLISHMENT.—Not
23 later than 2 years after the date of
24 enactment of the Children’s Environ-
25 mental Protection and Right to Know

1 Act, subject to clause (ii) and in addi-
2 tion to the reporting thresholds for
3 the toxic chemicals specified in sub-
4 clause (II), the Administrator shall es-
5 tablish a reporting threshold for each
6 toxic chemical that the Administrator
7 determines may present a significant
8 risk to children's health or the envi-
9 ronment due to, as determined by
10 the—

11 “(aa) the persistent use or
12 existence of the toxic chemical in
13 the environment;

14 “(bb) the potential of the
15 toxic chemical to bioaccumulate
16 or disrupt endocrine systems; or

17 “(cc) other characteristics of
18 the toxic chemical.

19 “(II) TOXIC CHEMICALS IN-
20 CLUDED.—The Administrator shall
21 establish a reporting threshold under
22 subclause (I) for—

23 “(aa) lead;

24 “(bb) mercury;

25 “(cc) dioxin;

1 “(dd) cadmium;
2 “(ee) chromium; and
3 “(ff) each substance identi-
4 fied as a bioaccumulative chem-
5 ical of concern in the final rule
6 promulgated by the Adminis-
7 trator entitled ‘Water Quality
8 Guidance for the Great Lakes
9 System, Part III’ (60 Fed. Reg.
10 15336 (March 23, 1995)).

11 “(ii) THRESHOLD QUANTITY.—The
12 Administrator shall establish by regulation
13 each threshold quantity for a toxic chem-
14 ical described in clause (i) at a level that,
15 as determined by the Administrator, will
16 ensure reporting of at least 80 percent of
17 the aggregate of all releases of the toxic
18 chemical from facilities that—

19 “(I) have 10 or more full-time
20 employees; and

21 “(II) are designated with any of
22 Standard Industrial Classification
23 Codes 20 through 39 or any of the
24 Standard Industrial Classification

1 Codes added under subsection
2 (b)(1)(B).”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Section 313 of the Emergency Planning and
5 Community Right-To-Know Act of 1986 (42 U.S.C.
6 11023) is amended—

7 (A) in subsections (a) and (b)(1)(A), by
8 striking “or otherwise used” each place it ap-
9 pears and inserting “otherwise used, or re-
10 leased”;

11 (B) in subsection (c)—

12 (i) by striking “are those chemicals”
13 and inserting the following: “are—
14 “(1) those chemicals”;

15 (ii) by striking the period at the end
16 and inserting “; and”; and

17 (iii) by adding at the end the fol-
18 lowing:

19 “(2) dioxin and each other substance identified
20 as a bioaccumulative chemical of concern in the final
21 rule promulgated by the Administrator entitled
22 ‘Water Quality Guidance for the Great Lakes Sys-
23 tem, Part III’ (60 Fed. Reg. 15336 (March 23,
24 1995)).”; and

1 (C) in the first sentence of subsection
2 (f)(2), by striking “paragraph (1)” and insert-
3 ing “subparagraph (A) or (B) of paragraph
4 (1)”.

5 (2) Section 326(a)(1)(B) of the Emergency
6 Planning and Community Right-To-Know Act of
7 1986 (42 U.S.C. 11046(a)(1)(B)) is amended by
8 adding at the end the following:

9 “(vii) Establish reporting thresholds for chemi-
10 cals referred to in section 313(f)(1)(C).”.

11 **Subchapter B—Disclosure of High Health**
12 **Risk Chemicals in Children’s Consumer**
13 **Products**

14 **SEC. 2421. LIST OF TOXIC CHEMICALS.**

15 (a) DEFINITION OF ELIGIBLE PRODUCT.—Section 2
16 of the Federal Hazardous Substances Act (15 U.S.C.
17 1261) is amended by adding at the end the following:

18 “(u) ELIGIBLE PRODUCT.—

19 “(1) IN GENERAL.—Except as provided in para-
20 graph (2), the term ‘eligible product’ means any toy
21 or other article intended for use by children.

22 “(2) EXCEPTION.—On and after the date that
23 is 3 years after the date of enactment of this sub-
24 section, the term ‘eligible product’ means any con-

1 consumer product (as defined in section 3 of the Con-
2 sumer Product Safety Act (15 U.S.C. 2052)).”.

3 (b) LIST OF TOXIC CHEMICALS.—Section 3 of the
4 Federal Hazardous Substances Act (15 U.S.C. 1262) is
5 amended by adding at the end the following:

6 “(k) LIST OF TOXIC CHEMICALS.—

7 “(1) DEFINITIONS.—In this subsection:

8 “(A) ADMINISTRATOR.—The term ‘Admin-
9 istrator’ means the Administrator of the Envi-
10 ronmental Protection Agency.

11 “(B) CHAIRMAN.—The term ‘Chairman’
12 means the Chairman of the Consumer Product
13 Safety Commission.

14 “(2) LIST.—Not later than 1 year after the
15 date of enactment of this subsection, the Adminis-
16 trator, acting jointly with the Chairman, shall pub-
17 lish in the Federal Register a list of substances or
18 mixtures of substances that have been determined by
19 the Administrator and the Chairman to be toxic to
20 children due to their carcinogenic, neurotoxic, or re-
21 productive toxic effects.

22 “(3) SUBSTANCES AND INFORMATION TO BE
23 INCLUDED.—The list under that paragraph shall
24 include—

1 “(A)(i) any chemical that has been identi-
2 fied by a Federal agency as being a carcinogen,
3 neurotoxin, or reproductive toxin;

4 “(ii) each chemical identified as a Group A
5 or Group B carcinogen in the notice published
6 by the Administrator entitled ‘Regulation of
7 Pesticides in Food: Addressing the Delaney
8 Paradox Policy Statement’ (53 Fed. Reg.
9 41118 (October 19, 1988));

10 “(iii) each chemical that adversely affects
11 the nervous system of children, as identified in
12 criteria documents of the National Institute for
13 Occupational Safety and Health;

14 “(iv) each chemical identified by the Con-
15 sumer Product Safety Commission as having
16 sufficient evidence to demonstrate—

17 “(I) carcinogenicity in humans or ani-
18 mals;

19 “(II) neurotoxicity in humans or ani-
20 mals;

21 “(III) human developmental toxicity;
22 or

23 “(IV) male or female reproductive tox-
24 icity in humans or animals;

1 “(v) each chemical regulated as a
2 neurotoxin, reproductive toxin, or developmental
3 toxin by the Administrator; and

4 “(vi) each chemical on the Biennial List of
5 Carcinogens submitted to Congress by the Sec-
6 retary of Health and Human Services; and

7 “(B) such reasonably available information
8 on adverse health effects of any substance or
9 mixture of substances as was used to determine
10 whether to include the substance or mixture on
11 the list required under paragraph (2).

12 “(4) DATA.—In carrying out paragraph (3), the
13 Secretary and the Chairman shall require manufac-
14 turers and importers of substances and mixtures of
15 substances on the list required under paragraph (2)
16 to generate, and shall obtain from any Federal,
17 State, or local government, such data as are suffi-
18 cient to identify substances or mixtures of
19 substances—

20 “(A) that are toxic within the meaning of
21 paragraph (2); and

22 “(B) to which infants and young children
23 are exposed.

24 “(1) CHEMICAL TESTING AND RISK ASSESSMENT.—

25 As soon as practicable after the date of enactment of this

1 subsection, the Administrator of the Environmental Pro-
2 tection Agency, in consultation with experts in pediatric
3 toxicology and exposure, shall develop and implement new
4 short-term and long-term strategies for more comprehen-
5 sive chemical testing and risk assessment to ensure that
6 risks of exposure to children (including exposure to chil-
7 dren *in utero*) are, to the maximum extent practicable,
8 fully understood.”.

9 **SEC. 2422. REPORTING OF TOXIC CHEMICALS IN CON-**
10 **SUMER PRODUCTS.**

11 (a) REPORTING.—The Federal Hazardous Sub-
12 stances Act (15 U.S.C. 1261 et seq.) is amended by add-
13 ing at the end the following:

14 **“SEC. 25. REPORTING OF TOXIC CHEMICALS.**

15 “(a) IN GENERAL.—A manufacturer or importer of
16 any eligible product that contains, or is composed of, a
17 substance or mixture of substances listed under section
18 3(k) shall submit to the Commission a report that de-
19 scribes each of the following:

20 “(1) The identity of the manufacturer or im-
21 porter of the eligible product.

22 “(2) A description of the eligible product (in-
23 cluding any model name and model number of the
24 eligible product).

1 “(3) The identity of the substance or mixture
2 of substances listed under section 3(k) (including the
3 concentration of the substance or mixture in the eli-
4 gible product).

5 “(4) Any information known to the manufac-
6 turer or importer that would support a determina-
7 tion that the eligible product is not a misbranded
8 hazardous substance or a banned hazardous sub-
9 stance.

10 “(5) Such data as are generated by the manu-
11 facturer or importer as are sufficient to identify any
12 substances or mixtures of substances manufactured
13 or imported that are toxic to children, as described
14 in section 3(k)(2).

15 “(b) PUBLICATION.—The Commission shall annually
16 publish in the Federal Register, and make available to the
17 public in an electronic format, the information submitted
18 under subsection (a).

19 “(c) REGULATIONS.—The Commission shall promul-
20 gate such regulations as necessary to carry out this sec-
21 tion.

22 “(d) APPLICATION OF SECTION.—Subsection (a)
23 shall apply to a substance or mixture of substances listed
24 under section 3(k) beginning on the date that is 1 year

1 after the date on which the substance or mixture of sub-
2 stances is listed under that section.”.

3 (b) PROHIBITED ACTS.—

4 (1) IN GENERAL.—Section 4 of the Federal
5 Hazardous Substances Act (15 U.S.C. 1263) is
6 amended by adding at the end the following:

7 “(l) The failure to report as required under section
8 25.”.

9 (2) CONFORMING AMENDMENT.—Section
10 5(c)(1) of the Federal Hazardous Substances Act
11 (15 U.S.C. 1264(c)(1)) is amended in the second
12 sentence by striking “and (k)” and inserting “(k),
13 and (l)”.

14 **SEC. 2423. EXEMPTIONS.**

15 (a) IN GENERAL.—Section 3(c) of the Federal Haz-
16 ardous Substances Act (15 U.S.C. 1262(c)) is amended—

17 (1) by striking “(c) If the Commission finds”
18 and inserting the following:

19 “(c) EXEMPTION FROM REQUIREMENTS BY REGULA-
20 TION.—

21 “(1) IN GENERAL.—If the Commission deter-
22 mines”; and

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

24 “(2) ADDITIONAL REGULATIONS.—In addition
25 to regulations promulgated under paragraph (1), the

1 Commission may promulgate regulations exempting
2 from the reporting requirements of section 25 any
3 substance or mixture of substances.

4 “(3) APPLICABILITY.—This subsection shall not
5 apply to any substance or mixture of substances un-
6 less the Commission determines that the substance
7 or mixture would not, by reason of containing a sub-
8 stance or mixture of substances listed under section
9 3(k), cause substantial personal injury or substantial
10 illness during, or as a proximate result of, any cus-
11 tomary or reasonably foreseeable handling or use
12 (including reasonably foreseeable ingestion by chil-
13 dren).”.

14 (b) CONFORMING AMENDMENT.—Section 3(d) of the
15 Federal Hazardous Substances Act (15 U.S.C. 1262(d))
16 is amended by striking “adequate requirements satisfying
17 the purposes of” and inserting “requirements at least as
18 stringent as”.

19 **SEC. 2424. PRIVATE CITIZEN ENFORCEMENT.**

20 The Federal Hazardous Substances Act (15 U.S.C.
21 1261 et seq.) (as amended by section 2422(a)) is amended
22 by adding at the end the following:

1 **“SEC. 26. PRIVATE CITIZEN ENFORCEMENT.**

2 “(a) IN GENERAL.—Subject to subsection (c), any
3 person other than the Commission may bring a civil action
4 in United States district court—

5 “(1) against any person, for violation of sub-
6 section (a), (b), or (1) of section 4; or

7 “(2) against the Commission, for a failure of
8 the Commission to perform any nondiscretionary act
9 or duty under the amendments made by the Chil-
10 dren’s Environmental Protection and Right to Know
11 Act.

12 “(b) JURISDICTION.—In the case of a civil action
13 under subsection (a)—

14 “(1) the United States district courts shall have
15 jurisdiction over the civil action without regard to
16 the amount in controversy or the citizenship of the
17 parties; and

18 “(2) the court may apply any appropriate civil
19 penalties under section 5 or order the Commission to
20 perform any nondiscretionary act or duty that the
21 Commission failed to perform.

22 “(c) ACTIONS PROHIBITED.—No action may be com-
23 menced under this section unless—

24 “(1) not later than 60 days before the date on
25 which the action is filed, the plaintiff gives notice of
26 the intent to bring the action—

1 “(A) to the Commission; and

2 “(B) in the case of an action for a viola-
3 tion of section 4, to the person that is alleged
4 to have violated that section; and

5 “(2) in the case of an action for a violation of
6 section 4, the Commission has not commenced and
7 is not diligently pursuing a civil action on behalf of
8 the United States.

9 “(d) INTERVENTION.—In any action on behalf of the
10 United States following receipt of a notice under sub-
11 section (d)(1), the person providing the notice may inter-
12 vene as of right as a plaintiff in the action.

13 “(e) COSTS.—

14 “(1) IN GENERAL.—Except as provided in para-
15 graph (2), in any action under subsection (a), the
16 costs of litigation (including reasonable attorney
17 fees) may be awarded to—

18 “(A) any substantially prevailing plaintiff;

19 and

20 “(B) in any action under subsection (c),
21 the party intervening under subsection (c), if
22 that party contributed significantly to the suc-
23 cess of the plaintiff.

24 “(2) WAIVER.—The award of costs under para-
25 graph (1) may be fully or partially waived by a court

1 if the court finds such an award to be inappropriate
2 under the circumstances.

3 “(f) BURDEN OF PROOF.—In any action under sub-
4 section (a)(1), if the person alleged to have violated section
5 4 asserts that a substance or mixture of substances is not
6 a hazardous substance by reason of containing a substance
7 or mixture of substances listed under section 3(k), the
8 burden of proof shall be the alleged violator to establish
9 that the substance or mixture of substances is not a haz-
10 ardous substance.

11 “(g) PENALTY FUND.—

12 “(1) ESTABLISHMENT.—There is established in
13 the Treasury of the United States a fund to be used
14 in carrying out this section (referred to in this sec-
15 tion as the ‘Fund’).

16 “(2) DEPOSIT OF ASSESSED PENALTIES.—A
17 penalty assessed as a result of a civil action under
18 subsection (a) shall be deposited in the Fund.

19 “(3) USE OF FUNDS.—On request by the Com-
20 mission, the Secretary of the Treasury shall transfer
21 from the Fund to the Commission such amounts as
22 the Commission determines are necessary to finance
23 compliance and enforcement activities under this
24 Act.

1 “(4) AVAILABILITY.—Amounts in the Fund
2 shall remain available for use by the Commission
3 until expended, without further appropriation.

4 “(5) REPORTS.—The Commission shall submit
5 to Congress an annual report that describes—

6 “(A) any funds deposited into the Fund
7 during the year for which the report is sub-
8 mitted (including the sources of those funds);
9 and

10 “(B) the actual and proposed uses of the
11 funds.

12 “(h) OTHER PROJECTS.—Notwithstanding sub-
13 section (g), in lieu of being deposited in the Fund, any
14 civil penalty assessed may, at the option of the court (after
15 consultation with the Commission), be used to fund
16 projects of the Commission that are—

17 “(1) consistent with this Act; and

18 “(2) designed to enhance public awareness of—

19 “(A) the health effects of toxic substances
20 or mixtures of toxic substances in eligible prod-
21 ucts; and

22 “(B) the potential for exposure of children
23 to toxic substances or mixtures of toxic sub-
24 stances in eligible products.”.

1 **CHAPTER 2—PUBLIC RIGHT TO KNOW**
2 **ABOUT TOXIC CHEMICAL USE**

3 **SEC. 2431. DISCLOSURE OF TOXIC CHEMICAL USE BY COM-**
4 **PARABLE FACILITIES.**

5 Section 313(b)(1)(B) of the Emergency Planning and
6 Community Right-To-Know Act of 1986 (42 U.S.C.
7 11023(b)(1)(B)) is amended—

8 (1) by striking “(B) The Administrator” and
9 inserting the following:

10 “(B) MODIFICATIONS TO COVERED FACILI-
11 TIES.—

12 “(i) MODIFICATION BY THE ADMINIS-
13 TRATOR.—The Administrator”; and

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

15 “(ii) MODIFICATIONS BEGINNING
16 WITH 2002 REPORTING YEAR.—Effective
17 beginning with the 2002 reporting year,
18 any facility identified by the Standard In-
19 dustrial Classification Codes specified in
20 the proposed rule entitled ‘Addition of Fa-
21 cilities in Certain Industry Sectors; Toxic
22 Chemical Release Reporting; Community
23 Right-to-Know, Part II’ (61 Fed. Reg.
24 33588 (June 27, 1996)) shall be subject to
25 the requirements of this section.

1 “(iii) REGULATIONS TO ADD ADDI-
2 TIONAL CATEGORIES OF FACILITIES.—

3 “(I) IN GENERAL.—Not later
4 than 2 years after the date of enact-
5 ment of this clause, subject to sub-
6 clause (II), the Administrator shall
7 promulgate final regulations to re-
8 quire compliance with this section by
9 all additional categories of facilities
10 that use or release toxic chemicals in
11 volumes similar to the volumes used
12 or released by facilities that are cov-
13 ered by this section as of the date of
14 enactment of this clause.

15 “(II) INAPPLICABILITY TO
16 FARMS.—Subclause (I) shall not apply
17 to any farm.”.

18 **SEC. 2432. DISCLOSURE OF TOXIC CHEMICAL USE.**

19 (a) IN GENERAL.—Section 313 of the Emergency
20 Planning and Community Right-To-Know Act of 1986 (42
21 U.S.C. 11023) is amended—

22 (1) in the second sentence of subsection (a), by
23 striking “releases” and inserting “toxic chemical
24 uses and releases”;

25 (2) in subsection (g)(1)(C)—

1 (A) by inserting “for the preceding cal-
2 endar year” after “items of information”;

3 (B) in clause (ii), by striking “the pre-
4 ceding calendar year” and inserting “the cal-
5 endar year”; and

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

7 “(v)(I) The number of employees, including
8 contractors, at the facility.

9 “(II) The number of employees, including con-
10 tractors, at the facility that were exposed to the
11 toxic chemical.

12 “(III) An estimate of the quantity and level of
13 occupational exposures to the toxic chemical.

14 “(vi)(I) The following materials accounting in-
15 formation:

16 “(aa) A description of the uses of the toxic
17 chemical at the facility.

18 “(bb) The starting inventory of the toxic
19 chemical at the facility.

20 “(cc) The quantity of the toxic chemical
21 produced at the facility.

22 “(dd) The quantity of the toxic chemical
23 transported into the facility and the mode of
24 transportation.

1 “(ee) The quantity of the toxic chemical
2 consumed at the facility.

3 “(ff) The quantity of the toxic chemical
4 transported out of the facility as products or in
5 products, and the quantity intended for—

6 “(AA) industrial use;

7 “(BB) commercial use;

8 “(CC) consumer use; and

9 “(DD) any additional category of use
10 that the Administrator may designate.

11 “(gg) The quantity of the toxic chemical
12 entering any waste stream (or otherwise re-
13 leased into the environment) before recycling,
14 treatment, or disposal.

15 “(hh) The ending inventory of the toxic
16 chemical at the facility.

17 “(ii) The quantity of the toxic chemical re-
18 cycled at the facility that is subsequently used
19 at the facility.

20 “(jj) The quantity of the toxic chemical
21 used, which shall be calculated with respect to
22 a toxic chemical by adding the quantities re-
23 ported under items (bb), (cc), (dd), and (ii)
24 with respect to the toxic chemical and sub-

1 tracting the quantity reported under subclause
2 (hh) with respect to the toxic chemical.

3 “(II) Each quantity reported under this clause
4 shall be complete and verifiable by computations
5 using conventional materials accounting practices.

6 “(III) If the sum of the quantities reported
7 under items (bb), (cc), (dd), and (ii) of subclause (I)
8 does not equal the sum of the quantities reported
9 under subclauses (ee), (ff), (gg), and (hh) of that
10 subclause, the form shall provide an explanation of
11 the difference in the sums.

12 “(vii) The quantity of the reduction, from the
13 year prior to the preceding calendar year, in the
14 quantity of the toxic chemical entering any waste
15 stream (or otherwise released into the environment)
16 before recycling, treatment, or disposal (as reported
17 under section 6607(b)(1) of the Pollution Prevention
18 Act of 1990 (42 U.S.C. 13106(b)(1)), as a result
19 of—

20 “(I) equipment or technology modifica-
21 tions;

22 “(II) process or procedure modifications;

23 “(III) reformulation or redesign of prod-
24 ucts;

25 “(IV) substitution of raw materials; and

1 “(1) IN GENERAL.—To enhance public access
2 and use of information resources, to facilitate com-
3 pliance with reporting requirements, and to promote
4 multimedia permitting, reporting, and pollution pre-
5 vention, the Administrator shall, not later than 3
6 years after the date of enactment of this
7 subsection—

8 “(A) establish standard data formats for
9 management of information collected under this
10 title and other Federal environmental laws;

11 “(B) integrate information collected under
12 this title and other Federal environmental laws,
13 using—

14 “(i) common company, facility, indus-
15 try, geographic, and chemical identifiers;
16 and

17 “(ii) other identifiers as the Adminis-
18 trator determines to be appropriate;

19 “(C) establish a system for indexing, locat-
20 ing, and obtaining agency-held information
21 about parent companies, facilities, industries,
22 chemicals, geographic locations, ecological indi-
23 cators, and the regulatory status of chemicals
24 and entities subject to regulation under this
25 title and other Federal environmental laws;

1 “(D) consolidate all annual reporting re-
2 quirements, under this title and other Federal
3 environmental laws, for small business concerns
4 (as defined in section 3 of the Small Business
5 Act (15 U.S.C. 632)) in a manner that allows
6 reporting to 1 point of contact using 1 form or
7 electronic reporting system; and

8 “(E) provide members of the public 1 point
9 of contact for access to all publicly available in-
10 formation collected by the Administrator for
11 any 1 regulated entity.

12 “(2) CONSOLIDATION.—Not later than 5 years
13 after the date of enactment of this subsection, the
14 Administrator shall consolidate all annual reporting
15 under this title and other Federal environmental
16 laws, for each entity subject to such reporting, in a
17 manner that allows reporting to 1 point of contact
18 using 1 form or electronic reporting system.

19 “(3) UNDERSTANDABLE LANGUAGE.—In im-
20 proving the means by which the Administrator pro-
21 vides information to the public and requires informa-
22 tion be reported by regulated entities, as required by
23 paragraphs (1) and (2), the Administrator shall use
24 language and methods of communication that the
25 Administrator finds to be clear and understandable

1 by a member of the public of average intelligence,
2 education, and experience.”.

3 **SEC. 2434. TRADE SECRET PROTECTION.**

4 Section 322 of the Emergency Planning and Commu-
5 nity Right-To-Know Act of 1986 (42 U.S.C. 11042) is
6 amended—

7 (1) in subsection (a)(1), by adding at the end
8 the following:

9 “(C) WITHHOLDING OF MATERIALS AC-
10 COUNTING INFORMATION.—

11 “(i) IN GENERAL.—Subject to clause
12 (ii), any person required to submit mate-
13 rials accounting information under section
14 313(g)(1)(C)(vi) may withhold any item of
15 that information (as determined under reg-
16 ulations promulgated by the Administrator
17 under subsection (c)) if the person com-
18 plies with paragraph (2) with respect to
19 the information to be withheld.

20 “(ii) LIMITATION.—Clause (i) does
21 not provide authority to withhold any in-
22 formation covered by the Pollution Preven-
23 tion Act of 1990 (42 U.S.C. 13101 et
24 seq.).”;

1 (2) in subsection (b)(4), by inserting “or other
2 information withheld” after “The chemical identity”;

3 (3) in subsection (d)—

4 (A) in the first sentence of paragraph (1),
5 by inserting “, or other information withheld
6 under subsection (a)(1),” after “toxic chem-
7 ical”; and

8 (B) in paragraphs (2) through (4), by in-
9 serting “or other information withheld” after
10 “chemical identity” each place it appears;

11 (4) in subsection (f), by inserting “or other in-
12 formation withheld under subsection (a)(1)” after
13 “chemical identity”; and

14 (5) in subsection (h)—

15 (A) in paragraph (1), by inserting “, or
16 other information withheld under subsection
17 (a)(1),” before “is claimed as”; and

18 (B) in paragraph (2), by inserting “, or
19 other information withheld under subsection
20 (a)(1),” after “identity of a toxic chemical”.

1 **Subtitle F—Promoting Responsible**
2 **Fatherhood**

3 **CHAPTER 1—BLOCK GRANTS**

4 **SEC. 2501. BLOCK GRANTS TO STATES TO ENCOURAGE**
5 **MEDIA CAMPAIGNS.**

6 (a) IN GENERAL.—Part D of title IV of the Social
7 Security Act (42 U.S.C. 651 et seq.) is amended by adding
8 at the end the following:

9 **“SEC. 469C. BLOCK GRANTS TO STATES FOR MEDIA CAM-**
10 **PAIGNS PROMOTING RESPONSIBLE FATHER-**
11 **HOOD.**

12 “(a) DEFINITIONS.—In this section:

13 “(1) BROADCAST ADVERTISEMENT.—The term
14 ‘broadcast advertisement’ means a communication
15 intended to be aired by a television or radio broad-
16 cast station, including a communication intended to
17 be transmitted through a cable channel.

18 “(2) CHILD AT RISK.—The term ‘child at risk’
19 means each young child whose family income does
20 not exceed the poverty line.

21 “(3) POVERTY LINE.—The term ‘poverty line’
22 has the meaning given such term in section 673(2)
23 of the Omnibus Budget Reconciliation Act of 1981
24 (including any revision required by such section)
25 that is applicable to a family of the size involved.

1 “(4) PRINTED OR OTHER ADVERTISEMENT.—

2 The term ‘printed or other advertisement’ includes
3 any communication intended to be distributed
4 through a newspaper, magazine, outdoor advertising
5 facility, mailing, or any other type of general public
6 advertising, but does not include any broadcast ad-
7 vertisement.

8 “(5) STATE.—The term ‘State’ means each of
9 the 50 States, the District of Columbia, the Com-
10 monwealth of Puerto Rico, the United States Virgin
11 Islands, Guam, American Samoa, and the Common-
12 wealth of the Northern Mariana Islands.

13 “(6) YOUNG CHILD.—The term ‘young child’
14 means an individual under age 5.

15 “(b) STATE CERTIFICATIONS.—Not later than Octo-
16 ber 1 of each fiscal year for which a State desires to re-
17 ceive an allotment under this section, the chief executive
18 officer of the State shall submit to the Secretary a certifi-
19 cation that the State will—

20 “(1) use such funds to promote the formation
21 and maintenance of married 2-parent families,
22 strengthen fragile families, and promote responsible
23 fatherhood through media campaigns conducted in
24 accordance with the requirements of subsection (d);

1 “(2) return any unused funds to the Secretary
2 in accordance with the reconciliation process under
3 subsection (e); and

4 “(3) comply with the reporting requirements
5 under subsection (f).

6 “(c) PAYMENTS TO STATES.—For each of fiscal years
7 2002 through 2006, the Secretary shall pay to each State
8 that submits a certification under subsection (b), from any
9 funds appropriated under subsection (h), for the fiscal
10 year an amount equal to the amount of the allotment de-
11 termined for the fiscal year under subsection (g).

12 “(d) ESTABLISHMENT OF MEDIA CAMPAIGNS.—Each
13 State receiving an allotment under this section for a fiscal
14 year shall use the allotment to conduct media campaigns
15 as follows:

16 “(1) CONDUCT OF MEDIA CAMPAIGNS.—

17 “(A) RADIO AND TELEVISION MEDIA CAM-
18 PAIGNS.—

19 “(i) PRODUCTION OF BROADCAST AD-
20 VERTISEMENTS.—At the option of the
21 State, to produce broadcast advertisements
22 that promote the formation and mainte-
23 nance of married 2-parent families,
24 strengthen fragile families, and promote
25 responsible fatherhood.

1 “(ii) AIR TIME CHALLENGE PRO-
2 GRAM.—At the option of the State, to es-
3 tablish an air time challenge program
4 under which the State may spend amounts
5 allotted under this section to purchase time
6 from a broadcast station to air a broadcast
7 advertisement produced under subpara-
8 graph (A), but only if the State obtains an
9 amount of time of the same class and dur-
10 ing a comparable period to air the adver-
11 tisement using non-Federal contributions.

12 “(B) OTHER MEDIA CAMPAIGNS.—At the
13 option of the State, to conduct a media cam-
14 paign that consists of the production and dis-
15 tribution of printed or other advertisements
16 that promote the formation and maintenance of
17 married 2-parent families, strengthen fragile
18 families, and promote responsible fatherhood.

19 “(2) ADMINISTRATION OF MEDIA CAMPAIGNS.—
20 A State may administer media campaigns funded
21 under this section directly or through grants, con-
22 tracts, or cooperative agreements with public agen-
23 cies, local governments, or private entities, including
24 charitable and religious organizations.

1 “(3) CONSULTATION WITH DOMESTIC VIO-
2 LENCE ASSISTANCE CENTERS.—In developing broad-
3 cast and printed advertisements to be used in the
4 media campaigns conducted under paragraph (1),
5 the State or other entity administering the campaign
6 shall consult with representatives of State and local
7 domestic violence centers.

8 “(4) NON-FEDERAL CONTRIBUTIONS.—In this
9 subsection, the term ‘non-Federal contributions’ in-
10 cludes contributions by the State and by public and
11 private entities. Such contributions may be in cash
12 or in kind. Such term does not include any amounts
13 provided by the Federal Government, or services as-
14 sisted or subsidized to any significant extent by the
15 Federal Government, or any amount expended by a
16 State before October 1, 2002.

17 “(e) RECONCILIATION PROCESS.—

18 “(1) 3-YEAR AVAILABILITY OF AMOUNTS AL-
19 LOTTED.—Each State that receives an allotment
20 under this section shall return to the Secretary any
21 unused portion of the amount allotted to a State
22 under this section for a fiscal year not later than the
23 last day of the second succeeding fiscal year together
24 with any earnings on such unused portion.

1 “(2) PROCEDURE FOR REDISTRIBUTION OF UN-
2 USED ALLOTMENTS.—The Secretary shall establish
3 an appropriate procedure for redistributing to States
4 that have expended the entire amount allotted under
5 this section any amount that is—

6 “(A) returned to the Secretary by States
7 under paragraph (1); or

8 “(B) not allotted to a State under this sec-
9 tion because the State did not submit a certifi-
10 cation under subsection (b) by October 1 of a
11 fiscal year.

12 “(f) REPORTING REQUIREMENTS.—

13 “(1) MONITORING AND EVALUATION.—Each
14 State receiving an allotment under this section for a
15 fiscal year shall monitor and evaluate the media
16 campaigns conducted using funds made available
17 under this section in such manner as the Secretary,
18 in consultation with the States, determines appro-
19 priate.

20 “(2) ANNUAL REPORTS.—Not less frequently
21 than annually, each State receiving an allotment
22 under this section for a fiscal year shall submit to
23 the Secretary reports on the media campaigns con-
24 ducted under this section at such time, in such man-

1 ner, and containing such information as the Sec-
2 retary may require.

3 “(g) AMOUNT OF ALLOTMENTS.—

4 “(1) IN GENERAL.—Except as provided in para-
5 graph (2), of the amount appropriated for the pur-
6 pose of making allotments under this section for a
7 fiscal year, the Secretary shall allot to each State
8 that submits a certification under subsection (b) for
9 the fiscal year an amount equal to the sum of—

10 “(A) the amount that bears the same ratio
11 to 50 percent of such funds as the number of
12 young children in the State (as determined by
13 the Secretary based on the most recent March
14 supplement to the Current Population Survey
15 of the Bureau of the Census before the begin-
16 ning of the calendar year in which such fiscal
17 year begins) as bears to the number of such
18 children in all States; and

19 “(B) the amount that bears the same ratio
20 to 50 percent of such funds as the number of
21 children at risk in the State (as determined by
22 the Secretary based on the most recent March
23 supplement to the Current Population Survey
24 of the Bureau of the Census before the begin-
25 ning of the calendar year in which such fiscal

1 year begins) bears to the number of such chil-
2 dren in all States.

3 “(2) MINIMUM ALLOTMENTS.—No allotment
4 for a fiscal year under this section shall be less
5 than—

6 “(A) in the case of a State other than the
7 Commonwealth of Puerto Rico, the United
8 States Virgin Islands, Guam, American Samoa,
9 and the Commonwealth of the Northern Mar-
10 iana Islands, 1 percent of the amount appro-
11 priated for the fiscal year under subsection (h);
12 and

13 “(B) in the case of the Commonwealth of
14 Puerto Rico, the United States Virgin Islands,
15 Guam, American Samoa, and the Common-
16 wealth of the Northern Mariana Islands, 0.5
17 percent of such amount.

18 “(3) PRO RATA REDUCTIONS.—The Secretary
19 shall make such pro rata reductions to the allot-
20 ments determined under paragraph (1) as are nec-
21 essary to comply with the requirements of paragraph
22 (2).

23 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
24 is authorized to be appropriated \$25,000,000 for each of

1 fiscal years 2002 through 2006 for purposes of making
2 allotments to States under this section.”.

3 (b) EVALUATION.—

4 (1) IN GENERAL.—The Secretary of Health and
5 Human Services shall conduct an evaluation of the
6 impact of the media campaigns funded under section
7 469C of the Social Security Act, as added by sub-
8 section (a).

9 (2) REPORT.—Not later than December 31,
10 2004, the Secretary of Health and Human Services
11 shall report to Congress the results of the evaluation
12 under paragraph (1).

13 (3) AUTHORIZATION OF APPROPRIATIONS.—
14 There is authorized to be appropriated \$1,000,000
15 for fiscal year 2002 for purposes of conducting the
16 evaluation required under this subsection, to remain
17 available until expended.

18 **SEC. 2502. RESPONSIBLE FATHERHOOD BLOCK GRANT.**

19 (a) IN GENERAL.—Part D of title IV of the Social
20 Security Act (42 U.S.C. 651 et seq.), as amended by sec-
21 tion 2501, is amended by adding at the end the following:

22 **“SEC. 469D. RESPONSIBLE FATHERHOOD BLOCK GRANT.**

23 “(a) DEFINITIONS.—In this section:

1 “(1) CHILD AT RISK.—The term ‘child at risk’
2 has the meaning given such term in section
3 469C(a)(2).

4 “(2) POVERTY LINE.—The term ‘poverty line’
5 has the meaning given such term in section
6 469C(a)(3).

7 “(3) STATE.—The term ‘State’ has the mean-
8 ing given such term in section 469C(a)(5).

9 “(4) YOUNG CHILD.—The term ‘young child’
10 has the meaning given such term in section
11 469C(a)(6).

12 “(b) STATE CERTIFICATIONS.—Not later than Octo-
13 ber 1 of each fiscal year for which a State desires to re-
14 ceive an allotment under this section, the chief executive
15 officer of the State shall submit to the Secretary a certifi-
16 cation that the State will—

17 “(1) comply with the matching requirements
18 under subsection (c)(2);

19 “(2) use such funds to promote responsible fa-
20 therhood in accordance with the requirements of
21 subsection (d);

22 “(3) use such funds to promote or sustain mar-
23 riage in accordance with subparagraph (A) or (B) of
24 subsection (d)(2);

1 “(4) return any unused funds to the Secretary
2 in accordance with the reconciliation process under
3 subsection (e); and

4 “(5) comply with the reporting requirements
5 under subsection (f).

6 “(c) PAYMENTS TO STATES.—

7 “(1) IN GENERAL.—Subject to paragraph (2),
8 for each of fiscal years 2002 through 2006, the Sec-
9 retary shall pay to each State that submits a certifi-
10 cation described in subsection (b), from any funds
11 appropriated under subsection (h), for the fiscal year
12 an amount equal to the amount of the allotment de-
13 termined under subsection (g).

14 “(2) MATCHING REQUIREMENT.—The Sec-
15 retary may not make a payment to a State under
16 paragraph (1) unless the State agrees that, with re-
17 spect to the costs to be incurred by the State in sup-
18 porting the programs described in subsection (d),
19 the State will make available non-Federal contribu-
20 tions in an amount equal to 25 percent of the
21 amount of Federal funds paid to the State under
22 such clause.

23 “(3) NON-FEDERAL CONTRIBUTIONS.—In this
24 subsection, the term ‘non-Federal contributions’ in-
25 cludes contributions by the State and by public and

1 private entities. Such contributions may be in cash
2 or in kind. Such term does not include any amounts
3 provided by the Federal Government, or services as-
4 sisted or subsidized to any significant extent by the
5 Federal Government or any amount expended by a
6 State before October 1, 2002.

7 “(d) RESPONSIBLE FATHERHOOD PROGRAMS.—

8 “(1) SUPPORT OF PROGRAMS.—A State shall
9 use the allotments received under this section to
10 support programs described in paragraph (2) di-
11 rectly or through a grant, contract, or cooperative
12 agreement with any public agency, local government,
13 or private entity (including any charitable or reli-
14 gious organization) with experience in administering
15 such a program.

16 “(2) PROGRAMS DESCRIBED.—Responsible Fa-
17 therhood programs include programs that—

18 “(A) promote marriage through such ac-
19 tivities as counseling, mentoring, disseminating
20 information about the benefits of marriage and
21 2-parent involvement for children, enhancing re-
22 lationship skills, teaching on how to control ag-
23 gressive behavior, and disseminating informa-
24 tion on the causes of domestic violence and
25 child abuse;

1 “(B) sustain marriages through marriage
2 preparation programs, premarital counseling,
3 marital inventories, skills-based marriage edu-
4 cation, financial planning seminars, programs
5 to help parents improve their economic status,
6 and divorce education and reduction programs,
7 including mediation and counseling;

8 “(C) promote responsible parenting
9 through such activities as counseling, men-
10 toring, disseminating information about good
11 parenting practices, skills-based parenting edu-
12 cation, encouraging child support payments,
13 and other methods; and

14 “(D) help fathers and their families avoid
15 or leave cash welfare and improve their eco-
16 nomic status by providing such activities as
17 work first services, job search, job training,
18 subsidized employment, job retention, job en-
19 hancement, and encouraging education, includ-
20 ing career-advancing education, dissemination
21 of employment materials, coordination with ex-
22 isting employment services such as Welfare to
23 Work and referrals to local employment train-
24 ing initiatives, and other methods.

1 “(3) TARGETED LOW-INCOME PARTICIPANTS.—

2 Not less than 50 percent of the participants in each
3 program supported under paragraph (1) shall be—

4 “(A) parents of a child who is, or within
5 the past 24 months has been, a recipient of as-
6 sistance or services under a State program
7 funded under this part; or

8 “(B) parents, including an expectant par-
9 ent or a married parent, whose income (after
10 adjustment for court-ordered child support paid
11 or received) does not exceed 150 percent of the
12 poverty line.

13 “(4) CONSULTATION WITH DOMESTIC VIO-
14 LENCE ASSISTANCE CENTERS.—Each State or entity
15 administering a program supported under paragraph
16 (1) shall consult with representatives of State and
17 local domestic violence centers.

18 “(5) SUPPLEMENT NOT SUPPLANT.—Amounts
19 allotted to a State under this section shall be used
20 to supplement and not supplant other Federal,
21 State, or local funds provided to the State under this
22 part or any other provision of law that are used to
23 support programs and activities similar to the a re-
24 sponsible fatherhood program described in para-
25 graph (2).

1 “(6) RESTRICTIONS ON USE.—No amount allotted
2 ted under this section may be used for court proceedings
3 on matters of child visitation or child custody,
4 or for legislative advocacy.

5 “(e) RECONCILIATION PROCESS.—

6 “(1) 3-YEAR AVAILABILITY OF AMOUNTS AL-
7 LOTTED.—Each State that receives an allotment
8 under this section shall return to the Secretary any
9 unused portion of the amount allotted to a State
10 under this section for a fiscal year not later than the
11 last day of the second succeeding fiscal year, together
12 with any earnings on such unused portion.

13 “(2) PROCEDURE FOR REDISTRIBUTION OF UN-
14 USED ALLOTMENTS.—The Secretary shall establish
15 an appropriate procedure for redistributing to States
16 that have expended the entire amount allotted under
17 this section any amount that is—

18 “(A) returned to the Secretary by States
19 under paragraph (1); or

20 “(B) not allotted to a State under this section
21 because the State did not submit a certification
22 under subsection (b) by October 1 of a
23 fiscal year.

24 “(f) REPORTING REQUIREMENTS.—

1 “(1) MONITORING AND EVALUATION.—Each
2 State receiving an allotment under this section shall
3 monitor and evaluate the programs supported using
4 funds made available under this section in such
5 manner as the Secretary, in consultation with the
6 States, determines appropriate.

7 “(2) ANNUAL REPORTS.—Not less frequently
8 than annually, each State receiving an allotment
9 under this section for a fiscal year shall submit to
10 the Secretary reports on the programs supported
11 under this section at such time, in such manner, and
12 containing such information as the Secretary may
13 reasonably require.

14 “(g) AMOUNT OF ALLOTMENTS.—

15 “(1) IN GENERAL.—Except as provided in para-
16 graph (2), of the amount appropriated for the pur-
17 pose of making allotments under this section for a
18 fiscal year the Secretary shall allot to each State
19 that submits a certification under subsection (b) for
20 that fiscal year an amount equal to the sum of—

21 “(A) the amount that bears the same ratio
22 to 50 percent of such funds as the number of
23 young children in the State (as determined by
24 the Secretary based on the most recent March
25 supplement to the Current Population Survey

1 of the Bureau of the Census before the begin-
2 ning of the calendar year in which such fiscal
3 year begins) as bears to the number of such
4 children in all States; and

5 “(B) the amount that bears the same ratio
6 to 50 percent of such funds as the number of
7 children at risk in the State (as determined by
8 the Secretary based on the most recent March
9 supplement to the Current Population Survey
10 of the Bureau of the Census before the begin-
11 ning of the calendar year in which such fiscal
12 year begins) bears to the number of such chil-
13 dren in all States.

14 “(2) MINIMUM ALLOTMENTS.—No allotment
15 for a fiscal year under this section shall be less
16 than—

17 “(A) in the case of a State other than the
18 Commonwealth of Puerto Rico, the United
19 States Virgin Islands, Guam, American Samoa,
20 and the Commonwealth of the Northern Mar-
21 iana Islands, 1 percent of the amount appro-
22 priated for the fiscal year under subsection (h);
23 and

24 “(B) in the case of the Commonwealth of
25 Puerto Rico, the United States Virgin Islands,

1 Guam, American Samoa, and the Common-
2 wealth of the Northern Mariana Islands, 0.5
3 percent of such amount.

4 “(3) PRO RATA REDUCTIONS.—The Secretary
5 shall make such pro rata reductions to the allot-
6 ments determined under paragraph (1) as are nec-
7 essary to comply with the requirements of paragraph
8 (2).

9 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
10 is authorized to be appropriated \$50,000,000 for each of
11 fiscal years 2002 through 2006 for purposes of making
12 allotments to States under this section.”.

13 (b) EVALUATION AND REPORT.—

14 (1) EVALUATION.—

15 (A) IN GENERAL.—The Secretary of
16 Health and Human Services (in this subsection
17 referred to as the “Secretary”), in consultation
18 with the Secretary of Labor, shall, directly or
19 through a grant, contract, or interagency agree-
20 ment, conduct an evaluation of the projects
21 funded under section 469D of the Social Secu-
22 rity Act (as added by subsection (a)).

23 (B) OUTCOMES ASSESSMENT.—The eval-
24 uation conducted under subparagraph (A) shall
25 assess, among other outcomes selected by the

1 Secretary, effects of the projects on marriage,
2 parenting, employment, earnings, payment of
3 child support, and incidence of domestic vio-
4 lence and child abuse.

5 (C) PROJECT SELECTION.—In selecting
6 projects for the evaluation, the Secretary should
7 include projects that are most likely to further
8 the purposes of this section.

9 (D) RANDOM ASSIGNMENT.—In conducting
10 the evaluation, random assignment should be
11 used wherever possible.

12 (2) REPORT.—Not later than December 31,
13 2004, the Secretary shall submit to Congress a re-
14 port on the results of the evaluation conducted
15 under paragraph (1).

16 (3) AUTHORIZATION OF APPROPRIATIONS.—
17 There is authorized to be appropriated \$1,000,000
18 for each of fiscal years 2002 through 2006 to carry
19 out this subsection.

20 **CHAPTER 2—NATIONAL CLEARINGHOUSE**

21 **SEC. 2511. NATIONAL CLEARINGHOUSE FOR RESPONSIBLE**

22 **FATHERHOOD PROGRAMS.**

23 Part D of title IV of the Social Security Act (42
24 U.S.C. 651), as amended by section 2502, is amended by
25 adding at the end the following:

1 **“SEC. 469E. MEDIA CAMPAIGN NATIONAL CLEARINGHOUSE**
2 **FOR RESPONSIBLE FATHERHOOD.**

3 “(a) MEDIA CAMPAIGN AND NATIONAL CLEARING-
4 HOUSE.—

5 “(1) IN GENERAL.—From any funds appro-
6 priated under subsection (c), the Secretary shall con-
7 tract with a nationally recognized, nonprofit father-
8 hood promotion organization described in subsection
9 (b) to—

10 “(A) develop, promote, and distribute to
11 interested States, local governments, public
12 agencies, and private entities a media campaign
13 that encourages the appropriate involvement of
14 both parents in the life of any child of the par-
15 ents, with a priority for programs that specifi-
16 cally address the issue of responsible father-
17 hood; and

18 “(B) develop a national clearinghouse to
19 assist States and communities in efforts to pro-
20 mote and support marriage and responsible fa-
21 therhood by collecting, evaluating, and making
22 available (through the Internet and by other
23 means) to other States information regarding
24 the media campaigns established under section
25 469C.

1 “(2) COORDINATION WITH DOMESTIC VIOLENCE
2 PROGRAMS.—The Secretary shall ensure that the na-
3 tionally recognized nonprofit fatherhood promotion
4 organization with a contract under paragraph (1)
5 coordinates the media campaign developed under
6 subparagraph (A) of such paragraph and the na-
7 tional clearinghouse developed under subparagraph
8 (B) of such paragraph with a national, State, or
9 local domestic violence program.

10 “(b) NATIONALLY RECOGNIZED, NONPROFIT FA-
11 THERHOOD PROMOTION ORGANIZATION DESCRIBED.—
12 The nationally recognized, nonprofit fatherhood promotion
13 organization described in this subsection is such an orga-
14 nization that has at least 4 years of experience in—

15 “(1) designing and disseminating a national
16 public education campaign, including the production
17 and successful placement of television, radio, and
18 print public service announcements that promote the
19 importance of responsible fatherhood; and

20 “(2) providing consultation and training to
21 community-based organizations interested in imple-
22 menting fatherhood outreach, support, or skill devel-
23 opment programs with an emphasis on promoting
24 married fatherhood as the ideal.

1 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
2 is authorized to be appropriated \$2,000,000 for each of
3 fiscal years 2002 through 2006 to carry out this section.”.

4 **TITLE III—HEAD START AND**
5 **CHILD CARE**

6 **Subtitle A—Infants and Toddlers**

7 **SEC. 3001. RESERVATION OF HEAD START ACT FUNDS FOR**
8 **INFANTS AND TODDLERS.**

9 Section 640(a)(6) of the Head Start Act (42 U.S.C.
10 9835(a)(6)) is amended—

11 (1) by striking subparagraph (A) and inserting
12 the following:

13 “(A) Except as provided in subparagraph (B), from
14 amounts reserved and allotted pursuant to paragraphs (2)
15 and (4), the Secretary shall use, for grants for programs
16 described in section 645A(a), a portion of the combined
17 total of such amounts equal to—

18 “(i) 10 percent of the funds appropriated pur-
19 suant to section 639(a) for fiscal year 2002;

20 “(ii) 11 percent of such funds for fiscal year
21 2003;

22 “(iii) 12 percent of such funds for fiscal year
23 2004;

24 “(iv) 13 percent of such funds for fiscal year
25 2005;

1 “(v) 15 percent of such funds for fiscal year
2 2006;

3 “(vi) 20 percent of such funds for fiscal year
4 2007;

5 “(vii) 25 percent of such funds for fiscal year
6 2008;

7 “(viii) 30 percent of such funds for fiscal 2009;

8 “(ix) 35 percent of such funds for fiscal 2010;

9 and

10 “(x) 40 percent of such funds for fiscal 2011.”;

11 and

12 (2) in subparagraph (B)—

13 (A) by striking clause (i); and

14 (B) by redesignating clauses (ii) and (iii)

15 as clauses (i) and (ii), respectively.

16 **SEC. 3002. RESERVATION OF CHILD CARE AND DEVELOP-**
17 **MENT BLOCK GRANT FUNDS FOR INFANTS**
18 **AND TODDLERS.**

19 Section 658G of the Child Care and Development
20 Block Grant Act of 1990 (42 U.S.C. 9858e) is amended—

21 (1) by striking the heading and inserting the
22 following:

1 **“SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF**
2 **CHILD CARE AND ACTIVITIES FOR INFANTS**
3 **AND TODDLERS.”;**

4 (2) by inserting before “A State” the following:

5 “(a) ACTIVITIES TO IMPROVE THE QUALITY OF
6 CHILD CARE.—”; and

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

8 “(b) ACTIVITIES FOR INFANTS AND TODDLERS.—A
9 State that receives funds to carry out this subchapter for
10 a fiscal year shall use, for activities that are designed to
11 improve and expand child care for children from birth
12 through age 3, not less than—

13 “(1) 5 percent of such funds for fiscal year
14 2002;

15 “(2) 6 percent of such funds for fiscal year
16 2003;

17 “(3) 7 percent of such funds for fiscal year
18 2004;

19 “(4) 8 percent of such funds for fiscal year
20 2005;

21 “(5) 9 percent of such funds for fiscal year
22 2006; and

23 “(6) 10 percent of such funds for fiscal year
24 2007.”.

1 **Subtitle B—Child Care Access**
2 **CHAPTER 1—IMPROVING ACCESS TO**
3 **CHILD CARE**

4 **SEC. 3101. PAYMENT RATES.**

5 Section 658E(c)(4) of the Child Care and Develop-
6 ment Block Grant Act of 1990 (42 U.S.C. 9858c(c)(4))
7 is amended by striking subparagraph (A) and inserting
8 the following:

9 “(A) IN GENERAL.—The State plan shall
10 provide an assurance that payment rates for the
11 provision of child care services for which assist-
12 ance is provided under this subchapter—

13 “(i) are set at not less than the rate
14 at the 100th percentile of the market rate
15 for child care in the State, calculated as a
16 rate—

17 “(I) determined in accordance
18 with market surveys (that reflect vari-
19 ations in the cost of care by locality)
20 conducted by the State not less often
21 than once every 2 years; and

22 “(II) adjusted at intervals be-
23 tween such surveys to reflect increases
24 in the cost of living, in such manner
25 as the Secretary may specify;

1 “(ii) are set at rates higher than the
2 rate at the 100th percentile of the market
3 rate for care of higher than average qual-
4 ity, such as care by accredited providers,
5 care that includes the provision of com-
6 prehensive services, care provided at un-
7 usual hours, care for children with special
8 needs, care for children from low-income
9 and rural communities, and care of a type
10 that is in short supply; and

11 “(iii) are set at rates that reflect vari-
12 ations in the cost of providing care for
13 children of different ages and different
14 types of care.”.

15 **CHAPTER 2—IMPROVEMENTS TO THE**
16 **CHILD CARE AND DEVELOPMENT**
17 **BLOCK GRANT PROGRAM**

18 **SEC. 3111. AUTHORIZATION OF APPROPRIATIONS.**

19 (a) CHILD CARE AND DEVELOPMENT BLOCK GRANT
20 ACT OF 1990.—Section 658B of the Child Care and De-
21 velopment Block Grant Act of 1990 (42 U.S.C. 9858), is
22 amended to read as follows:

23 **“SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.**

24 “There are authorized to be appropriated to carry out
25 this subchapter—

- 1 “(1) \$2,936,400,000 for fiscal year 2002;
2 “(2) \$4,104,300,000 for fiscal year 2003;
3 “(3) \$5,292,400,000 for fiscal year 2004;
4 “(4) \$6,524,900,000 for fiscal year 2005;
5 “(5) \$7,827,700,000 for fiscal year 2006;
6 “(6) \$9,092,800,000 for fiscal year 2007;
7 “(7) \$10,524,100,000 for fiscal year 2008;
8 “(8) \$11,830,500,000 for fiscal year 2009;
9 “(9) \$13,343,900,000 for fiscal year 2010; and
10 “(10) \$14,991,200,000 for fiscal year 2011.”.

11 (b) SOCIAL SECURITY ACT.—Section 418(a)(3) of
12 the Social Security Act (42 U.S.C. 618(a)(3)) is amended
13 by striking subparagraphs (A) through (F) and inserting
14 the following:

- 15 “(A) \$3,989,100,000 for fiscal year 2002;
16 “(B) \$5,575,600,000 for fiscal year 2003;
17 “(C) \$7,189,800,000 for fiscal year 2004;
18 “(D) \$8,864,100,000 for fiscal year 2005;
19 “(E) \$10,634,000,000 for fiscal year 2006;
20 “(F) \$12,352,500,000 for fiscal year 2007;
21 “(G) \$14,297,000,000 for fiscal year 2008;
22 “(H) \$16,071,800,000 for fiscal year
23 2009;
24 “(I) \$18,127,600,000 for fiscal year 2010;
25 and

1 “(J) \$20,365,600,000 for fiscal year
2 2011.”.

3 **SEC. 3112. STATE PLAN REQUIREMENTS.**

4 Section 658E(c)(2) of the Child Care and Develop-
5 ment Block Grant Act of 1990 (42 U.S.C. 9858c(c)(2))
6 is amended—

7 (1) by striking subparagraph (D) and inserting
8 the following:

9 “(D) CONSUMER EDUCATION INFORMA-
10 TION.—Certify that the State will collect and
11 disseminate to parents of eligible children and
12 the general public, consumer education informa-
13 tion that will promote informed child care
14 choices, and describe how the State will inform
15 parents receiving assistance under a State pro-
16 gram funded under part A of title IV of the So-
17 cial Security Act (42 U.S.C. 601 et seq.) and
18 low-income parents about eligibility for assist-
19 ance under this subchapter.”; and

20 (2) by adding at the end the following new sub-
21 paragraphs:

22 “(I) AVAILABILITY OF STAFF.—Describe
23 how the State will ensure that staff from the
24 lead agency described in section 658D will be
25 available, at the offices of the State program

1 funded under part A of title IV of the Social
2 Security Act, to provide information about eligi-
3 bility for assistance under this subchapter.

4 “(J) ELIGIBILITY REDETERMINATION.—
5 Demonstrate that each child that receives as-
6 sistance under this subchapter in the State will
7 receive such assistance for not less than 1 year
8 before the State redetermines the eligibility of
9 the child under this subchapter.”.

10 **SEC. 3113. DEFINITIONS.**

11 Section 658P(4)(C) of the Child Care and Develop-
12 ment Block Grant Act of 1990 (42 U.S.C. 9858n(4)(C))
13 is amended—

14 (1) in clause (i), by striking “or” at the end;

15 (2) in clause (ii), by striking the period and in-
16 sserting “; or”; and

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

18 “(iii) is a foster child.”.

1 **Subtitle C—Child Care Quality**
2 **Improvement**

3 **CHAPTER 1—FOCUS ON COMMITTED AND**
4 **UNDERPAID STAFF FOR CHILDREN’S**
5 **SAKE**

6 **SEC. 3201. SHORT TITLE.**

7 This Act may be cited as the “Focus On Committed
8 and Underpaid Staff for Children’s Sake Act” or as the
9 “FOCUS Act”.

10 **SEC. 3202. FINDINGS AND PURPOSE.**

11 (a) FINDINGS.—Congress makes the following find-
12 ings:

13 (1) Research on early brain development and
14 early childhood demonstrates that the experiences
15 children have and the attachments children form
16 early in life have a decisive, long-lasting impact on
17 their later development and learning.

18 (2) High-quality, developmentally appropriate
19 child care beginning in early childhood and con-
20 tinuing through the years that children are in school
21 improves the scholastic success and educational at-
22 tainment of children, and the success and attain-
23 ment persist into adulthood.

24 (3) According to a growing body of research,
25 the single most important determinant of child care

1 quality is the presence of consistent, sensitive, well-
2 trained, and well-compensated child care providers.
3 However, child care programs nationwide experience
4 high turnover in teaching staff, fueled by poor com-
5 pensation and few opportunities for advancement.

6 (4) The Department of Labor reports that, in
7 1999, the average wage for a child care provider was
8 \$7.42 per hour, or \$15,430 annually. For full-time,
9 full-year work, the average annual wage for a child
10 care provider was not much above the 1999 poverty
11 line of \$13,423 for a family consisting of a parent
12 and 2 children. Family child care providers earned
13 even less. The median weekly wage of a family child
14 care provider in 1999 was \$264, which equals an
15 annual wage of \$13,728.

16 (5) Despite the important role child care pro-
17 viders may play in early child development and
18 learning, on average, a child care provider earns less
19 in a year than a bus driver (\$26,460), barber
20 (\$20,970), or janitor (\$18,220).

21 (6) Employer-sponsored benefits are minimal
22 for most child care staff. Even for child care pro-
23 viders at child care centers, the availability of health
24 care coverage for staff remains woefully inadequate.

1 (7) To offer compensation that would be suffi-
2 cient to attract and retain qualified child care pro-
3 viders, child care programs would have to charge
4 parents fees that many parents could not afford. For
5 programs that serve low-income children whose fami-
6 lies qualify for Federal and State child care sub-
7 sidies, the reimbursement rates set by the State
8 strongly influence the level of compensation that
9 staff receive. Current reimbursement rates for cen-
10 ter-based child care services and family child care
11 services are insufficient to recruit and retain quali-
12 fied child care providers and to ensure high-quality
13 services for children.

14 (8) Teachers leaving the profession are being
15 replaced by staff with less education and formal
16 training in early child development.

17 (9) As a result of low wages and limited bene-
18 fits, many child care providers do not work for long
19 periods in the child care field. Approximately 30 per-
20 cent of all teaching staff employed at child care cen-
21 ters leaves employment with a child care center each
22 year.

23 (10) Child care providers, as well as the chil-
24 dren, families, and businesses that depend upon the
25 providers, suffer the consequences of inadequate

1 compensation. This is true, with few exceptions, for
2 providers in all types of programs, including sub-
3 sidized and nonsubsidized programs, programs of-
4 fered by for-profit and nonprofit entities, and pro-
5 grams in large and small child care settings.

6 (11) Because of the severe nationwide shortage
7 of qualified staff available for employment by child
8 care programs, several States have recently initiated
9 programs to improve the quality of child care by in-
10 creasing the training and compensation of child care
11 providers. Such programs encourage the training,
12 education, and increased retention of qualified child
13 care providers by offering financial incentives, in-
14 cluding scholarships and increases in compensation,
15 that range from \$350 to \$6,500 annually.

16 (b) PURPOSES.—The purposes of this Act are—

17 (1) to establish the Child Care Provider Devel-
18 opment and Retention Grant Program and the Child
19 Care Provider Scholarship Program; and

20 (2) to help children receive the high quality
21 child care and early education the children need for
22 positive cognitive and social development, by reward-
23 ing and promoting the retention of committed, quali-
24 fied child care providers and by providing financial

1 assistance to improve the educational qualifications
2 of child care providers.

3 **SEC. 3203. DEFINITIONS.**

4 In this Act:

5 (1) CHILD CARE PROVIDER.—The term “child
6 care provider” means an individual who provides a
7 service directly to a child on a person to person basis
8 for compensation for—

9 (A) a center-based child care provider that
10 is licensed or regulated under State or local law
11 and that satisfies the State and local require-
12 ments applicable to the child care services pro-
13 vided;

14 (B) a licensed or regulated family child
15 care provider that satisfies the State and local
16 requirements applicable to the child care serv-
17 ices provided; or

18 (C) an out-of-school time program that is
19 licensed or regulated under State or local law
20 and that satisfies the State and local require-
21 ments applicable to the child care services pro-
22 vided.

23 (2) FAMILY CHILD CARE PROVIDER.—The term
24 “family child care provider” has the meaning given
25 such term in section 658P of the Child Care and

1 Development Block Grant Act of 1990 (42 U.S.C.
2 9858n).

3 (3) INDIAN TRIBE.—The term “Indian tribe”
4 has the meaning given such term in section 4 of the
5 Indian Self-Determination and Education Assistance
6 Act (25 U.S.C. 450b).

7 (4) IN-KIND CONTRIBUTION.—The term “in-
8 kind contribution” means payment of the costs of
9 participation of eligible child care providers in health
10 insurance programs or retirement programs.

11 (5) LEAD AGENCY.—The term “lead agency”
12 means the agency designated under section 658D of
13 the Child Care and Development Block Grant Act of
14 1990 (42 U.S.C. 9858b).

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

17 (7) STATE.—The term “State” means any of
18 the several States, the District of Columbia, the
19 Commonwealth of Puerto Rico, Guam, American
20 Samoa, or the Commonwealth of the Northern Mar-
21 iana Islands.

22 (8) TRIBAL ORGANIZATION.—The term “tribal
23 organization” has the meaning given the term in
24 section 4 of the Indian Self-Determination and Edu-
25 cation Assistance Act (25 U.S.C. 450b).

1 **SEC. 3204. FUNDS FOR CHILD CARE PROVIDER DEVELOP-**
2 **MENT AND RETENTION GRANTS AND FOR**
3 **CHILD CARE PROVIDER SCHOLARSHIPS.**

4 (a) IN GENERAL.—The Secretary may allot and dis-
5 tribute funds appropriated to carry out this Act to eligible
6 States and Indian tribes and tribal organizations to pay
7 for the Federal share of the cost of making grants under
8 sections 3207 and 3208 to eligible child care providers.

9 (b) ALLOTMENTS.—The funds shall be allotted and
10 distributed by the Secretary in accordance with section
11 3205, and expended by the States (directly, or at the op-
12 tion of the States, through units of general purpose local
13 government), and by Indian tribes and tribal organiza-
14 tions, in accordance with this Act.

15 **SEC. 3205. ALLOTMENTS TO STATES.**

16 (a) AMOUNTS RESERVED.—

17 (1) TERRITORIES AND POSSESSIONS.—The Sec-
18 retary shall reserve not more than $\frac{1}{2}$ of 1 percent
19 of the funds appropriated to carry out this Act for
20 any fiscal year for distribution to Guam, American
21 Samoa, and the Commonwealth of the Northern
22 Mariana Islands, to be allotted in accordance with
23 their respective needs, to plan and carry out pro-
24 grams and activities to encourage child care pro-
25 viders to improve their qualifications and to retain
26 qualified child care providers in the child care field.

1 (2) INDIAN TRIBES AND TRIBAL ORGANIZA-
2 TIONS.—The Secretary shall reserve not more than
3 3 percent of the funds appropriated to carry out this
4 Act for any fiscal year for payments to Indian tribes
5 and tribal organizations with applications approved
6 under subsection (c), to plan and carry out pro-
7 grams and activities to encourage child care pro-
8 viders to improve their qualifications and to retain
9 qualified child care providers in the child care field.

10 (b) ALLOTMENTS TO REMAINING STATES.—

11 (1) GENERAL AUTHORITY.—From the funds
12 appropriated to carry out this Act for any fiscal year
13 and remaining after the reservations made under
14 subsection (a), the Secretary shall allot to each State
15 (excluding Guam, American Samoa, and the Com-
16 monwealth of the Northern Mariana Islands) an
17 amount equal to the sum of—

18 (A) an amount that bears the same ratio
19 to 50 percent of such remainder as the product
20 of the young child factor of the State and the
21 allotment percentage of the State bears to the
22 sum of the corresponding products for all
23 States; and

24 (B) an amount that bears the same ratio
25 to 50 percent of such remainder as the product

1 of the school lunch factor of the State and the
2 allotment percentage of the State bears to the
3 sum of the corresponding products for all
4 States.

5 (2) YOUNG CHILD FACTOR.—In this subsection,
6 the term “young child factor” means the ratio of the
7 number of children under 5 years of age in the State
8 to the number of such children in all the States, as
9 determined according to the most recent annual esti-
10 mates of population in the States, as provided by the
11 Bureau of the Census.

12 (3) SCHOOL LUNCH FACTOR.—In this sub-
13 section, the term “school lunch factor” means the
14 ratio of the number of children who are receiving
15 free or reduced price lunches under the school lunch
16 program established under the Richard B. Russell
17 National School Lunch Act (42 U.S.C. 1751 et seq.)
18 in the State to the number of such children in all
19 the States, as determined annually by the Depart-
20 ment of Agriculture.

21 (4) ALLOTMENT PERCENTAGE.—

22 (A) IN GENERAL.—Except as provided in
23 subparagraph (B), for purposes of this sub-
24 section, the allotment percentage for a State
25 shall be determined by dividing the per capita

1 income of all individuals in the United States,
2 by the per capita income of all individuals in
3 the State.

4 (B) LIMITATIONS.—For purposes of this
5 subsection, if an allotment percentage deter-
6 mined under subparagraph (A)—

7 (i) is more than 1.2 percent, the allot-
8 ment percentage of that State shall be con-
9 sidered to be 1.2 percent; and

10 (ii) is less than 0.8 percent, the allot-
11 ment percentage of the State shall be con-
12 sidered to be 0.8 percent.

13 (C) PER CAPITA INCOME.—For purposes
14 of subparagraph (A), per capita income shall
15 be—

16 (i) determined at 2-year intervals;

17 (ii) applied for the 2-year period be-
18 ginning on October 1 of the first fiscal
19 year beginning after the date such deter-
20 mination is made; and

21 (iii) equal to the average of the an-
22 nual per capita incomes for the most re-
23 cent period of 3 consecutive years for
24 which satisfactory data are available from

1 the Department of Commerce at the time
2 such determination is made.

3 (c) PAYMENTS TO INDIAN TRIBES AND TRIBAL OR-
4 GANIZATIONS.—

5 (1) RESERVATION OF FUNDS.—From amounts
6 reserved under subsection (a)(2), the Secretary may
7 make grants to or enter into contracts with Indian
8 tribes and tribal organizations that submit applica-
9 tions under this subsection, to plan and carry out
10 programs and activities to encourage child care pro-
11 viders to improve their qualifications and to retain
12 qualified child care providers in the child care field.

13 (2) APPLICATIONS AND REQUIREMENTS.—To
14 be eligible to receive a grant or contract under this
15 subsection, an Indian tribe or tribal organization
16 shall submit an application to the Secretary at such
17 time, in such manner, and containing such informa-
18 tion as the Secretary may require. The application
19 shall provide that the applicant—

20 (A) will coordinate the programs and ac-
21 tivities involved, to the maximum extent prac-
22 ticable, with the lead agency in each State in
23 which the applicant will carry out such pro-
24 grams and activities; and

1 (B) will make such reports on, and conduct
2 such audits of the funds made available through
3 the grant or contract for, programs and activi-
4 ties under this Act as the Secretary may re-
5 quire.

6 (d) DATA AND INFORMATION.—The Secretary shall
7 obtain from each appropriate Federal agency, the most re-
8 cent data and information necessary to determine the al-
9 lotments provided for in subsection (b).

10 (e) REALLOTMENTS.—

11 (1) IN GENERAL.—Any portion of the allotment
12 under subsection (b) to a State for a fiscal year that
13 the Secretary determines will not be distributed to
14 the State for such fiscal year shall be reallocated by
15 the Secretary to other States in proportion to the
16 original allotments made under such subsection to
17 such States for such fiscal year.

18 (2) LIMITATIONS.—

19 (A) REDUCTION.—The amount of any re-
20 allotment to which a State is entitled under this
21 subsection shall be reduced to the extent that
22 such amount exceeds the amount that the Sec-
23 retary estimates will be distributed to the State
24 to make grants under this Act.

1 (B) REALLOTMENTS.—The amount of
2 such reduction shall be reallocated to States for
3 which no reduction in an allotment, or in a real-
4 lotment, is required by this subsection, in pro-
5 portion to the original allotments made under
6 subsection (b) to such States for such fiscal
7 year.

8 (3) AMOUNTS REALLOTTED.—For purposes of
9 this Act (other than this subsection and subsection
10 (b)), any amount reallocated to a State under this
11 subsection shall be considered to be part of the allot-
12 ment made under subsection (b) to the State.

13 (f) COST-SHARING.—

14 (1) FEDERAL SHARE.—The Federal share of
15 the cost of making grants under sections 3207 and
16 3208, with funds allotted under this section and dis-
17 tributed by the Secretary to a State, shall be—

18 (A) not more than 90 percent of the cost
19 of each grant made under such sections, in the
20 1st fiscal year for which the State receives such
21 funds;

22 (B) not more than 85 percent of the cost
23 of each grant made under such sections, in the
24 2d fiscal year for which the State receives such
25 funds;

1 (C) not more than 80 percent of the cost
2 of each grant made under such sections, in the
3 3d fiscal year for which the State receives such
4 funds; and

5 (D) not more than 75 percent of the cost
6 of each grant made under such sections, in any
7 subsequent fiscal year for which the State re-
8 ceives such funds.

9 (2) STATE SHARE.—The non-Federal share of
10 the cost of making such grants shall be paid by the
11 State in cash or in the form of an in-kind contribu-
12 tion, fairly evaluated by the Secretary.

13 (g) AVAILABILITY OF ALLOTTED FUNDS DISTRIB-
14 UTED TO STATES.—Of the funds allotted under this sec-
15 tion and distributed by the Secretary to a State for a fiscal
16 year—

17 (1) not less than 67.5 percent shall be available
18 to the State for grants under section 3207;

19 (2) not less than 22.5 percent shall be available
20 to the State for grants under section 3208; and

21 (3) not more than 10 percent shall be available
22 to pay administrative costs incurred by the State to
23 carry out this Act.

1 **SEC. 3206. APPLICATION AND PLAN.**

2 (a) APPLICATION.—To be eligible to receive a dis-
3 tribution of funds allotted under section 3205, a State
4 shall submit to the Secretary an application at such time,
5 in such manner, and containing such information as the
6 Secretary may require by rule and shall include in such
7 application a State plan that satisfies the requirements of
8 subsection (b).

9 (b) REQUIREMENTS OF PLAN.—

10 (1) LEAD AGENCY.—The State plan shall iden-
11 tify the lead agency to make grants under this Act
12 for the State.

13 (2) RECRUITMENT AND RETENTION OF CHILD
14 CARE PROVIDERS.—The State plan shall describe
15 how the lead agency will encourage both the recruit-
16 ment of eligible child care providers who are new to
17 the child care field and the retention of eligible child
18 care providers who have a demonstrated commit-
19 ment to the child care field.

20 (3) NOTIFICATION OF GRANT AVAILABILITY.—
21 The State plan shall describe how the lead agency
22 will identify all eligible child care providers in the
23 State and notify the providers of the availability of
24 grants under this Act.

25 (4) DISTRIBUTION OF GRANTS.—The State
26 plan shall describe how the lead agency will make

1 grants under sections 3207 and 3208 to child care
2 providers in selected geographical areas in the State
3 in compliance with the following requirements:

4 (A) SELECTION OF GEOGRAPHICAL
5 AREAS.—For the purpose of making such
6 grants for a fiscal year, the State shall—

7 (i) select a variety of geographical
8 areas, determined by the State, that,
9 collectively—

10 (I) include urban areas, suburban
11 areas, and rural areas; and

12 (II) are areas whose residents
13 have diverse income levels; and

14 (ii) give special consideration to geo-
15 graphical areas selected under this sub-
16 paragraph for the preceding fiscal year.

17 (B) SELECTION OF CHILD CARE PRO-
18 VIDERS TO RECEIVE GRANTS.—In making
19 grants under section 3207, the State may make
20 grants only to eligible child care providers in
21 geographical areas selected under subparagraph
22 (A), but—

23 (i) may give special consideration in
24 such areas to eligible child care providers
25 who have attained a higher relevant edu-

1 cational credential, who provide a specific
2 kind of child care services, who provide
3 child care services to populations who meet
4 specific economic characteristics, or who
5 meet such other criteria as the State may
6 establish; and

7 (ii) shall give special consideration to
8 eligible child care providers who received a
9 grant under such section in the preceding
10 fiscal year.

11 (C) LIMITATION.—The State shall describe
12 how the State will ensure that grants made
13 under section 3207 to child care providers will
14 not be used to offset reductions in the com-
15 pensation of such providers.

16 (D) REPORTING REQUIREMENT.—With re-
17 spect to each particular geographical area se-
18 lected under subparagraph (A), the State shall
19 provide an assurance that the State will, for
20 each fiscal year for which such State receives a
21 grant under section 3207—

22 (i) include in the report required by
23 section 3209, detailed information
24 regarding—

1 (I) the continuity of employment
2 of the grant recipients as child care
3 providers with the same employer;

4 (II) with respect to each em-
5 ployer that employed such a grant re-
6 cipient, whether such employer was
7 accredited by a recognized national or
8 State accrediting body during the pe-
9 riod of employment; and

10 (III) to the extent practicable
11 and available to the State, the rate
12 and frequency of employment turnover
13 of qualified child care providers
14 throughout such area,

15 during the 2-year period ending on the
16 deadline for submission of applications for
17 grants under section 3207 for that fiscal
18 year; and

19 (ii) provide a follow-up report, not
20 later than 90 days after the end of the suc-
21 ceeding fiscal year that includes informa-
22 tion regarding—

23 (I) the continuity of employment
24 of the grant recipients as child care
25 providers with the same employer;

1 (II) with respect to each em-
2 ployer that employed such a grant re-
3 cipient, whether such employer was
4 accredited by a recognized national or
5 State accrediting body during the pe-
6 riod of employment; and

7 (III) to the extent practicable
8 and available to the State, detailed in-
9 formation regarding the rate and fre-
10 quency of employment turnover of
11 qualified child care providers through-
12 out such area,

13 during the 1-year period beginning on the
14 date on which the grant to the State was
15 made under section 3207.

16 (5) CHILD CARE PROVIDER DEVELOPMENT AND
17 RETENTION GRANT PROGRAM.—The State plan shall
18 describe how the lead agency will determine the
19 amounts of grants to be made under section 3207
20 in accordance with the following requirements:

21 (A) SUFFICIENT AMOUNTS.—The State
22 shall demonstrate that the amounts of indi-
23 vidual grants to be made under section 3207
24 will be sufficient—

1 (i) to encourage child care providers
2 to improve their qualifications; and

3 (ii) to retain qualified child care pro-
4 viders in the child care field.

5 (B) AMOUNTS TO CREDENTIALLED PRO-
6 VIDERS.—Such grants made to child care pro-
7 viders who have a child development associate
8 credential and who are employed full-time to
9 provide child care services shall be in an
10 amount that is not less than \$1,000 per year.

11 (C) AMOUNTS TO PROVIDERS WITH HIGH-
12 ER LEVELS OF EDUCATION.—The State shall
13 make such grants in amounts greater than
14 \$1,000 per year to child care providers who
15 have higher levels of education than the edu-
16 cation required for a credential such as a child
17 development associate credential, according to
18 the following requirements:

19 (i) PROVIDERS WITH BACCALAUREATE
20 DEGREES IN RELEVANT FIELDS.—A child
21 care provider who has a baccalaureate de-
22 gree in the area of child development or
23 early child education shall receive a grant
24 under section 3207 in an amount that is
25 not less than twice the amount of the

1 grant that is made under section 3207 to
2 a child care provider who has an associate
3 of the arts degree in the area of child de-
4 velopment or early child education.

5 (ii) PROVIDERS WITH ASSOCIATE DE-
6 GREES.—A child care provider who has an
7 associate of the arts degree in the area of
8 child development or early child education
9 shall receive a grant under section 3207 in
10 an amount that is not less than 150 per-
11 cent of the amount of the grant that is
12 made under section 3207 to a child care
13 provider who has a child development asso-
14 ciate credential and is employed full-time
15 to provide child care services.

16 (iii) OTHER PROVIDERS WITH BACCA-
17 LAUREATE DEGREES.—

18 (I) IN GENERAL.—Except as pro-
19 vided in subclause (II), a child care
20 provider who has a baccalaureate de-
21 gree in a field other than child devel-
22 opment or early child education shall
23 receive a grant under section 3207 in
24 an amount equal to the amount of the
25 grant that is made under section 3207

1 to a child care provider who has an
2 associate of the arts degree in the
3 area of child development or early
4 child education.

5 (II) EXCEPTION.—If a child care
6 provider who has such a baccalaureate
7 degree obtains additional educational
8 training in the area of child develop-
9 ment or early child education, as spec-
10 ified by the State, such provider shall
11 receive a grant under section 3207 in
12 an amount equal to the amount of the
13 grant that is made under section 3207
14 to a child care provider who has a
15 baccalaureate degree specified in
16 clause (i).

17 (D) AMOUNTS TO FULL-TIME PRO-
18 VIDERS.—The State shall make a grant under
19 section 3207 to a child care provider who works
20 full-time in a greater amount than the amount
21 of the grant that is made under section 3207
22 to a child care provider who works part-time,
23 based on the State definitions of full-time and
24 part-time work.

1 (E) AMOUNTS TO EXPERIENCED PRO-
2 VIDERS.—The State shall make grants under
3 section 3207 in progressively larger amounts to
4 child care providers to reflect the number of
5 years worked as child care providers.

6 (6) DISTRIBUTION OF CHILD CARE PROVIDER
7 SCHOLARSHIPS.—The State plan shall describe how
8 the lead agency will make grants for scholarships in
9 compliance with section 3208 and shall specify the
10 types of educational and training programs for
11 which the scholarship grants made under such sec-
12 tion may be used, including only programs that—

13 (A) are administered by institutions of
14 higher education that are eligible to participate
15 in student financial assistance programs under
16 title IV of the Higher Education Act of 1965
17 (20 U.S.C. 1070 et seq.); and

18 (B) lead to a State or nationally recog-
19 nized credential in the area of child develop-
20 ment or early child education, an associate of
21 the arts degree in the area of child development
22 or early child education, or a baccalaureate de-
23 gree in the area of child development or early
24 child education.

1 (7) EMPLOYER CONTRIBUTION.—The State
2 plan shall describe how the lead agency will encour-
3 age employers of child care providers to contribute
4 to the attainment of education goals by child care
5 providers who receive grants under section 3208.

6 (8) SUPPLEMENTATION.—The State plan shall
7 provide assurances that amounts received by the
8 State to carry out sections 3207 and 3208 will be
9 used only to supplement, and not to supplant, Fed-
10 eral, State, and local funds otherwise available to
11 support existing services and activities (as of the
12 date the amounts are used) that encourage child
13 care providers to improve their qualifications and
14 that promote the retention of qualified child care
15 providers in the child care field.

16 **SEC. 3207. CHILD CARE PROVIDER DEVELOPMENT AND RE-**
17 **TENTION GRANT PROGRAM.**

18 (a) IN GENERAL.—A State that receives funds allot-
19 ted under section 3205 and made available to carry out
20 this section shall expend such funds to make grants to
21 eligible child care providers in accordance with this sec-
22 tion, to improve the qualifications and promote the reten-
23 tion of qualified child care providers.

1 (b) ELIGIBILITY TO RECEIVE GRANTS.—To be eligi-
2 ble to receive a grant under this section, a child care pro-
3 vider shall—

4 (1) have a child development associate creden-
5 tial or equivalent, an associate of the arts degree in
6 the area of child development or early child edu-
7 cation, a baccalaureate degree in the area of child
8 development or early child education, or a bacca-
9 laureate degree in an unrelated field; and

10 (2) be employed as a child care provider for not
11 less than 1 calendar year, or (if the provider is em-
12 ployed on the date of the eligibility determination in
13 a child care program that operates for less than a
14 full calendar year) the program equivalent of 1 cal-
15 endar year, ending on the date of the application for
16 such grant, except that not more than 3 months of
17 education related to child development or to early
18 child education obtained during the corresponding
19 calendar year may be treated as employment that
20 satisfies the requirements of this paragraph.

21 (c) PRESERVATION OF ELIGIBILITY.—A State shall
22 not take into consideration whether a child care provider
23 is receiving, may receive, or may be eligible to receive any
24 funds under section 3208 for purposes of selecting eligible
25 child care providers to receive grants under this section.

1 **SEC. 3208. CHILD CARE PROVIDER SCHOLARSHIP PRO-**
2 **GRAM.**

3 (a) **IN GENERAL.**—A State that receives funds allot-
4 ted under section 3205 and made available to carry out
5 this section shall expend such funds to make scholarship
6 grants to eligible child care providers in accordance with
7 this section, to improve their educational qualifications to
8 provide child care services.

9 (b) **ELIGIBILITY REQUIREMENT FOR SCHOLARSHIP**
10 **GRANTS.**—To be eligible to receive a scholarship grant
11 under this section, a child care provider shall be employed
12 as a child care provider for not less than 1 calendar year,
13 or (if the provider is employed on the date of the eligibility
14 determination in a child care program that operates for
15 less than a full calendar year) the program equivalent of
16 1 calendar year, ending on the date of the application for
17 such grant.

18 (c) **SELECTION OF GRANTEES.**—For purposes of se-
19 lecting eligible child care providers to receive scholarship
20 grants under this section and determining the amounts of
21 such grants, a State shall not—

22 (1) take into consideration whether a child care
23 provider is receiving, may receive, or may be eligible
24 to receive any funds under any other provision of
25 this Act, or under any other Federal or State law
26 that provides funds for educational purposes; or

1 (2) consider as resources of such provider any
2 funds such provider is receiving, may receive, or may
3 be eligible to receive under any other provision of
4 this Act, under any other Federal or State law that
5 provides funds for educational purposes, or from a
6 private entity.

7 (d) **COST-SHARING REQUIRED.**—The amount of a
8 scholarship grant made under this section to an eligible
9 child care provider shall be less than the cost of the edu-
10 cational or training program for which such grant is made.

11 (e) **ANNUAL MAXIMUM SCHOLARSHIP GRANT**
12 **AMOUNT.**—The maximum aggregate dollar amount of a
13 scholarship grant made by a State to an eligible child care
14 provider under this section in a fiscal year shall \$1,500.

15 **SEC. 3209. ANNUAL REPORT.**

16 A State that receives funds appropriated to carry out
17 this Act for a fiscal year shall submit to the Secretary,
18 not later than 90 days after the end of such fiscal year,
19 a report—

20 (1) specifying the uses for which the State ex-
21 pended such funds, and the aggregate amount of
22 funds (including State funds) expended for each of
23 such uses;

24 (2) containing available data relating to grants
25 made with such funds, including—

1 (A) the number of child care providers who
2 received such grants;

3 (B) the amounts of such grants;

4 (C) any other information that describes or
5 evaluates the effectiveness of this Act;

6 (D) the particular geographical areas se-
7 lected under section 3206 for the purpose of
8 making such grants;

9 (E) with respect to grants made under sec-
10 tion 3207—

11 (i) the number of years grant recipi-
12 ents have been employed as child care pro-
13 viders;

14 (ii) the level of training and education
15 of grant recipients;

16 (iii) to the extent practicable and
17 available to the State, detailed information
18 regarding the salaries and other compensa-
19 tion received by grant recipients to provide
20 child care services before, during, and after
21 receiving such grant;

22 (iv) the number of children who re-
23 ceived child care services provided by grant
24 recipients;

1 (v) information on family demo-
2 graphics of such children;

3 (vi) the types of settings described in
4 subparagraphs (A), (B), and (C) of section
5 3203(a)(1) in which grant recipients are
6 employed; and

7 (vii) the ages of the children who re-
8 ceived child care services provided by grant
9 recipients;

10 (F) with respect to grants made under sec-
11 tion 3208—

12 (i) the number of years grant recipi-
13 ents have been employed as child care pro-
14 viders;

15 (ii) the level of training and education
16 of grant recipients;

17 (iii) to the extent practicable and
18 available to the State, detailed information
19 regarding the salaries and other compensa-
20 tion received by grant recipients to provide
21 child care services before, during, and after
22 receiving such grant;

23 (iv) the types of settings described in
24 subparagraphs (A), (B), and (C) of section

1 3203(a)(1) in which grant recipients are
2 employed;

3 (v) the ages of the children who re-
4 ceived child care services provided by grant
5 recipients;

6 (vi) the number of course credits or
7 credentials obtained by grant recipients;
8 and

9 (vii) the amount of time taken for
10 completion of the educational and training
11 programs for which such grants were
12 made; and

13 (G) such other information as the Sec-
14 retary may require by rule.

15 **SEC. 3210. AUTHORIZATION OF APPROPRIATIONS.**

16 There is authorized to be appropriated
17 \$5,000,000,000 in the aggregate for fiscal years 2002
18 through 2006 to carry out this Act.

19 **CHAPTER 2—STRENGTHENING QUALITY**
20 **THROUGH THE CHILD CARE AND DE-**
21 **VELOPMENT BLOCK GRANT**

22 **SEC. 3231. STATE PLAN.**

23 Section 658E(c)(2) of the Child Care and Develop-
24 ment Block Grant Act of 1990 (42 U.S.C. 9858c(c)(2)),

1 as amended in section 3112, is further amended by adding
2 at the end the following:

3 “(K) ESTABLISHMENT OF TRAINING RE-
4 QUIREMENTS.—Certify that there are require-
5 ments in effect within the State, under State or
6 local law, that are designed to support the
7 learning and development of children and that
8 are applicable to all child care providers that
9 provide services for which assistance is made
10 available under this subchapter. Such require-
11 ments shall include requirements relating to
12 preservice training in childhood development.

13 “(L) INSURING THE SAFETY OF CHIL-
14 DREN.—Certify that there are requirements in
15 effect within the State, under State or local
16 law, that require that evaluators from an appro-
17 priate State or local agency make not less than
18 2 unannounced visits annually to each child
19 care provider in the State that provides services
20 for which assistance is made available under
21 this subchapter.”.

22 **SEC. 3232. CHILD CARE QUALITY IMPROVEMENTS.**

23 Section 658G of the Child Care and Development
24 Block Grant Act of 1990 (42 U.S.C. 9858e), as amended

1 in section 3002, is further amended by striking subsection
2 (a) and inserting the following:

3 “(a) ACTIVITIES TO IMPROVE THE QUALITY OF
4 CHILD CARE.—

5 “(1) IN GENERAL.—A State that receives funds
6 to carry out this subchapter shall reserve and use
7 not less than 12 percent of the funds—

8 “(A) for 1 or more activities consisting
9 of—

10 “(i) providing directly, or providing fi-
11 nancial assistance to private nonprofit or-
12 ganizations or public entities (including
13 units of general purpose local government)
14 for the development, establishment, expan-
15 sion, operation, and coordination of, child
16 care resource and referral services;

17 “(ii) making grants or providing loans
18 to eligible child care providers to assist the
19 providers in meeting applicable State and
20 local child care standards and recognized
21 accreditation standards;

22 “(iii) improving the ability of State or
23 local government, as applicable, to monitor
24 compliance with, and to enforce, State and
25 local licensing and regulatory requirements

1 (including registration requirements) appli-
2 cable to child care providers;

3 “(iv) providing training and technical
4 assistance in areas relating to the provision
5 of child care services, such as training re-
6 lating to promotion of health and safety,
7 promotion of good nutrition, provision of
8 first aid, recognition of communicable dis-
9 eases, child abuse detection and preven-
10 tion, and care of children with special
11 needs; and

12 “(v) improving salaries and other
13 compensation paid to full-time and part-
14 time staff who provide child care services
15 for which assistance is made available
16 under this subchapter; and

17 “(B) to support the system described in
18 paragraph (2).

19 “(2) CHILD CARE RESOURCE AND REFERRAL
20 SYSTEM.—The State shall use a portion of the funds
21 reserved under paragraph (1) to support a system of
22 local child care resource and referral organizations
23 coordinated by a statewide lead child care resource
24 and referral organization. The local child care re-
25 source and referral organizations shall—

1 “(A) provide parents in the State with in-
2 formation and support concerning child care op-
3 tions in their communities;

4 “(B) collect data on the supply of and de-
5 mand for child care in political subdivisions
6 within the State;

7 “(C) develop links with the business com-
8 munity; and

9 “(D) increase the supply and improve the
10 quality of child care in the State and in political
11 subdivisions in the State.”.

12 **SEC. 3233. ADMINISTRATION AND ENFORCEMENT.**

13 (a) IN GENERAL.—Section 658I of the Child Care
14 and Development Block Grant Act of 1990 (42 U.S.C.
15 9858g) is amended by adding at the end the following:

16 “(c) FEDERAL ADMINISTRATION ACTIVITIES.—The
17 Secretary shall use the funds reserved under section
18 658O(a)(3)—

19 “(1) to support the establishment of a national
20 data system to develop statistics on the supply of,
21 demand for, and quality of child care, early edu-
22 cation, and non-school-hours programs, including
23 use of data collected through child care resource and
24 referral organizations at the national, State, and
25 local levels;

1 “(2) to prepare and submit to Congress an an-
2 nual report on the supply of, demand for, and qual-
3 ity of child care, early education, and non-school-
4 hours programs, using data collected through State
5 and local child care resource and referral organiza-
6 tions and other sources; and

7 “(3) to provide technical assistance to States to
8 enable the States to participate in carrying out the
9 activities described in paragraphs (1) and (2).”.

10 (b) RESERVATION.—Section 658O(a) of the Child
11 Care and Development Block Grant Act of 1990 (42
12 U.S.C. 9858m(a)) is amended by adding at the end the
13 following:

14 “(3) ADMINISTRATION.—The Secretary shall
15 reserve not more than 2 percent of the amount ap-
16 propriated under section 658B for each fiscal year
17 to carry out section 658I(c).”.

18 **CHAPTER 3—CHILD CARE CENTERS IN**
19 **FEDERAL FACILITIES**

20 **SEC. 3241. SHORT TITLE.**

21 This chapter may be cited as the “Federal Employees
22 Child Care Act”.

23 **SEC. 3242. DEFINITIONS.**

24 In this chapter (except as otherwise provided in sec-
25 tion 3245):

1 (1) ADMINISTRATOR.—The term “Adminis-
2 trator” means the Administrator of General Serv-
3 ices.

4 (2) CHILD CARE ACCREDITATION ENTITY.—The
5 term “child care accreditation entity” means a non-
6 profit private organization or public agency that—

7 (A) is recognized by a State agency or by
8 a national organization that serves as a peer re-
9 view panel on the standards and procedures of
10 public and private child care or school accred-
11 iting bodies; and

12 (B) accredits a facility to provide child
13 care on the basis of—

14 (i) an accreditation or credentialing
15 instrument based on peer-validated re-
16 search;

17 (ii) compliance with applicable State
18 or local licensing requirements, as appro-
19 priate, for the facility;

20 (iii) outside monitoring of the facility;

21 and

22 (iv) criteria that provide assurances
23 of—

1 (I) use of developmentally appro-
2 priate health and safety standards at
3 the facility;

4 (II) use of developmentally ap-
5 propriate educational activities, as an
6 integral part of the child care pro-
7 gram carried out at the facility; and

8 (III) use of ongoing staff devel-
9 opment or training activities for the
10 staff of the facility, including related
11 skills-based testing.

12 (3) ENTITY SPONSORING A CHILD CARE FACIL-
13 ITY.—The term “entity sponsoring a child care facil-
14 ity” means a Federal agency that operates, or an
15 entity that enters into a contract or licensing agree-
16 ment with a Federal agency to operate, a child care
17 facility primarily for the use of Federal employees.

18 (4) EXECUTIVE AGENCY.—The term “Executive
19 agency” has the meaning given the term in section
20 105 of title 5, United States Code, except that the
21 term—

22 (A) does not include the Department of
23 Defense and the Coast Guard; and

1 (B) includes the General Services Adminis-
2 tration, with respect to the administration of a
3 facility described in paragraph (5)(B).

4 (5) EXECUTIVE FACILITY.—The term “execu-
5 tive facility”—

6 (A) means a facility that is owned or
7 leased by an Executive agency; and

8 (B) includes a facility that is owned or
9 leased by the General Services Administration
10 on behalf of a judicial office.

11 (6) FEDERAL AGENCY.—The term “Federal
12 agency” means an Executive agency, a legislative of-
13 fice, or a judicial office.

14 (7) JUDICIAL FACILITY.—The term “judicial fa-
15 cility” means a facility that is owned or leased by a
16 judicial office (other than a facility that is also a fa-
17 cility described in paragraph (5)(B)).

18 (8) JUDICIAL OFFICE.—The term “judicial of-
19 fice” means an entity of the judicial branch of the
20 Federal Government.

21 (9) LEGISLATIVE FACILITY.—The term “legisla-
22 tive facility” means a facility that is owned or leased
23 by a legislative office.

1 (10) LEGISLATIVE OFFICE.—The term “legisla-
2 tive office” means an entity of the legislative branch
3 of the Federal Government.

4 (11) STATE.—The term “State” has the mean-
5 ing given the term in section 658P of the Child Care
6 and Development Block Grant Act of 1990 (42
7 U.S.C. 9858n).

8 **SEC. 3243. PROVIDING QUALITY CHILD CARE IN FEDERAL**
9 **FACILITIES.**

10 (a) EXECUTIVE FACILITIES.—

11 (1) STATE AND LOCAL LICENSING REQUIRE-
12 MENTS.—

13 (A) IN GENERAL.—Any entity sponsoring
14 a child care facility in an executive facility
15 shall—

16 (i) comply with child care standards
17 described in paragraph (2) that are no less
18 stringent than applicable State or local li-
19 censing requirements that are related to
20 the provision of child care in the State or
21 locality involved; or

22 (ii) obtain the applicable State or local
23 licenses, as appropriate, for the facility.

1 (B) COMPLIANCE.—Not later than 6
2 months after the date of enactment of this
3 Act—

4 (i) the entity shall comply, or make
5 substantial progress (as determined by the
6 Administrator) toward complying, with
7 subparagraph (A); and

8 (ii) any contract or licensing agree-
9 ment used by an Executive agency for the
10 provision of child care services in the child
11 care facility shall include a condition that
12 the child care be provided by an entity that
13 complies with the standards described in
14 subparagraph (A)(i) or obtains the licenses
15 described in subparagraph (A)(ii).

16 (2) HEALTH, SAFETY, AND FACILITY STAND-
17 ARDS.—The Administrator shall by regulation estab-
18 lish standards relating to health, safety, facilities, fa-
19 cility design, and other aspects of child care that the
20 Administrator determines to be appropriate for child
21 care in executive facilities, and require child care fa-
22 cilities, and entities sponsoring child care facilities,
23 in executive facilities to comply with the standards.
24 The standards shall include requirements that child

1 care facilities be inspected for, and be free of, lead
2 hazards.

3 (3) ACCREDITATION STANDARDS.—

4 (A) IN GENERAL.—The Administrator
5 shall issue regulations requiring, to the max-
6 imum extent possible, any entity sponsoring an
7 eligible child care facility (as defined by the Ad-
8 ministrator) in an executive facility to comply
9 with standards of a child care accreditation en-
10 tity.

11 (B) COMPLIANCE.—The regulations shall
12 require that, not later than 3 years after the
13 date of enactment of this Act—

14 (i) the entity shall comply, or make
15 substantial progress (as determined by the
16 Administrator) toward complying, with the
17 standards; and

18 (ii) any contract or licensing agree-
19 ment used by an Executive agency for the
20 provision of child care services in the child
21 care facility shall include a condition that
22 the child care be provided by an entity that
23 complies with the standards.

24 (4) EVALUATION AND COMPLIANCE.—

1 (A) IN GENERAL.—The Administrator
2 shall evaluate the compliance, with the require-
3 ments of paragraph (1) and the regulations
4 issued pursuant to paragraphs (2) and (3), as
5 appropriate, of child care facilities, and entities
6 sponsoring child care facilities, in executive fa-
7 cilities. The Administrator may conduct the
8 evaluation of such a child care facility or entity
9 directly, or through an agreement with another
10 Federal agency or private entity, other than the
11 Federal agency for which the child care facility
12 is providing services. If the Administrator de-
13 termines, on the basis of such an evaluation,
14 that the child care facility or entity is not in
15 compliance with the requirements, the Adminis-
16 trator shall notify the Executive agency.

17 (B) EFFECT OF NONCOMPLIANCE.—On re-
18 ceipt of the notification of noncompliance issued
19 by the Administrator, the head of the Executive
20 agency shall—

21 (i) if the entity operating the child
22 care facility is the agency—

23 (I) not later than 2 business days
24 after the date of receipt of the notifi-
25 cation, correct any deficiencies that

1 are determined by the Administrator
2 to be life threatening or to present a
3 risk of serious bodily harm;

4 (II) not later than 4 months
5 after the date of receipt of the notifi-
6 cation, develop and provide to the Ad-
7 ministrator a plan to correct any
8 other deficiencies in the operation of
9 the facility and bring the facility and
10 entity into compliance with the re-
11 quirements;

12 (III) provide the parents of the
13 children receiving child care services
14 at the child care facility and employ-
15 ees of the facility with a notification
16 detailing the deficiencies described in
17 subclauses (I) and (II) and actions
18 that will be taken to correct the defi-
19 ciencies, and post a copy of the notifi-
20 cation in a conspicuous place in the
21 facility for 5 working days or until the
22 deficiencies are corrected, whichever is
23 later;

24 (IV) bring the child care facility
25 and entity into compliance with the

1 requirements and certify to the Ad-
2 ministrator that the facility and entity
3 are in compliance, based on an onsite
4 evaluation of the facility conducted by
5 an individual with expertise in child
6 care health and safety; and

7 (V) in the event that deficiencies
8 determined by the Administrator to be
9 life threatening or to present a risk of
10 serious bodily harm cannot be cor-
11 rected within 2 business days after
12 the date of receipt of the notification,
13 close the child care facility, or the af-
14 fected portion of the facility, until the
15 deficiencies are corrected and notify
16 the Administrator of the closure; and
17 (ii) if the entity operating the child
18 care facility is a contractor or licensee of
19 the Executive agency—

20 (I) require the contractor or li-
21 censee, not later than 2 business days
22 after the date of receipt of the notifi-
23 cation, to correct any deficiencies that
24 are determined by the Administrator

1 to be life threatening or to present a
2 risk of serious bodily harm;

3 (II) require the contractor or li-
4 censee, not later than 4 months after
5 the date of receipt of the notification,
6 to develop and provide to the head of
7 the agency a plan to correct any other
8 deficiencies in the operation of the
9 child care facility and bring the facil-
10 ity and entity into compliance with
11 the requirements;

12 (III) require the contractor or li-
13 censee to provide the parents of the
14 children receiving child care services
15 at the child care facility and employ-
16 ees of the facility with a notification
17 detailing the deficiencies described in
18 subclauses (I) and (II) and actions
19 that will be taken to correct the defi-
20 ciencies, and to post a copy of the no-
21 tification in a conspicuous place in the
22 facility for 5 working days or until the
23 deficiencies are corrected, whichever is
24 later;

1 (IV) require the contractor or li-
2 censee to bring the child care facility
3 and entity into compliance with the
4 requirements and certify to the head
5 of the agency that the facility and en-
6 tity are in compliance, based on an
7 onsite evaluation of the facility con-
8 ducted by an independent entity with
9 expertise in child care health and
10 safety; and

11 (V) in the event that deficiencies
12 determined by the Administrator to be
13 life threatening or to present a risk of
14 serious bodily harm cannot be cor-
15 rected within 2 business days after
16 the date of receipt of the notification,
17 close the child care facility, or the af-
18 fected portion of the facility, until the
19 deficiencies are corrected and notify
20 the Administrator of the closure,
21 which closure may be grounds for the
22 immediate termination or suspension
23 of the contract or license of the con-
24 tractor or licensee.

1 (C) COST REIMBURSEMENT.—The Execu-
2 tive agency shall reimburse the Administrator
3 for the costs of carrying out subparagraph (A)
4 for child care facilities located in an executive
5 facility other than an executive facility of the
6 General Services Administration. If an entity is
7 sponsoring a child care facility for 2 or more
8 Executive agencies, the Administrator shall allo-
9 cate the reimbursement costs with respect to
10 the entity among the agencies in a fair and eq-
11 uitable manner, based on the extent to which
12 each agency is eligible to place children in the
13 facility.

14 (5) DISCLOSURE OF PRIOR VIOLATIONS TO PAR-
15 ENTS AND FACILITY EMPLOYEES.—

16 (A) IN GENERAL.—The Administrator
17 shall issue regulations that require that each
18 entity sponsoring a child care facility in an ex-
19 ecutive facility, upon receipt by the child care
20 facility or the entity (as applicable) of a request
21 by any individual who is—

22 (i) a parent of any child enrolled at
23 the facility;

1 (ii) a parent of a child for whom an
2 application has been submitted to enroll at
3 the facility; or

4 (iii) an employee of the facility;

5 shall provide to the individual the copies and
6 description described in subparagraph (B).

7 (B) COPIES AND DESCRIPTION.—The enti-
8 ty shall provide—

9 (i) copies of all notifications of defi-
10 ciencies that have been provided in the
11 past with respect to the facility under
12 clause (i)(III) or (ii)(III), as applicable, of
13 paragraph (4)(B); and

14 (ii) a description of the actions that
15 were taken to correct the deficiencies.

16 (b) LEGISLATIVE FACILITIES.—

17 (1) ACCREDITATION.—The Chief Administra-
18 tive Officer of the House of Representatives, the Li-
19 brarian of Congress, and the head of a designated
20 entity in the Senate shall ensure that, not later than
21 1 year after the date of enactment of this Act, the
22 corresponding child care facility obtains accredita-
23 tion by a child care accreditation entity, in accord-
24 ance with the accreditation standards of the entity.

25 (2) REGULATIONS.—

1 (A) IN GENERAL.—If the corresponding
2 child care facility does not maintain accredita-
3 tion status with a child care accreditation enti-
4 ty, the Chief Administrative Officer of the
5 House of Representatives, the Librarian of Con-
6 gress, or the head of the designated entity in
7 the Senate shall issue regulations governing the
8 operation of the corresponding child care facil-
9 ity, to ensure the safety and quality of care of
10 children placed in the facility. The regulations
11 shall be no less stringent in content and effect
12 than the requirements of subsection (a)(1) and
13 the regulations issued by the Administrator
14 under paragraphs (2) and (3) of subsection (a),
15 except to the extent that appropriate adminis-
16 trative officers make the determination de-
17 scribed in subparagraph (B).

18 (B) MODIFICATION MORE EFFECTIVE.—
19 The determination referred to in subparagraph
20 (A) is a determination, for good cause shown
21 and stated together with the regulations, that a
22 modification of the regulations would be more
23 effective for the implementation of the require-
24 ments and standards described in subsection (a)
25 for the corresponding child care facilities, and

1 entities sponsoring the corresponding child care
2 facilities, in legislative facilities.

3 (3) CORRESPONDING CHILD CARE FACILITY.—

4 In this subsection, the term “corresponding child
5 care facility”, used with respect to the Chief Admin-
6 istrative Officer, the Librarian, or the head of a des-
7 ignated entity described in paragraph (1), means a
8 child care facility operated by, or under a contract
9 or licensing agreement with, an office of the House
10 of Representatives, the Library of Congress, or an
11 office of the Senate, respectively.

12 (c) JUDICIAL BRANCH STANDARDS AND COMPLI-
13 ANCE.—

14 (1) STATE AND LOCAL LICENSING REQUIRE-
15 MENTS HEALTH, SAFETY, AND FACILITY STAND-
16 ARDS, AND ACCREDITATION STANDARDS.—The Di-
17 rector of the Administrative Office of the United
18 States Courts shall issue regulations for child care
19 facilities, and entities sponsoring child care facilities,
20 in judicial facilities, which shall be no less stringent
21 in content and effect than the requirements of sub-
22 section (a)(1) and the regulations issued by the Ad-
23 ministrator under paragraphs (2) and (3) of sub-
24 section (a), except to the extent that the Director
25 may determine, for good cause shown and stated to-

1 gether with the regulations, that a modification of
2 such regulations would be more effective for the im-
3 plementation of the requirements and standards de-
4 scribed in paragraphs (1), (2), and (3) of subsection
5 (a) for child care facilities, and entities sponsoring
6 child care facilities, in judicial facilities.

7 (2) EVALUATION AND COMPLIANCE.—

8 (A) DIRECTOR OF THE ADMINISTRATIVE
9 OFFICE OF THE UNITED STATES COURTS.—The
10 Director of the Administrative Office of the
11 United States Courts shall have the same au-
12 thorities and duties with respect to the evalua-
13 tion of, compliance of, and cost reimbursement
14 for child care facilities, and entities sponsoring
15 child care facilities, in judicial facilities as the
16 Administrator has under subsection (a)(4) with
17 respect to the evaluation of, compliance of, and
18 cost reimbursement for such centers and enti-
19 ties sponsoring such centers, in executive facili-
20 ties.

21 (B) HEAD OF A JUDICIAL OFFICE.—The
22 head of a judicial office shall have the same au-
23 thorities and duties with respect to the compli-
24 ance of and cost reimbursement for child care
25 facilities, and entities sponsoring child care fa-

1 ilities, in judicial facilities as the head of an
2 Executive agency has under subsection (a)(4)
3 with respect to the compliance of and cost reim-
4 bursement for such centers and entities spon-
5 soring such centers, in executive facilities.

6 (d) APPLICATION.—Notwithstanding any other provi-
7 sion of this section, if 8 or more child care facilities are
8 sponsored in facilities owned or leased by an Executive
9 agency, the Administrator shall delegate to the head of
10 the agency the evaluation and compliance responsibilities
11 assigned to the Administrator under subsection (a)(4)(A).

12 (e) TECHNICAL ASSISTANCE, STUDIES, AND RE-
13 VIEWS.—The Administrator may provide technical assist-
14 ance, and conduct and provide the results of studies and
15 reviews, for Executive agencies, and entities sponsoring
16 child care facilities in executive facilities, on a reimburs-
17 able basis, in order to assist the entities in complying with
18 this section. The Chief Administrative Officer of the
19 House of Representatives, the Librarian of Congress, the
20 head of the designated Senate entity described in sub-
21 section (b), and the Director of the Administrative Office
22 of the United States Courts, may provide technical assist-
23 ance, and conduct and provide the results of studies and
24 reviews, or request that the Administrator provide tech-
25 nical assistance, and conduct and provide the results of

1 studies and reviews, for legislative offices and judicial of-
2 fices, as appropriate, and entities operating child care fa-
3 cilities in legislative facilities or judicial facilities, as ap-
4 propriate, on a reimbursable basis, in order to assist the
5 entities in complying with this section.

6 (f) INTERAGENCY COUNCIL.—

7 (1) COMPOSITION.—The Administrator shall es-
8 tablish an interagency council, comprised of—

9 (A) representatives of all Executive agen-
10 cies described in subsection (d) and other Exec-
11 utive agencies at the election of the heads of the
12 agencies;

13 (B) a representative of the Chief Adminis-
14 trative Officer of the House of Representatives,
15 at the election of the Chief Administrative Offi-
16 cer;

17 (C) a representative of the head of the des-
18 ignated Senate entity described in subsection
19 (b), at the election of the head of the entity;

20 (D) a representative of the Librarian of
21 Congress, at the election of the Librarian; and

22 (E) a representative of the Director of the
23 Administrative Office of the United States
24 Courts, at the election of the Director.

1 (2) FUNCTIONS.—The council shall facilitate
2 cooperation and sharing of best practices, and de-
3 velop and coordinate policy, regarding the provision
4 of child care, including the provision of areas for
5 nursing mothers and other lactation support facili-
6 ties and services, in the Federal Government.

7 (g) AUTHORIZATION OF APPROPRIATIONS.—There is
8 authorized to be appropriated to carry out this section
9 \$900,000 for fiscal year 2002 and such sums as may be
10 necessary for each subsequent fiscal year.

11 **SEC. 3244. FEDERAL CHILD CARE EVALUATION.**

12 (a) IN GENERAL.—Not later than 1 year after the
13 date of enactment of this Act, the Administrator and the
14 Director of the Office of Personnel Management shall
15 jointly prepare and submit to Congress a report that eval-
16 uates child care provided by entities sponsoring child care
17 facilities in executive facilities, legislative facilities, or judi-
18 cial facilities.

19 (b) CONTENTS.—The evaluation shall contain, at a
20 minimum—

21 (1) information on the number of children re-
22 ceiving child care described in subsection (a), ana-
23 lyzed by age, including information on the number
24 of those children who are age 6 through 12;

1 (2) information on the number of families not
2 using child care described in subsection (a) because
3 of the cost of the child care; and

4 (3) recommendations for improving the quality
5 and cost-effectiveness of child care described in sub-
6 section (a), including recommendations of options
7 for creating an optimal organizational structure and
8 using best practices for the delivery of the child
9 care.

10 **SEC. 3245. CHILD CARE SERVICES FOR FEDERAL EMPLOY-**
11 **EES.**

12 (a) **IN GENERAL.**—In addition to services authorized
13 to be provided by an agency of the United States pursuant
14 to section 616 of the Act of December 22, 1987 (40
15 U.S.C. 490b), an Executive agency that provides or pro-
16 poses to provide child care services for Federal employees
17 may use agency funds to provide the child care services,
18 in a facility that is owned or leased by an Executive agen-
19 cy, or through a contractor, for civilian employees of the
20 agency.

21 (b) **AFFORDABILITY.**—Funds so used with respect to
22 any such facility or contractor shall be applied to improve
23 the affordability of child care for lower income Federal
24 employees using or seeking to use the child care services
25 offered by the facility or contractor.

1 (c) REGULATIONS.—The Administrator after con-
2 sultation with the Director of the Office of Personnel Man-
3 agement, shall, within 180 days after the date of enact-
4 ment of this Act, issue regulations necessary to carry out
5 this section.

6 (d) DEFINITION.—For purposes of this section, the
7 term “Executive agency” has the meaning given the term
8 by section 105 of title 5, United States Code, but does
9 not include the General Accounting Office.

10 **SEC. 3246. MISCELLANEOUS PROVISIONS RELATING TO**
11 **CHILD CARE PROVIDED BY FEDERAL AGEN-**
12 **CIES.**

13 (a) AVAILABILITY OF FEDERAL CHILD CARE CEN-
14 TERS FOR ONSITE CONTRACTORS; PERCENTAGE GOAL.—
15 Section 616 of the Act of December 22, 1987 (40 U.S.C.
16 490b) is amended—

17 (1) in subsection (a)—

18 (A) by striking “officer or agency of the
19 United States” and inserting “Federal agency
20 or officer of a Federal agency”; and

21 (B) by striking paragraphs (2) and (3) and
22 inserting the following:

23 “(2) the officer or agency determines that the
24 space will be used to provide child care and related
25 services to—

1 “(A) children of Federal employees or on-
2 site Federal contractors; or

3 “(B) dependent children who live with
4 Federal employees or onsite Federal contrac-
5 tors; and

6 “(3) the officer or agency determines that the
7 individual or entity will give priority for available
8 child care and related services in the space to Fed-
9 eral employees and onsite Federal contractors.”; and

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

11 “(f)(1)(A) The Administrator of General Services
12 shall confirm that at least 50 percent of aggregate enroll-
13 ment in Federal child care centers governmentwide are
14 children of Federal employees or onsite Federal contrac-
15 tors, or dependent children who live with Federal employ-
16 ees or onsite Federal contractors.

17 “(B) Each provider of child care services at an indi-
18 vidual Federal child care center shall maintain 50 percent
19 of the enrollment at the center of children described under
20 subparagraph (A) as a goal for enrollment at the center.

21 “(C)(i) If enrollment at a center does not meet the
22 percentage goal under subparagraph (B), the provider
23 shall develop and implement a business plan with the
24 sponsoring Federal agency to achieve the goal within a
25 reasonable timeframe.

1 “(ii) The plan shall be approved by the Administrator
2 of General Services based on—

3 “(I) compliance of the plan with standards es-
4 tablished by the Administrator; and

5 “(II) the effect of the plan on achieving the ag-
6 gregate Federal enrollment percentage goal.

7 “(2) The Administrator of General Services may
8 enter into public-private partnerships or contracts with
9 nongovernmental entities to increase the capacity, quality,
10 affordability, or range of child care and related services
11 and may, on a demonstration basis, waive subsection
12 (a)(3) and paragraph (1) of this subsection.”.

13 (b) PAYMENT OF COSTS OF TRAINING PROGRAMS.—
14 Section 616(b)(3) of such Act (40 U.S.C. 490b(b)(3)) is
15 amended to read as follows:

16 “(3) If a Federal agency has a child care facility in
17 a Federal space, or is a sponsoring agency for a child care
18 facility in a Federal space, the agency or the General Serv-
19 ices Administration may pay accreditation fees, including
20 renewal fees, for that center to be accredited. Any Federal
21 agency that provides or proposes to provide child care
22 services for children referred to in subsection (a)(2), may
23 reimburse any Federal employee or any person employed
24 to provide the services for the costs of training programs,
25 conferences, and meetings and related travel, transpor-

1 tation, and subsistence expenses incurred in connection
2 with those activities. Any per diem allowance made under
3 this section shall not exceed the rate specified in regula-
4 tions prescribed under section 5707 of title 5, United
5 States Code.”.

6 (c) TECHNICAL AND CONFORMING AMENDMENTS.—
7 Section 616(c) of such Act (40 U.S.C. 490b(c)) is
8 amended—

9 (1) by inserting “Federal” before “child care
10 centers”; and

11 (2) by striking “Federal workers” and inserting
12 “Federal employees”.

13 (d) PROVISION OF CHILD CARE BY PRIVATE ENTI-
14 TIES.—Section 616(d) of such Act (40 U.S.C. 490b(d))
15 is amended to read as follows:

16 “(d)(1) If a Federal agency has a child care facility
17 in a Federal space, or is a sponsoring agency for a child
18 care facility in a Federal space, the agency, the child care
19 center board of directors, or the General Services Adminis-
20 tration may enter into an agreement with 1 or more pri-
21 vate entities under which the private entities would assist
22 in defraying the general operating expenses of the child
23 care providers including salaries and tuition assistance
24 programs at the facility.

1 “(2)(A) Notwithstanding any other provision of law,
2 if a Federal agency does not have a child care program,
3 or if the Administrator of General Services has identified
4 a need for child care for Federal employees at a Federal
5 agency providing child care services that do not meet the
6 requirements of subsection (a), the agency or the Adminis-
7 trator may enter into an agreement with a non-Federal,
8 licensed, and accredited child care facility, or a planned
9 child care facility that will become licensed and accredited,
10 for the provision of child care services for children of Fed-
11 eral employees.

12 “(B) Before entering into an agreement, the head of
13 the Federal agency shall determine that child care services
14 to be provided through the agreement are more cost-effec-
15 tively provided through the arrangement than through es-
16 tablishment of a Federal child care facility.

17 “(C) The Federal agency may provide any of the
18 services described in subsection (b)(3) if, in exchange for
19 the services, the facility reserves child care spaces for chil-
20 dren referred to in subsection (a)(2), as agreed to by the
21 parties. The cost of any such services provided by a Fed-
22 eral agency to a Federal child care facility on behalf of
23 another Federal agency shall be reimbursed by the receiv-
24 ing agency.

1 “(3) This subsection does not apply to residential
2 child care programs.”.

3 (e) PILOT PROJECTS.—Section 616 of such Act (40
4 U.S.C. 490b) is further amended by adding at the end
5 the following:

6 “(g)(1) Upon approval of the agency head, a Federal
7 agency may conduct a pilot project not otherwise author-
8 ized by law for no more than 2 years to test innovative
9 approaches to providing alternative forms of quality child
10 care assistance for Federal employees. A Federal agency
11 head may extend a pilot project for an additional 2-year
12 period. Before any pilot project may be implemented, a
13 determination shall be made by the agency head that initi-
14 ating the pilot project would be more cost-effective than
15 establishing a new Federal child care facility. Costs of any
16 pilot project shall be paid solely by the agency conducting
17 the pilot project.

18 “(2) The Administrator of General Services shall
19 serve as an information clearinghouse for pilot projects
20 initiated by other Federal agencies to disseminate infor-
21 mation concerning the pilot projects to the other Federal
22 agencies.

23 “(3) Within 6 months after completion of the initial
24 2-year pilot project period, a Federal agency conducting
25 a pilot project under this subsection shall provide for an

1 evaluation of the impact of the project on the delivery of
2 child care services to Federal employees, and shall submit
3 the results of the evaluation to the Administrator of Gen-
4 eral Services. The Administrator shall share the results
5 with other Federal agencies.”.

6 (g) DEFINITIONS.—Section 616 of such Act (40
7 U.S.C. 490b) is further amended by adding at the end
8 the following:

9 “(h) In this section:

10 “(1) The term ‘Federal agency’ has the mean-
11 ing given the term ‘Executive agency’ in section
12 3242 of the Federal Employees Child Care Act.

13 “(2) The terms ‘Federal building’ and ‘Federal
14 space’ have the meanings given the term ‘executive
15 facility’ in such section 3242.

16 “(3) The term ‘Federal child care center’
17 means a child care center in an executive facility, as
18 defined in such section 3242.

19 “(4) The terms ‘Federal contractor’ and ‘Fed-
20 eral employee’ mean a contractor and an employee,
21 respectively, of an Executive agency, as defined in
22 such section 3242.”.

1 **CHAPTER 4—EARLY LEARNING**

2 **SEC. 3251. SHORT TITLE; FINDINGS.**

3 (a) **SHORT TITLE.**—This chapter may be cited as the
4 “Early Learning Linkages Act of 2001”.

5 (b) **FINDINGS.**—Congress finds that—

6 (1) medical research demonstrates that ade-
7 quate stimulation of a young child’s brain between
8 birth and age 5 is critical to the physical develop-
9 ment of the young child’s brain;

10 (2) parents are the most significant and effec-
11 tive teachers of their children, and they alone are re-
12 sponsible for choosing the best early learning oppor-
13 tunities for their child;

14 (3) parent education and parent involvement
15 are critical to the success of any early learning pro-
16 gram or activity;

17 (4) the more intensively parents are involved in
18 their child’s early learning, the greater the cognitive
19 and noncognitive benefits to their children;

20 (5) many parents have difficulty finding the in-
21 formation and support the parents seek to help their
22 children grow to their full potential;

23 (6) each day approximately 13,000,000 young
24 children, including 6,000,000 infants or toddlers,

1 spend some or all of their day being cared for by
2 someone other than their parents;

3 (7) quality early learning programs, including
4 those designed to promote effective parenting, can
5 increase the literacy rate, the secondary school grad-
6 uation rate, the employment rate, and the college en-
7 rollment rate for children who have participated in
8 voluntary early learning programs and activities;

9 (8) early childhood interventions can yield sub-
10 stantial advantages to participants in terms of emo-
11 tional and cognitive development, education, eco-
12 nomic well-being, and health, with the latter two ad-
13 vantages applying to the children's families as well;

14 (9) participation in quality early learning pro-
15 grams, including those designed to promote effective
16 parenting, can decrease the future incidence of teen-
17 age pregnancy, welfare dependency, at-risk behav-
18 iors, and juvenile delinquency for children;

19 (10) several cost-benefit analysis studies indi-
20 cate that for each \$1 invested in quality early learn-
21 ing programs, the Federal Government can save over
22 \$5 by reducing the number of children and families
23 who participate in Federal Government programs
24 like special education and welfare;

1 (11) for children placed in the care of others
2 during the workday, the low salaries paid to the
3 child care staff, the lack of career progression for
4 the staff, and the lack of child development special-
5 ists involved in early learning and child care pro-
6 grams, make it difficult to attract and retain the
7 quality of staff necessary for a positive early learn-
8 ing experience;

9 (12) Federal Government support for early
10 learning has primarily focused on out-of-home care
11 programs like those established under the Head
12 Start Act, the Child Care and Development Block
13 Grant of 1990, and part C of the Individuals with
14 Disabilities Education Act, and these programs—

15 (A) serve far fewer than half of all eligible
16 children;

17 (B) are not primarily designed to provide
18 support for parents who care for their young
19 children in the home; and

20 (C) lack a means of coordinating early
21 learning opportunities in each community; and

22 (13) by helping communities increase, expand,
23 and better coordinate early learning opportunities
24 for children and their families, the productivity and
25 creativity of future generations will be improved, and

1 the Nation will be prepared for continued leadership
2 in the 21st century.

3 **SEC. 3252. PURPOSES.**

4 The purposes of this chapter are—

5 (1) to increase the availability of voluntary pro-
6 grams, services, and activities that support early
7 childhood development, increase parent effectiveness,
8 and promote the learning and socio-emotional readi-
9 ness of young children so that young children enter
10 school ready to learn;

11 (2) to remove barriers to the provision of an ac-
12 cessible system of early childhood learning programs
13 in communities throughout the United States;

14 (3) to increase the availability and affordability
15 of professional development activities and compensa-
16 tion for caregivers and child care providers; and

17 (4) to facilitate the development of community-
18 based systems of collaborative service delivery mod-
19 els characterized by resource sharing, linkages be-
20 tween appropriate supports, and local planning for
21 services.

22 **SEC. 3253. DEFINITIONS.**

23 In this chapter:

24 (1) CAREGIVER.—The term “caregiver” means
25 an individual (including a relative, neighbor, or fam-

1 ily friend) who regularly or frequently provides care,
2 with or without compensation, for a child for whom
3 the individual is not the parent.

4 (2) CHILD CARE PROVIDER.—The term “child
5 care provider” means a provider of non-residential
6 child care services (including center-based, family-
7 based, or in-home child care services) for compensa-
8 tion who or that is legally operating under State law,
9 and complies with applicable State and local require-
10 ments for the provision of child care services.

11 (3) EARLY LEARNING.—The term “early learn-
12 ing”, used with respect to a program or activity,
13 means learning designed to facilitate the develop-
14 ment of cognitive, language, motor, and social-emo-
15 tional skills for, and to promote learning readiness
16 in, young children.

17 (4) EARLY LEARNING PROGRAM.—The term
18 “early learning program” means—

19 (A) a program of services or activities that
20 helps parents, caregivers, and child care pro-
21 viders incorporate early learning into the daily
22 lives of young children; or

23 (B) a program that directly provides early
24 learning to young children.

1 (5) INDIAN TRIBE.—The term “Indian tribe”
2 has the meaning given the term in section 4 of the
3 Indian Self-Determination and Education Assistance
4 Act (25 U.S.C. 450b).

5 (6) LOCAL COUNCIL.—The term “Local Coun-
6 cil” means a Local Council established or designated
7 under section 3261(a) that serves one or more local-
8 ities.

9 (7) LOCALITY.—The term “locality” means a
10 city, county, borough, township, or area served by
11 another general purpose unit of local government, an
12 Indian tribe, a Regional Corporation, or a Native
13 Hawaiian entity.

14 (8) MIGRATORY CHILDREN.—The term “migra-
15 tory children” has the meaning given such term in
16 section 1309 of the Elementary and Secondary Edu-
17 cation Act of 1965 (20 U.S.C. 6399).

18 (9) PARENT.—The term “parent” means a bio-
19 logical parent, an adoptive parent, a stepparent, a
20 foster parent, or a legal guardian of, or a person
21 standing in loco parentis to, a child.

22 (10) POVERTY LINE.—The term “poverty line”
23 means the poverty line (as defined by the Office of
24 Management and Budget, and revised annually in
25 accordance with section 673(2) of the Community

1 Services Block Grant Act (42 U.S.C. 9902(2))) ap-
2 plicable to a family of the size involved.

3 (11) PREKINDERGARTEN EDUCATION PRO-
4 GRAM.—The term “prekindergarten education pro-
5 gram” means a program that—

6 (A) serves children ages 3, 4, and 5 years
7 old and that supports children’s cognitive, so-
8 cial, emotional, and physical development and
9 helps prepare children for the transition to kin-
10 dergarten; and

11 (B) complies with the Head Start perform-
12 ance standards as in effect under section
13 641A(a) of the Head Start Act (42 U.S.C.
14 9836a(a)).

15 (12) REGIONAL CORPORATION.—The term “Re-
16 gional Corporation” means an entity listed in section
17 419(4)(B) of the Social Security Act (42 U.S.C.
18 619(4)(B)).

19 (13) SECRETARY.—The term “Secretary”
20 means the Secretary of Health and Human Services.

21 (14) STATE.—The term “State” means any of
22 the several States, the District of Columbia, the
23 Commonwealth of Puerto Rico, Guam, American
24 Samoa, or the Commonwealth of the Northern Mar-
25 iana Islands.

1 (15) TRAINING.—The term “training” means
2 instruction in early learning that—

3 (A) is required for certification under
4 State and local laws, regulations, and policies;

5 (B) is required to receive a nationally or
6 State recognized credential or its equivalent;

7 (C) is received in a postsecondary edu-
8 cation program focused on early learning or
9 early childhood development in which the indi-
10 vidual is enrolled; or

11 (D) is provided, certified, or sponsored by
12 an organization that is recognized for its exper-
13 tise in promoting early learning or early child-
14 hood development.

15 (16) YOUNG CHILD.—The term “young child”
16 means any child from birth to the age of mandatory
17 school attendance in the State where the child re-
18 sides.

19 **SEC. 3254. PROHIBITIONS.**

20 (a) PARTICIPATION NOT REQUIRED.—No person, in-
21 cluding a parent, shall be required to participate in any
22 program of early childhood education, early learning, par-
23 ent education, or developmental screening pursuant to the
24 provisions of this chapter.

1 (b) RIGHTS OF PARENTS.—Nothing in this chapter
 2 shall be construed to affect the rights of parents otherwise
 3 established in Federal, State, or local law.

4 (c) NONDUPLICATION.—No funds provided under
 5 this chapter shall be used to carry out an activity funded
 6 under another provision of law providing for Federal child
 7 care or early learning programs, unless an expansion of
 8 such activity is identified in the local needs assessment
 9 and performance goals under this chapter.

10 **SEC. 3255. AUTHORIZATION AND APPROPRIATION OF**
 11 **FUNDS.**

12 There are authorized to be appropriated to the De-
 13 partment of Health and Human Services to carry out this
 14 chapter—

15 (1) \$1,000,000,000 for fiscal year 2002;

16 (2) \$1,500,000,000 for fiscal year 2003; and

17 (3) such sums as may be necessary for fiscal
 18 years 2004 and 2005.

19 **SEC. 3256. ALLOTMENTS TO STATES.**

20 (a) AMOUNTS RESERVED.—

21 (1) TERRITORIES AND POSSESSIONS.—The Sec-
 22 retary shall reserve not more than $\frac{1}{2}$ of 1 percent
 23 of the funds appropriated to carry out this chapter
 24 for any fiscal year for distribution to Guam, Amer-
 25 ican Samoa, and the Commonwealth of the Northern

1 Mariana Islands, to be allotted in accordance with
2 their respective needs.

3 (2) INDIAN TRIBES AND TRIBAL ORGANIZA-
4 TIONS.—The Secretary shall reserve not more than
5 3 percent of the funds appropriated to carry out this
6 chapter for any fiscal year for distribution to Indian
7 tribes and tribal organizations with applications ap-
8 proved under subsection (c).

9 (b) ALLOTMENTS TO REMAINING STATES.—

10 (1) GENERAL AUTHORITY.—From the funds
11 appropriated to carry out this chapter for any fiscal
12 year remaining after reserving funds under sub-
13 section (a), the Secretary shall allot to each State
14 (excluding Guam, American Samoa, and the Com-
15 monwealth of the Northern Mariana Islands) an
16 amount equal to the sum of—

17 (A) an amount that bears the same ratio
18 to 50 percent of such remainder as the product
19 of the young child factor of the State and the
20 allotment percentage of the State bears to the
21 sum of the corresponding products for all
22 States, and

23 (B) an amount that bears the same ratio
24 to 50 percent of such remainder as the product
25 of the school lunch factor of the State and the

1 allotment percentage of the State bears to the
2 sum of the corresponding products for all
3 States.

4 (2) YOUNG CHILD FACTOR.—The term “young
5 child factor” means the ratio of the number of chil-
6 dren in the State under 5 years of age to the num-
7 ber of such children in all States as provided by the
8 most recent annual estimates of population in the
9 States by the Bureau of the Census.

10 (3) SCHOOL LUNCH FACTOR.—The term
11 “school lunch factor” means the ratio of the number
12 of children in the State who are receiving free or re-
13 duced price lunches under the school lunch program
14 established under the National School Lunch Act
15 (42 U.S.C. 1751 et seq.) to the number of such chil-
16 dren in all the States as determined annually by the
17 Department of Agriculture.

18 (4) ALLOTMENT PERCENTAGE.—

19 (A) IN GENERAL.—The allotment percent-
20 age for a State is determined by dividing the
21 per capita income of all individuals in the
22 United States, by the per capita income of all
23 individuals in the State.

24 (B) LIMITATIONS.—If an allotment per-
25 centage determined under subparagraph (A)—

1 (i) is more than 1.2 percent, then the
2 allotment percentage of that State shall be
3 considered to be 1.2 percent, and

4 (ii) is less than 0.8 percent, then the
5 allotment percentage of the State shall be
6 considered to be 0.8 percent. —

7 (C) PER CAPITA INCOME.—For purposes
8 of subparagraph (A), per capita income shall
9 be—

10 (i) determined at 2-year intervals,

11 (ii) applied for the 2-year period be-
12 ginning on October 1 of the first fiscal
13 year beginning on the date such deter-
14 mination is made, and

15 (iii) equal to the average of the an-
16 nual per capita incomes for the most re-
17 cent period of 3 consecutive years for
18 which satisfactory data are available from
19 the Department of Commerce at the time
20 such determination is made.

21 (c) ALLOTMENTS TO INDIAN TRIBES AND TRIBAL
22 ORGANIZATIONS.—

23 (1) RESERVATION OF FUNDS.—From amounts
24 reserved under subsection (a)(2), the Secretary may
25 make allotments to Indian tribes and tribal organi-

1 zations that submit applications under this sub-
2 section, to plan and carry out programs and activi-
3 ties to encourage child care providers to improve
4 their qualifications and to retain qualified child care
5 providers in the child care field.

6 (2) APPLICATIONS AND REQUIREMENTS.—An
7 application for an allotment to an Indian tribe or
8 tribal organization under this section shall provide
9 that—

10 (A) the applicant will coordinate, to the
11 maximum extent practicable, with the lead
12 agency in each State in which the applicant will
13 carry out such programs and activities, and

14 (B) will make such reports on, and conduct
15 such audits of, programs and activities under
16 this chapter as the Secretary may require.

17 (d) DATA AND INFORMATION.—The Secretary shall
18 obtain from each appropriate Federal agency, the most re-
19 cent data and information necessary to determine the al-
20 lotments provided for in subsection (b).

21 (e) REALLOTMENTS.—

22 (1) IN GENERAL.—Any portion of the allotment
23 under subsection (b) to a State for a fiscal year that
24 the Secretary determines will not be distributed to
25 the State for such fiscal year shall be reallocated by

1 the Secretary to other States proportionately based
2 on allotments made under such subsection to such
3 States for such fiscal year.

4 (2) LIMITATIONS.—

5 (A) REDUCTION.—The amount of any re-
6 allotment to which a State is entitled to under
7 paragraph (1) shall be reduced to the extent
8 that such amount exceeds the amount that the
9 Secretary estimates will be distributed to the
10 State to make grants under this chapter.

11 (B) REALLOTMENTS.—The amount of
12 such reduction shall be reallocated proportion-
13 ately based on allotments made under sub-
14 section (b) to States with respect to which no
15 reduction in an allotment, or in a reallocation,
16 is required by this subsection.

17 (3) AMOUNTS REALLOTTED.—For purposes of
18 this chapter (other than this subsection and sub-
19 section (b)), any amount reallocated to a State under
20 this subsection shall be considered to be part of the
21 allotment made under subsection (b) to the State.

22 (f) FEDERAL SHARE.—

23 (1) IN GENERAL.—The Federal share of the
24 cost of making grants under this chapter shall be 85
25 percent for the first and second years of the grant,

1 80 percent for the third and fourth years of the
2 grant, and 75 percent for the subsequent years of
3 the grant.

4 (2) NON-FEDERAL SHARE.—The non-Federal
5 share of the cost of making grants under this chap-
6 ter may be contributed in cash or in kind, fairly
7 evaluated, including facilities, equipment, or services,
8 which may be provided from State or local public
9 sources, or through donations from private entities.
10 For the purposes of this paragraph the term “facili-
11 ties” includes the use of facilities, but the term
12 “equipment” means donated equipment and not the
13 use of equipment.

14 (g) MAINTENANCE OF EFFORT.—The Secretary shall
15 not make a grant under this chapter to any State unless
16 the Secretary first determines that the total expenditures
17 by the State and its political subdivisions to support early
18 learning programs (other than funds used to pay the non-
19 Federal share under subsection (f)(2)) for the fiscal year
20 for which the determination is made is equal to or greater
21 than such expenditures for the preceding fiscal year.

22 (h) SUPPLEMENT NOT SUPPLANT.—Amounts re-
23 ceived under this chapter shall be used to supplement and
24 not supplant other Federal, State, and local public funds
25 expended to promote early learning.

1 (i) SPECIAL RULE.—If funds appropriated to carry
2 out this chapter are less than \$150,000,000 for any fiscal
3 year, the Secretary shall make grants for the fiscal year
4 directly to Local Councils, on a competitive basis, to pay
5 the Federal share of the cost of carrying out early learning
6 programs in the locality served by the Local Council. In
7 carrying out the preceding sentence—

8 (1) subsection (g) of this section, section
9 3257(b), and section 3259(b)(4) shall not apply;

10 (2) the Secretary shall provide such technical
11 assistance and monitoring as necessary to ensure
12 that the use of the funds by Local Councils and the
13 distribution of the funds to Local Councils are con-
14 sistent with this chapter; and

15 (3) subject to paragraph (1), the Secretary
16 shall assume the responsibilities of the Lead State
17 Agency under this chapter, as appropriate.

18 **SEC. 3257. ADMINISTRATIVE COSTS.**

19 (a) FEDERAL ADMINISTRATIVE COSTS.—The Sec-
20 retary may use not more than 3 percent of the amount
21 appropriated under section 3255 for a fiscal year to pay
22 for the administrative costs of carrying out this chapter,
23 including the monitoring and evaluation of State and local
24 efforts.

1 (b) STATE ADMINISTRATIVE COSTS.—A State that
2 receives a grant under this chapter may use—

3 (1) not more than 2 percent of the funds made
4 available through the grant to carry out activities
5 designed to coordinate early learning programs on
6 the State level, including programs funded or oper-
7 ated by the State educational agency, health, chil-
8 dren and family, and human service agencies, and
9 any State-level collaboration or coordination council
10 involving early learning and education, such as the
11 entities funded under section 640(a)(5) of the Head
12 Start Act (42 U.S.C. 9835(a)(5));

13 (2) not more than 2 percent of the funds made
14 available through the grant for the administrative
15 costs of carrying out the grant program and the
16 costs of reporting State and local efforts to the Sec-
17 retary; and

18 (3) not more than 3 percent of the funds made
19 available through the grant for training, technical
20 assistance, and wage incentives provided by the
21 State to Local Councils.

22 **SEC. 3258. STATE REQUIREMENTS.**

23 (a) IN GENERAL.—The Secretary may make grants
24 to eligible States that comply with section 3259, to expand

1 access to and quality of early learning programs that meet
2 requirements in section 3262.

3 (b) STATE APPLICATIONS.—

4 (1) IN GENERAL.—To be eligible to receive a
5 grant under subsection (a), a State shall submit an
6 application in accordance with this subsection to the
7 Secretary at such time, in such manner, and con-
8 taining such information as the Secretary may rea-
9 sonably require.

10 (2) CONTENTS OF STATE APPLICATION.—The
11 State shall include in such application a plan that
12 includes—

13 (A) a statement ensuring that the State
14 has identified a Lead State Agency to admin-
15 ister and monitor the grant and ensure State-
16 level coordination of early learning programs;

17 (B) a statement describing the manner in
18 which the Lead State Agency will allocate funds
19 received under this chapter to localities as re-
20 quired under section 3259;

21 (C) a description of how grant funds will
22 be used to improve access to and quality of
23 early learning programs as required under sec-
24 tion 3262;

1 (D) a description of the performance goals
2 to be achieved by funds received under this
3 chapter and the measure to be used to evaluate
4 progress toward such goals; and

5 (E) a statement describing how the State
6 will provide technical assistance to ensure that
7 Local Councils receiving funds under this chap-
8 ter comply with the requirements of this chap-
9 ter.

10 **SEC. 3259. STATE ADMINISTRATION.**

11 (a) IN GENERAL.—For a State to be eligible to re-
12 ceive a grant under this chapter, the State shall appoint
13 a Lead State Agency to carry out the functions described
14 in subsection (b).

15 (b) LEAD STATE AGENCY.—

16 (1) IN GENERAL.—The Lead State Agency as
17 described in subsection (a) shall allocate funds in ac-
18 cordance with section 3258 to localities.

19 (2) LIMITATION.—The Lead State Agency shall
20 allocate not less than 93 percent of such funds that
21 have been provided to the State for a fiscal year
22 more than 1 locality.

23 (3) FUNCTIONS OF AGENCY.—In addition to al-
24 locating funds under paragraph (1), the Lead State
25 Agency shall—

1 (A) advise and assist Local Councils in the
2 performance of their duties under this chapter;

3 (B) develop and submit the State applica-
4 tion and the State plan required under section
5 3258;

6 (C) evaluate and approve applications sub-
7 mitted by localities;

8 (D) ensure collaboration with respect to
9 assistance provided under this chapter between
10 the State agencies responsible for education,
11 child care, health and social services;

12 (E) prepare and submit to the Secretary
13 an annual report, after approval by the State
14 Council designated under subsection (c), which
15 shall include a statement describing the manner
16 in which funds received under section 3258 are
17 expended and documentation of the effects that
18 resources under this chapter have had on—

19 (i) the number of children in full day,
20 full year Head Start programs, as provided
21 under the Head Start Act (42 U.S.C. 9831
22 et seq.);

23 (ii) the number of infants and tod-
24 dlers in programs that provide comprehen-
25 sive Early Head Start services, as provided

1 under the Head Start Act (42 U.S.C. 9831
2 et seq.);

3 (iii) the number of children attending,
4 and types of programs providing, pre-
5 kindergarten, including those with special
6 needs;

7 (iv) the linkages between early learn-
8 ing programs and health care services for
9 young children;

10 (v) linkages among early learning pro-
11 grams;

12 (vi) access to early learning activities
13 for young children with special needs;

14 (vii) expansion of the days or times
15 that children are served in existing early
16 learning programs;

17 (viii) removal of ancillary barriers to
18 early learning, including transportation dif-
19 ficulties, absence of programs during non-
20 traditional work times, and family afford-
21 ability; and

22 (ix) professional development, and re-
23 cruitment and retention incentives, for
24 caregivers.

1 (4) STATE PREFERENCE.—In making grants to
2 Local Councils under this chapter, the State shall
3 give preference to supporting Local Councils that
4 meet criteria that are specified by the State and ap-
5 proved by the Secretary, for qualifying as serving
6 areas of greatest need for improving access to and
7 quality of early learning programs.

8 (c) STATE COUNCIL.—

9 (1) IN GENERAL.—The State Council referred
10 to in subsection (b)(3) shall be composed of a group
11 of representatives of agencies, institutions, and other
12 entities, as described in paragraphs (2) and (3), that
13 provide child care or early learning services in the
14 State.

15 (2) MEMBERSHIP.—Except as provided in para-
16 graph (6), the chief executive officer of the State
17 shall appoint to the State Council at least 1 rep-
18 resentative from—

19 (A) the office of the chief executive officer
20 of the State;

21 (B) the State educational agency;

22 (C) the State agency administering funds
23 received under the Child Care and Development
24 Block Grant Act of 1990 (42 U.S.C. 9858 et
25 seq.);

1 (D) the State social services agency;

2 (E) the State Head Start association;

3 (F) organizations representing parents
4 within the State;

5 (G) resource and referral agencies within
6 the State; and

7 (H) specialists in early child development.

8 (3) ADDITIONAL MEMBERS.—In addition to
9 representatives appointed under subparagraph (2),
10 the chief executive officer of the State may appoint
11 to the State Council additional representatives
12 from—

13 (A) the State Board of Education;

14 (B) the State health agency;

15 (C) the State labor or employment agency;

16 (D) organizations representing teachers;

17 (E) organizations representing business;

18 and

19 (F) organizations representing labor.

20 (4) REPRESENTATION.—To the extent prac-
21 ticable, the chief executive officer of the State shall
22 appoint representatives under subparagraphs (2)
23 and (3) in a manner that is diverse or balanced ac-
24 cording to the race, ethnicity, and gender of its
25 members.

1 (5) FUNCTIONS OF THE COUNCIL.—The State
2 Council shall—

3 (A) conduct a needs and resources assess-
4 ment, or use such an assessment if conducted
5 not later than 2 years prior to the date of en-
6 actment of this chapter, to—

7 (i) determine where early learning
8 programs are lacking or are inadequate
9 within the State, with particular attention
10 to poor urban and rural areas, and what
11 special services are needed within the
12 State, such as services for children whose
13 native language is a language other than
14 English; and

15 (ii) identify all existing State-funded
16 early learning programs, and, to the extent
17 practical, other programs serving pre-
18 kindergarten children in the State, includ-
19 ing parent education programs, and to
20 specify which programs might be expanded
21 or upgraded with the use of funds received
22 under section 3255; and

23 (B) based on the assessment described in
24 subparagraph (A), determine funding priorities

1 for amounts received under section 3255 for the
2 State.

3 (6) DESIGNATING AN EXISTING ENTITY AS
4 STATE COUNCIL.—To the extent that a State has a
5 State Council or a entity that functions as such be-
6 fore the date of enactment of this chapter that is
7 comparable to the State Council described in this
8 subsection, the State shall be considered to be in
9 compliance with this subsection.

10 **SEC. 3260. LOCAL APPLICATION.**

11 (a) IN GENERAL.—To be eligible to receive a grant
12 under this chapter, a Local Council shall submit an appli-
13 cation to the Lead State Agency at such time, in such
14 manner, and containing such information as the Lead
15 Agency may require.

16 (b) CONTENTS.—An application submitted under
17 subsection (a) shall include a statement containing an as-
18 surance that the local government entity, Indian tribe, Re-
19 gional Corporation, or Native Hawaiian entity has estab-
20 lished or designated a Local Council under section
21 3261(a), and the Local Council has developed a local plan
22 for carrying out early learning programs under this chap-
23 ter that includes—

24 (1) a needs and resources assessment con-
25 cerning early learning services and access to such

1 services by families, and a statement describing how
2 early learning programs will be funded consistent
3 with the assessment;

4 (2) a statement of how the Local Council will
5 ensure that funded programs will meet the perform-
6 ance goals referred to in section 3258(b)(2)(D) es-
7 tablished by the State; and

8 (3) a description of how the Local Council will
9 form collaboratives among local child care, social,
10 and health services and educational providers to
11 maximize resources and concentrate efforts on areas
12 of greatest need.

13 **SEC. 3261. LOCAL ADMINISTRATION.**

14 (a) LOCAL COUNCIL.—

15 (1) IN GENERAL.—To be eligible to receive a
16 grant under this chapter, a local government entity,
17 Indian tribe, Regional Corporation or Native Hawai-
18 ian entity, as appropriate, shall establish or des-
19 ignate a Local Council, which shall be composed
20 of—

21 (A) representatives of local agencies and
22 organizations directly affected by early learning
23 programs assisted under this chapter;

24 (B) parents or representatives of families
25 with young children;

1 (C) other individuals concerned with early
2 learning issues in the locality, such as rep-
3 resentative entities providing elementary edu-
4 cation, child care resource and referral services,
5 early learning opportunities, child care, and
6 health services; and

7 (D) other key community leaders.

8 (2) DESIGNATING EXISTING ENTITY.—If a local
9 government entity, Indian tribe, Regional Corpora-
10 tion, or Native Hawaiian entity has, before the date
11 of enactment of the Early Learning Development
12 Act, a Local Council or a regional entity that is
13 comparable to the Local Council described in para-
14 graph (1), the entity, tribe, or corporation may des-
15 ignate the council or entity as a Local Council under
16 this chapter, and shall be considered to have estab-
17 lished a Local Council in compliance with this sub-
18 section.

19 (3) FUNCTIONS.—The Local Council shall be
20 responsible for preparing and submitting the appli-
21 cation described in section 3260.

22 (b) ADMINISTRATION.—

23 (1) ADMINISTRATIVE COSTS.—Not more than 7
24 percent of the funds received by a Local Council
25 under this chapter shall be used to pay for the ad-

1 ministrative costs of the Local Council in carrying
2 out this chapter.

3 (2) FISCAL AGENT.—A Local Council may des-
4 ignate any entity with a demonstrated capacity for
5 administering grants, that is affected by, or con-
6 cerned with, early learning issues, including the
7 State, to serve as fiscal agent for the administration
8 of grant funds received by the Local Council under
9 this chapter.

10 **SEC. 3262. USE OF FUNDS.**

11 (a) IN GENERAL.—Grants received under this chap-
12 ter by Local Councils shall be used in accordance with this
13 chapter to provide funds to service providers to—

14 (1) increase the number of children served in
15 State prekindergarten education programs;

16 (2) increase the number of Head Start pro-
17 grams providing full working day, full calendar year
18 Head Start services;

19 (3) increase the number of children served in
20 Early Head Start programs carried out under sec-
21 tion 645A of the Head Start Act (42 U.S.C. 9840a);

22 (4) enhance the quality of and access to edu-
23 cation and comprehensive services and support serv-
24 ices provided through the Child Care and Develop-
25 ment Block Grant Act of 1990 (42 U.S.C. 9858 et

1 seq.) to child care programs and providers, including
2 health screening and diagnosis of children, parent
3 involvement and parent education, nutrition services
4 and education, staff and personnel training in early
5 childhood development, and upgrading the salaries of
6 early childhood development staff, and the develop-
7 ment of salary schedules for staff with varying levels
8 of experience, expertise and education;

9 (5) develop linkages among early learning pro-
10 grams within a community and between early learn-
11 ing programs and health care services for young
12 children in ways that facilitate greater access to
13 early learning programs;

14 (6) increase access to and quality of early learn-
15 ing opportunities for young children with special
16 needs, including migratory children, children with
17 limited English proficiency, and children with devel-
18 opmental delays, by facilitating coordination with
19 other programs serving such young children;

20 (7) improve the quality of early learning pro-
21 grams through professional development and train-
22 ing activities, increased compensation, and recruit-
23 ment and retention incentives for early learning pro-
24 viders;

1 (8) remove ancillary barriers to early learning,
2 including transportation difficulties and family af-
3 fordability of early learning programs;

4 (9) increase access to home visitation programs
5 that are designed to improve early learning if serv-
6 ices are provided by staff who are given sufficient
7 training, and clinical and administrative supervision,
8 by a registered nurse or a qualified early childhood
9 professional;

10 (10) improve coordination between localities
11 carrying out early learning programs and persons
12 providing early intervention services under part C of
13 the Individuals with Disabilities Education Act (20
14 U.S.C. 1431 et seq.); or

15 (11) increase the number of child care providers
16 serving families during nontraditional work time if
17 such providers are licensed by the State.

18 **SEC. 3263. REPEALER.**

19 The Early Learning Opportunities Act (title VIII of
20 the Departments of Labor, Health and Human Services,
21 and Education, and Related Agencies Appropriations Act,
22 2001) (as enacted into law by section 1(a)(1) of Public
23 Law 106–554) is repealed.

1 **SEC. 3264. EFFECTIVE DATE.**

2 This chapter shall take effect on the 1st day of the
3 1st fiscal year that begins after the date of the enactment
4 of this Act.

5 **CHAPTER 5—CHILD CARE FACILITIES**
6 **FINANCING**

7 **SEC. 3271. SHORT TITLE.**

8 This chapter may be cited as the “Child Care Facili-
9 ties Financing Act”.

10 **SEC. 3272. TECHNICAL AND FINANCIAL ASSISTANCE**
11 **GRANTS.**

12 (a) DEFINITIONS.—In this section:

13 (1) CHILD CARE FACILITY.—The term “child
14 care facility” means a center-based or home-based
15 child care facility.

16 (2) ELIGIBLE INTERMEDIARY.—The term “eli-
17 gible intermediary” means a private, nonprofit inter-
18 mediary organization that has demonstrated experi-
19 ence in—

20 (A) providing technical or financial assist-
21 ance for the construction and renovation of
22 physical facilities;

23 (B) providing technical or financial assist-
24 ance to child care providers; and

1 (C) securing private sources for capital fi-
2 nancing of child care or other low-income com-
3 munity development.

4 (3) ELIGIBLE RECIPIENT.—The term “eligible
5 recipient” means—

6 (A) any existing or new center-based or
7 home-based child care provider that provides
8 services to eligible children under a program
9 carried out under the Child Care and Develop-
10 ment Block Grant Act of 1990 (42 U.S.C. 9858
11 et seq.), or another program serving low-income
12 children as determined by the Secretary; and

13 (B) any organization in the process of es-
14 tablishing a center-based or home-based child
15 care program or otherwise seeking to provide
16 child care services to children described in sub-
17 paragraph (A).

18 (4) SECRETARY.—The term “Secretary” means
19 the Secretary of Health and Human Services.

20 (b) GRANT AUTHORITY.—The Secretary may award
21 grants on a competitive basis in accordance with this sec-
22 tion to eligible intermediaries to assist the intermediaries
23 in carrying out the activities described in subsection (e).

24 (c) APPLICATIONS.—To be eligible to receive a grant
25 under this section an eligible intermediary shall submit to

1 the Secretary an application, in such form and containing
2 such information as the Secretary may require.

3 (d) PRIORITY.—In awarding grants under this sec-
4 tion the Secretary shall give a priority to applicants under
5 subsection (c) that serve low-income areas or individuals.

6 (e) USE OF FUNDS.—

7 (1) REVOLVING FUND.—Each eligible inter-
8 mediary that receives a grant under this section
9 shall deposit the grant amount into a child care re-
10 volving fund established by the eligible intermediary.

11 (2) PAYMENTS FROM FUND.—Subject to sub-
12 section (f), from amounts deposited into the revolv-
13 ing fund under paragraph (1), each eligible inter-
14 mediary shall provide technical and financial assist-
15 ance (in the form of loans, grants, investments,
16 guarantees, interest subsidies, and other appropriate
17 forms of assistance) to eligible recipients to pay for
18 the Federal share of the cost of the acquisition, con-
19 struction, or improvement of child care facilities or
20 equipment, or for the improvement of related man-
21 agement and business practices, for each such recipi-
22 ent. The amounts may be used solely for the purpose
23 of providing technical or financial assistance.

24 (3) LOAN REPAYMENTS AND INVESTMENT PRO-
25 CEEDS.—Any amount received by an eligible inter-

1 mediary from an eligible recipient in the form of a
2 loan repayment or investment proceeds shall be de-
3 posited into the child care revolving fund of the eligi-
4 ble intermediary for redistribution to other eligible
5 recipients in accordance with this section.

6 (f) FEDERAL SHARE.—

7 (1) IN GENERAL.—The Federal share of the
8 cost described in subsection (e)(2) shall be not more
9 than 50 percent.

10 (2) NON-FEDERAL SHARE.—The non-Federal
11 share of the cost may be provided in cash or in kind,
12 fairly evaluated, including plant, equipment, or serv-
13 ices.

14 (g) AUTHORIZATION OF APPROPRIATIONS.—There is
15 authorized to be appropriated to carry out this section
16 \$500,000,000 for each of fiscal years 2002 through 2006.

17 **Subtitle D—Head Start Access and**
18 **Improvement**

19 **SEC. 3301. AUTHORIZATION OF APPROPRIATIONS.**

20 Section 639(a) of the Head Start Act (42 U.S.C.
21 9834(a)) is amended to read as follows:

22 “(a) There are authorized to be appropriated to carry
23 out this subchapter—

24 “(1) \$7,199,812,000 for fiscal year 2002;

25 “(2) \$8,000,000,000 for fiscal year 2003;

- 1 “(3) \$9,000,000,000 for fiscal year 2004;
 2 “(4) \$10,000,000,000 for fiscal year 2005;
 3 “(5) \$11,002,000,000 for fiscal year 2006;
 4 “(6) \$12,200,000,000 for fiscal year 2007;
 5 “(7) \$13,605,000,000 for fiscal year 2008;
 6 “(8) \$15,275,000,000 for fiscal year 2009;
 7 “(9) \$17,280,000,000 for fiscal year 2010; and
 8 “(10) \$19,720,000,000 for fiscal year 2011.”.

9 **Subtitle E—Education**

10 **Improvements**

11 **Chapter 1—Increasing Access to Quality**

12 **Prekindergarten Programs**

13 **SEC. 3401. PREKINDERGARTEN PROGRAMS.**

14 Title X of the Elementary and Secondary Education
 15 Act of 1965 (20 U.S.C. 8001 et seq.) is amended—

16 (1) by redesignating part L as part N; and

17 (2) by inserting after part K the following:

18 **“PART L—PREKINDERGARTEN PROGRAMS**

19 **“SEC. 10996A. FINDINGS.**

20 “Congress finds the following:

21 “(1) Countless studies have shown what every
 22 parent already knows: High-quality preschool edu-
 23 cation programs work. Such programs prepare chil-
 24 dren to learn when they go to school, and increase
 25 the success of students throughout their lives.

1 “(2) Children who get a high-quality prekindergarten
2 education are less likely to repeat a grade
3 level and have less need for special education in-
4 struction than those with no prekindergarten experi-
5 ence.

6 “(3) Prekindergarten programs make a signifi-
7 cant difference in the lives of children from low-in-
8 come families. A recent study found that children in
9 high-quality child care programs had better thinking
10 and attention skills, better mathematics and pre-
11 reading skills, and fewer behavioral problems.

12 “(4) In a study following children to age 21
13 who received high-quality early childhood education,
14 such children were more likely to have enrolled in
15 college, been employed, and delayed parenthood.

16 **“SEC. 10996B. DEFINITIONS.**

17 “In this part:

18 “(1) **PREKINDERGARTEN.**—The term ‘pre-
19 kindergarten’ means a program serving children
20 ages 3, 4, and 5 years old that supports children’s
21 cognitive, social, emotional, and physical develop-
22 ment and helps prepare children for the transition to
23 kindergarten.

1 “(2) ELIGIBLE PREKINDERGARTEN PRO-
2 VIDER.—The term ‘eligible prekindergarten provider’
3 means—

4 “(A) a child care program or Head Start
5 agency under the Head Start Act (42 U.S.C.
6 9831 et seq.) that—

7 “(i) has met applicable State licensing
8 requirements and has obtained accredita-
9 tion by a national accrediting body with
10 demonstrated experience in accrediting
11 child care programs, prekindergarten pro-
12 grams, or schools; or

13 “(ii) agrees to obtain such accredita-
14 tion not later than 3 years after receipt of
15 a grant under this part; and

16 “(B) a local educational agency in partner-
17 ship with an early childhood program, organiza-
18 tion, or agency that serves prekindergarten
19 school children.

20 “(3) PREKINDERGARTEN TEACHER.—The term
21 ‘prekindergarten teacher’ means an individual who
22 has, or is working toward, a bachelor of arts degree
23 in early childhood development.

1 **“SEC. 10996C. PROGRAM AUTHORIZED.**

2 “(a) IN GENERAL.—From amounts made available
3 under section 10996G, the Secretary may provide grants
4 to States with approved applications under subsection
5 (b)(2) for the purpose of enabling to States to award sub-
6 grants to eligible prekindergarten providers to establish,
7 enhance, or expand prekindergarten programs.

8 “(b) STATE AGENCY.—

9 “(1) IN GENERAL.—A State desiring a grant
10 under this part shall designate a State agency to ad-
11 minister the grant.

12 “(2) APPLICATION.—

13 “(A) IN GENERAL.—With respect to a
14 State desiring a grant under this part, the
15 State agency designated under paragraph (1)
16 shall submit an application to the Secretary at
17 such time, in such manner, and containing such
18 information as the Secretary may require.

19 “(B) CONTENTS.—The application sub-
20 mitted under subparagraph (A) shall include—

21 “(i) an assurance that the State will
22 provide non-Federal matching funds, for
23 carrying out the programs to be funded by
24 a grant under this part, in an amount
25 equal to not less than 20 percent of the
26 grant award; and

1 “(ii) a description of—

2 “(I) how grant funds will be used
3 to expand or enhance existing efforts
4 across the State in providing access to
5 high quality prekindergarten pro-
6 grams;

7 “(II) how the State will collabo-
8 rate with local child care agencies and
9 councils, including local child care re-
10 source and referral agencies;

11 “(III) how grant funds will be
12 used to supplement and not supplant
13 existing Federal, State, local and pri-
14 vate funds used for prekindergarten
15 programs;

16 “(IV) how the State will ensure
17 that grant funds are provided to a
18 range of types of eligible prekinder-
19 garten providers;

20 “(V) how the State will help eli-
21 gible prekindergarten providers at-
22 tract and retain qualified prekinder-
23 garten teachers;

24 “(VI) how the State will identify
25 eligible prekindergarten providers and

1 identify children to receive prekindergarten education; and

2
3 “(VII) how the State will give
4 priority in awarding subgrants under
5 paragraph (3)(B) to full-time pre-
6 kindergarten programs, including the
7 expansion of existing part-time pro-
8 grams into full-time programs.

9 “(3) DUTIES.—The State agency designated
10 under paragraph (1) shall—

11 “(A) receive and administer grant funds
12 received under this part;

13 “(B) award subgrants, from such grant
14 funds received, to eligible prekindergarten pro-
15 viders to carry out section 10996E; and

16 “(C) conduct evaluations of prekindergarten
17 programs carried out by eligible pre-
18 kindergarten providers that receive subgrants
19 under subparagraph (B).

20 **“SEC. 10996D. LOCAL APPLICATIONS.**

21 “(a) IN GENERAL.—An eligible prekindergarten pro-
22 vider that desires to receive a subgrant under this part
23 shall submit an application to the appropriate State agen-
24 cy designated under section 10996C(b)(1) at such time,

1 in such manner, and containing such information as such
2 State agency may reasonably require.

3 “(b) CONTENT.—An application submitted under
4 subsection (a), at a minimum, shall—

5 “(1) demonstrate a need for the establishment,
6 enhancement, or expansion of a prekindergarten pro-
7 gram;

8 “(2) describe how the eligible prekindergarten
9 provider will collaborate with local early childhood
10 councils and agencies;

11 “(3) provide an assurance that each individual
12 hired as a teacher by the eligible prekindergarten
13 provider is qualified to teach children at the pre-
14 kindergarten level;

15 “(4) provide an assurance that the ratio of
16 teacher or child development specialist to children at
17 each prekindergarten program administered by the
18 provider will not exceed 1–10;

19 “(5) provide a description of how funds will be
20 used to coordinate with and enhance, but not dupli-
21 cate or supplant, early childhood programs serving
22 eligible children that exist in the community;

23 “(6) describe how the eligible prekindergarten
24 provider will use a collaborative process with organi-
25 zations and members of the community that have an

1 interest and experience in early childhood develop-
2 ment and education to establish, enhance, or expand
3 prekindergarten programs;

4 “(7) describe how the program to be funded
5 under the subgrant will meet the diverse needs of
6 children, ages 3 through 5, in the community who
7 are not enrolled in kindergarten, including children
8 with disabilities or whose native language is other
9 than English;

10 “(8) describe how the eligible prekindergarten
11 provider will collaborate with local schools to ensure
12 a smooth transition for participating students from
13 prekindergarten to kindergarten and early elemen-
14 tary education;

15 “(9) describe the results the prekindergarten
16 program is intended to achieve, and what tools will
17 be used to measure the progress in attaining those
18 results; and

19 “(10) provide an assurance that none of the
20 funds received under this part will be used for the
21 construction or renovation of existing or new facili-
22 ties (except for minor remodeling needed to accom-
23 plish the purposes of this part).

1 **“SEC. 10996E. LOCAL USES OF FUNDS.**

2 “(a) IN GENERAL.—An eligible prekindergarten pro-
3 vider that receives a subgrant under this part shall use
4 funds received under such subgrant to establish, enhance,
5 or expand prekindergarten programs for children, ages 3
6 through 5, who are not enrolled in kindergarten,
7 including—

8 “(1) providing a program that focuses on the
9 developmental needs of participating children, in-
10 cluding their social, cognitive, physical, and lan-
11 guage-development needs, and uses research-based
12 approaches that build on competencies that lead to
13 school success, particularly in language and literacy
14 development and in reading;

15 “(2) paying the costs of purchasing educational
16 equipment, including educational materials, nec-
17 essary to provide a high quality program;

18 “(3) pursuing accreditation by a national ac-
19 creditation body with demonstrated experience in ac-
20 creditation of prekindergarten programs, to be ob-
21 tained not later than 3 years after the date on which
22 funds are first received under this part;

23 “(4) helping prekindergarten teachers pursue
24 and attain the credential and degree requirements
25 established by the State and provide a stipend for

1 attaining educational or professional development;
2 and

3 “(5) meeting the needs of working parents.

4 “(b) PERMISSIBLE USES OF FUNDS.—An eligible
5 prekindergarten provider that receives a subgrant under
6 this part may use funds received under such subgrant to
7 pay for transporting students to and from a prekindergarten
8 program.

9 **“SEC. 10996F. REPORTING.**

10 “(a) LOCAL REPORTS.—Each eligible prekindergarten
11 provider that receives a subgrant under this part
12 shall submit to the State agency designated under section
13 10996C(b)(1), not later than 18 months after the date
14 on which the provider first receives such subgrant, a report
15 relating to the period for which subgrant funds were
16 received, containing information on—

17 “(1) the number and ages of children served by
18 the provider, including information disaggregated by
19 family income, race, disability, native language;

20 “(2) the number of hours of service per day and
21 number of months of service;

22 “(3) the total number of prekindergarten teachers
23 employed by the provider; and

24 “(4) other sources of Federal, State, local, and
25 private funds used to operate the prekindergarten

1 program for which subgrants funds were received
2 under this part.

3 “(b) REPORT TO CONGRESS.—The Secretary shall
4 submit an annual report to Congress that evaluates the
5 prekindergarten programs established, enhanced, or ex-
6 panded under this part.

7 **“SEC. 10996G. AUTHORIZATION OF APPROPRIATIONS.**

8 “There are authorized to be appropriated to carry out
9 this part \$2,000,000,000 for fiscal year 2002,
10 \$4,000,000,000 for fiscal year 2003, \$5,000,000,000 for
11 fiscal year 2004, \$8,000,000,000 for fiscal year 2005, and
12 \$10,000,000,000 for fiscal year 2006.”.

13 **Chapter 2—Expanding Early Literacy Efforts**

14 **SEC. 3411. EARLY LITERACY.**

15 Part C of Title II of the Elementary and Secondary
16 Education Act of 1965 (20 U.S.C. 6661 et seq.) is
17 amended—

18 (1) by redesignating section 2251 as section
19 2251A;

20 (2) by inserting before section 2251A (as so re-
21 designated) the following:

22 **“SEC. 2251. SHORT TITLE.**

23 “This part may be cited as the ‘Reading Excellence
24 Act’.”;

1 (3) by redesignating section 2260 as section
2 2261;

3 (4) by inserting after section 2259 the fol-
4 lowing:

5 **“SEC. 2260. EARLY LITERACY.**

6 “(a) DEFINITIONS.—In this section:

7 “(1) EARLY CHILDHOOD EDUCATOR.—The
8 term ‘early childhood educator’ means an individual
9 who spends most or all of the program day working
10 directly with young children and who has responsi-
11 bility for implementing the educational components
12 of an early childhood education program.

13 “(2) EARLY CHILDHOOD EDUCATION PRO-
14 GRAM.—The term ‘early childhood education pro-
15 gram’ means a licensed or regulated child care cen-
16 ter, preschool, State-funded prekindergarten pro-
17 gram, or Head Start program.

18 “(3) EARLY LITERACY.—The term ‘early lit-
19 eracy’ means the development of young children’s
20 vocabulary, reading, and writing skills in preparation
21 to learn to read and write.

22 “(4) LOCAL EARLY LITERACY PARTNERSHIP.—
23 The term ‘local early literacy partnership’ means a
24 partnership, council, or consortia that includes rep-
25 resentatives of—

1 “(A) the local educational agency;

2 “(B) teachers in kindergarten through 3d
3 grade who are responsible for reading instruc-
4 tion, including teachers working with children
5 whose native language is not English and chil-
6 dren with disabilities;

7 “(C) early childhood educators working in
8 a range of early childhood education programs
9 and with children in a range of ages from birth
10 through age 5, including educators working
11 with children whose native language is not
12 English and children with disabilities;

13 “(D) the local child care resource and re-
14 ferral agency, local child care council, Head
15 Start agency, and other appropriate local child
16 care agencies;

17 “(E) family literacy programs;

18 “(F) public libraries;

19 “(G) local institutions of higher education
20 that provide professional development in re-
21 search-based early literacy and scientifically
22 based reading instruction; and

23 “(H) parents of children in early childhood
24 programs and in schools.

1 “(5) RESEARCH-BASED EARLY LITERACY.—The
2 term ‘research-based early literacy’ means the appli-
3 cation of rigorous, systemic and objective procedures
4 to obtain valid knowledge relevant to language and
5 literacy development and instruction that—

6 “(A) is based on recent national reports
7 synthesizing research on effective practices to
8 support children’s literacy and prevent later
9 reading difficulties;

10 “(B) draws on high quality quantitative re-
11 search;

12 “(C) uses systematic methods that draw on
13 observation or experiment;

14 “(D) relies on multiple measures;

15 “(E) meets accepted standards of evidence
16 as judged by a panel of independent experts;
17 and

18 “(F) draws on the knowledge of effective
19 teaching strategies for young children.

20 “(6) YOUNG CHILDREN.—The term ‘young chil-
21 dren’ means children from birth through age 5 (or
22 until mandatory school age as determined by the
23 State).

24 “(b) GRANT PROGRAM.—The Secretary shall award
25 grants to State educational agencies to enable such State

1 educational agencies to award subgrants to local early lit-
2 eracy partnerships for the purpose of enhancing the early
3 literacy in early childhood programs serving children from
4 birth until kindergarten.

5 “(c) APPLICATION.—A State educational agency de-
6 siring a grant under this section shall submit an applica-
7 tion to the Secretary at such time, in such manner, and
8 containing such information as the Secretary may require,
9 including—

10 “(1) how the State educational agency will dis-
11 seminate information to a range of early childhood
12 education providers, organizations, local educational
13 agencies, and institutions of higher education re-
14 garding the partnership grants;

15 “(2) how the State educational agency will pro-
16 vide technical assistance to local early literacy part-
17 nerships by disseminating information on research
18 regarding early literacy curricula and teaching prac-
19 tice; and

20 “(3) how the State educational agency will co-
21 ordinate with other State agencies having responsi-
22 bility for early childhood education programs in the
23 selection of the local grantees and in providing tech-
24 nical assistance and information.

1 “(d) ADMINISTRATION.—A State educational agency
2 receiving a grant under this section may reserve not more
3 than 2 percent of the grant funds received for administra-
4 tive purposes.

5 “(e) LOCAL EARLY LITERACY PARTNERSHIP APPLI-
6 CATION.—A local early literacy partnership desiring a
7 subgrant under this section shall submit an application to
8 the State educational agency at such time, in such man-
9 ner, and containing such information as the State edu-
10 cational agency may require. The application shall identify
11 the lead partner (which shall have a demonstrated history
12 of effective administration of large grants) that will act
13 as the fiscal agent and shall describe—

14 “(1) the roles and responsibilities of each part-
15 ner entity in the partnership and the resources that
16 will be made available to each such partner entity to
17 carry out those roles and responsibilities;

18 “(2) how the partnership will identify early
19 childhood education programs and early childhood
20 educators that would benefit from the services and
21 professional development to be provided by the part-
22 nership under this section;

23 “(3) how the partnership will coordinate Fed-
24 eral, State, local, and private resources related to
25 early literacy and family literacy;

1 “(4) how the research-based early literacy cur-
2 ricula and materials will be made available to early
3 childhood education programs;

4 “(5) how ongoing professional development in
5 research-based early literacy will be provided to early
6 childhood educators in a range of early childhood
7 education programs, including the use of technology
8 to deliver such professional development as appro-
9 priate;

10 “(6) how the partnership will establish the pres-
11 ence of an early literacy specialist in the local child
12 care resource and referral agency or other appro-
13 priate early childhood education agency in order to
14 provide technical assistance and information to pro-
15 grams and early childhood educators;

16 “(7) how the services will build on existing early
17 literacy and family literacy programs and profes-
18 sional development in the community;

19 “(8) how the early literacy activities and profes-
20 sional development for early childhood educators will
21 be coordinated with the activities and professional
22 development of kindergarten teachers in the same
23 geographic area;

1 “(9) how families will participate in early lit-
2 eracy programs to enhance their children’s language
3 and literacy progress;

4 “(10) how the partnership will collect and re-
5 port data as required under subsection (g); and

6 “(11) how the professional development and
7 other activities and materials to be supplied by the
8 partnership under this section will support the early
9 literacy of children whose native language is not
10 English, children with disabilities, and other children
11 at risk of having reading difficulties.

12 “(f) USES OF FUNDS.—The early literacy partner-
13 ship shall use funds for—

14 “(1) providing research-based early literacy
15 instruction methods, strategies, and curricula to
16 early childhood providers serving children from birth
17 through age 5 in a range of settings in the commu-
18 nity;

19 “(2) providing ongoing, regular, professional
20 development to early childhood educators in the se-
21 lection and use of research-based early literacy in-
22 struction methods, strategies, and curricula;

23 “(3) providing a stipend or bonus of sufficient
24 size to each childhood educator who receives the on-
25 going professional development in research-based

1 early literacy, and who commits to remaining in the
2 same early childhood education program for a min-
3 imum of 1 additional full year;

4 “(4) establishing 1 or more early literacy spe-
5 cialists in the local child care resource and referral
6 agency or other appropriate local child care agency
7 or council to provide technical assistance and to dis-
8 seminate information;

9 “(5) coordinating the delivery of early literacy
10 and family literacy services within the community;
11 and

12 “(6) collecting and reporting information to the
13 State educational agency as required in subsection
14 (g).

15 “(g) EVALUATIONS AND REPORTS.—Each local part-
16 nership that receives a grant under this section shall sub-
17 mit a report to the State educational agency that
18 includes—

19 “(1) a description of the types of early child-
20 hood education programs that received services
21 through the grant, including disaggregated informa-
22 tion on the age, race, ethnicity, native language, dis-
23 ability status, gender, and family income of the chil-
24 dren served and the qualifications, by credential or

1 degree, and compensation of the staff (including di-
2 rectors and teachers);

3 “(2) the extent to which professional develop-
4 ment in research-based early literacy was made ac-
5 cessible and used by early childhood education staff
6 in the local area;

7 “(3) how early literacy activities were coordi-
8 nated with family literacy programs and activities;
9 and

10 “(4) how each partner carried out the partner’s
11 respective roles and responsibilities under the appli-
12 cation.”; and

13 (5) by amending section 2261 (as so redesign-
14 nated) by adding at the end the following:

15 “(3) FISCAL YEARS 2002 TO 2006.—There are
16 authorized to be appropriated to carry out this
17 part—

18 “(A) \$500,000,000 for fiscal year 2002;

19 “(B) \$600,000,000 for fiscal year 2003;

20 “(C) \$700,000,000 for fiscal year 2004;

21 “(D) \$850,000,000 for fiscal year 2005;

22 and

23 “(E) \$1,000,000,000 for fiscal year
24 2006.”.

1 **SEC. 3412. TECHNICAL AMENDMENTS.**

2 The Elementary and Secondary Education Act of
3 1965 (20 U.S.C. 6301 et seq.) is amended—

4 (1) in section 1202(c)(1), by striking “section
5 2260(b)(3)” and inserting “section 2261(b)(3)”;

6 (2) in section 2257, by striking “section
7 2260(b)(1)” and inserting “section 2261(b)(1)”; and

8 (3) in section 2258, by striking “2260(b)(2)”
9 and inserting “section 2261(b)(2)”.

10 **Chapter 3—Increasing the Availability of**
11 **Books**

12 **SEC. 3421. SHORT TITLE.**

13 This chapter may be cited as the “Book Stamp Act”.

14 **SEC. 3422. FINDINGS.**

15 Congress finds the following:

16 (1) Literacy is fundamental to all learning.

17 (2) Between 40 and 60 percent of the Nation’s
18 children do not read at grade level, particularly chil-
19 dren in families and school districts that are chal-
20 lenged by significant financial or social instability.

21 (3) Increased investments in child literacy are
22 needed to improve opportunities for children and the
23 efficacy of the Nation’s education investments.

24 (4) Increasing access to books in the home is
25 an important means of improving child literacy,
26 which can be accomplished nationally at modest cost.

1 (5) Effective channels for book distribution al-
2 ready exist through child care providers.

3 **SEC. 3423. DEFINITIONS.**

4 In this chapter:

5 (1) **EARLY LEARNING PROGRAM.**—The term
6 “early learning”, used with respect to a program,
7 means a program of activities designed to facilitate
8 development of cognitive, language, motor, and so-
9 cial-emotional skills in children under age 6 as a
10 means of enabling the children to enter school ready
11 to learn, such as a Head Start or Early Head Start
12 program carried out under the Head Start Act (42
13 U.S.C. 9831 et seq.), or a State pre-kindergarten
14 program.

15 (2) **SECRETARY.**—The term “Secretary” means
16 the Secretary of Health and Human Services.

17 (3) **STATE.**—The term “State” means the 50
18 States, the District of Columbia, the Commonwealth
19 of Puerto Rico, Guam, the United States Virgin Is-
20 lands, American Samoa, and the Commonwealth of
21 the Northern Mariana Islands.

22 (4) **STATE AGENCY.**—The term “State agency”
23 means an agency designated under section 658D of
24 the Child Care and Development Block Grant Act of
25 1990 (42 U.S.C. 9858b).

1 **SEC. 3424. GRANTS TO STATE AGENCIES.**

2 (a) ESTABLISHMENT OF PROGRAM.—The Secretary
3 shall establish and carry out a program to promote child
4 literacy and improve children’s access to books at home
5 and in early learning and other child care programs, by
6 making books available through early learning and other
7 child care programs.

8 (b) GRANTS.—

9 (1) IN GENERAL.—In carrying out the program,
10 the Secretary shall make grants to State agencies
11 from allotments determined under paragraph (2).

12 (2) ALLOTMENTS.—For each fiscal year, the
13 Secretary shall allot to each State an amount that
14 bears the same ratio to the total of the available
15 funds for the fiscal year as the amount the State re-
16 ceives under section 6580(b) of the Child Care and
17 Development Block Grant Act of 1990 (42 U.S.C.
18 9858m(b)) for the fiscal year bears to the total
19 amount received by all States under that section for
20 the fiscal year.

21 (c) APPLICATIONS.—To be eligible to receive an allot-
22 ment under this section, a State shall submit an applica-
23 tion to the Secretary at such time, in such manner, and
24 containing such information as the Secretary may require.

25 (d) ACCOUNTABILITY.—The provisions of sections
26 658I(b) and 658K(b) of the Child Care and Development

1 Block Grant Act of 1990 (42 U.S.C. 9858g(b), 9858i(b))
2 shall apply to States receiving grants under this chapter,
3 except that references in those sections—

4 (1) to a chapter shall be considered to be ref-
5 erences to this chapter; and

6 (2) to a plan or application shall be considered
7 to be references to an application submitted under
8 subsection (c).

9 (e) DEFINITION.—In this section, the term “available
10 funds”, used with respect to a fiscal year, means the total
11 of—

12 (1) the funds made available under section
13 416(c)(1) of title 39, United States Code for the fis-
14 cal year; and

15 (2) the amounts appropriated under section
16 3409 for the fiscal year.

17 **SEC. 3425. CONTRACTS TO CHILD CARE RESOURCE AND**
18 **REFERRAL AGENCIES.**

19 A State agency that receives a grant under section
20 3404 shall use funds made available through the grant
21 to enter into contracts with local child care resource and
22 referral agencies to carry out the activities described in
23 section 3406. The State agency may reserve not more than
24 3 percent of the funds made available through the grant

1 to support a public awareness campaign relating to the
2 activities.

3 **SEC. 3426. USE OF FUNDS.**

4 (a) ACTIVITIES.—

5 (1) BOOK PAYMENTS FOR ELIGIBLE PRO-
6 VIDERS.—A child care resource and referral agency
7 that receives a contract under section 3405 shall use
8 the funds made available through the grant to pro-
9 vide payments for eligible early learning program
10 and other child care providers, on the basis of local
11 needs, to enable the providers to make books avail-
12 able, to promote child literacy and improve chil-
13 dren’s access to books at home and in early learning
14 and other child care programs.

15 (2) ELIGIBLE PROVIDERS.—To be eligible to re-
16 ceive a payment under paragraph (1), a provider
17 shall—

18 (A)(i) be a center-based child care pro-
19 vider, a group home child care provider, or a
20 family child care provider, described in section
21 658P(5)(A) of the Child Care and Development
22 Block Grant Act of 1990 (42 U.S.C.
23 9858n(5)(A)); or

24 (ii) be a Head Start agency designated
25 under section 641 of the Head Start Act (42

1 U.S.C. 9836), an entity that receives assistance
2 under section 645A of such Act (42 U.S.C.
3 9840a) to carry out an Early Head Start pro-
4 gram or another provider of an early learning
5 program; and

6 (B) provide services in an area where chil-
7 dren face high risks of literacy difficulties, as
8 defined by the Secretary.

9 (b) RESPONSIBILITIES.—A child care resource and
10 referral agency that receives a contract under section 3405
11 to provide payments to eligible providers shall—

12 (1) consult with local individuals and organiza-
13 tions concerned with early literacy (including parents
14 and organizations carrying out the Reach Out and
15 Read, First Book, and Reading Is Fundamental pro-
16 grams) regarding local book distribution needs;

17 (2) make reasonable efforts to learn public de-
18 mographic and other information about local fami-
19 lies and child literacy programs carried out by the
20 eligible providers, as needed to inform the agency's
21 decisions as the agency carries out the contract;

22 (3) coordinate local orders of the books made
23 available under this chapter;

24 (4) distribute, to each eligible provider that re-
25 ceives a payment under this chapter, not fewer than

1 1 book every 6 months for each child served by the
2 provider for more than 3 of the preceding 6 months;

3 (5) use not more than 5 percent of the funds
4 made available through the contract to provide train-
5 ing and technical assistance to the eligible providers
6 on the effective use of books with young children at
7 different stages of development; and

8 (6) be a training resource for eligible providers
9 that want to offer parent workshops on developing
10 reading readiness.

11 (c) DISCOUNTS.—

12 (1) IN GENERAL.—Federal funds made avail-
13 able under this chapter for the purchase of books
14 may only be used to purchase books on the same
15 terms as are customarily available in the book indus-
16 try to entities carrying out nonprofit bulk book pur-
17 chase and distribution programs.

18 (2) TERMS.—An entity offering books for pur-
19 chase under this chapter shall be presumed to have
20 met the requirements of paragraph (1), absent con-
21 trary evidence, if the terms include a discount of 43
22 percent off the catalogue price of the books, with no
23 additional charge for shipping and handling of the
24 books.

1 (d) ADMINISTRATION.—The child care resource and
2 referral agency may not use more than 6 percent of the
3 funds made available through the contract for administra-
4 tive costs.

5 **SEC. 3427. REPORT TO CONGRESS.**

6 Not later than 2 years of the date of enactment of
7 this chapter, the Secretary shall prepare and submit to
8 Congress a report on the implementation of the activities
9 carried out under this chapter.

10 **SEC. 3428. SPECIAL POSTAGE STAMPS FOR CHILD LIT-**
11 **ERACY.**

12 Chapter 4 of title 39, United States Code is amended
13 by adding at the end the following:

14 **“§ 416. Special postage stamps for child literacy**

15 “(a) In order to afford the public a convenient way
16 to contribute to funding for child literacy, the Postal Serv-
17 ice shall establish a special rate of postage for first-class
18 mail under this section. The stamps that bear the special
19 rate of postage shall promote childhood literacy and shall,
20 to the extent practicable, contain an image relating to a
21 character in a children’s book or cartoon.

22 “(b)(1) The rate of postage established under this
23 section—

1 “(A) shall be equal to the regular first-class
2 rate of postage, plus a differential of not to exceed
3 25 percent;

4 “(B) shall be set by the Governors in accord-
5 ance with such procedures as the Governors shall by
6 regulation prescribe (in lieu of the procedures de-
7 scribed in chapter 36); and

8 “(C) shall be offered as an alternative to the
9 regular first-class rate of postage.

10 “(2) The use of the special rate of postage established
11 under this section shall be voluntary on the part of postal
12 patrons.

13 “(c)(1) Of the amounts becoming available for child
14 literacy pursuant to this section, the Postal Service shall
15 pay 100 percent to the Department of Health and Human
16 Services.

17 “(2) Payments made under this subsection to the De-
18 partment shall be made under such arrangements as the
19 Postal Service shall by mutual agreement with such De-
20 partment establish in order to carry out the objectives of
21 this section, except that, under those arrangements, pay-
22 ments to such agency shall be made at least twice a year.

23 “(3) In this section, the term ‘amounts becoming
24 available for child literacy pursuant to this section’
25 means—

1 “(A) the total amounts received by the Postal
2 Service that the Postal Service would not have re-
3 ceived but for the enactment of this section; reduced
4 by

5 “(B) an amount sufficient to cover reasonable
6 costs incurred by the Postal Service in carrying out
7 this section, including costs attributable to the print-
8 ing, sale, and distribution of stamps under this sec-
9 tion,

10 as determined by the Postal Service under regulations that
11 the Postal Service shall prescribe.

12 “(d) It is the sense of Congress that nothing in this
13 section should—

14 “(1) directly or indirectly cause a net decrease
15 in total funds received by the Department of Health
16 and Human Services, or any other agency of the
17 Government (or any component or program of the
18 Government), below the level that would otherwise
19 have been received but for the enactment of this sec-
20 tion; or

21 “(2) affect regular first-class rates of postage
22 or any other regular rates of postage.

23 “(e) Special postage stamps made available under
24 this section shall be made available to the public beginning
25 on such date as the Postal Service shall by regulation pre-

1 scribe, but in no event later than 12 months after the date
2 of enactment of this section.

3 “(f) The Postmaster General shall include in each re-
4 port provided under section 2402, with respect to any pe-
5 riod during any portion of which this section is in effect,
6 information concerning the operation of this section, ex-
7 cept that, at a minimum, each report shall include infor-
8 mation on—

9 “(1) the total amounts described in subsection
10 (c)(3)(A) that were received by the Postal Service
11 during the period covered by such report; and

12 “(2) of the amounts described in paragraph (1),
13 how much (in the aggregate and by category) was
14 required for the purposes described in subsection
15 (c)(3)(B).

16 “(g) This section shall cease to be effective at the
17 end of the 2-year period beginning on the date on which
18 special postage stamps made available under this section
19 are first made available to the public.”.

20 **SEC. 3429. AUTHORIZATION OF APPROPRIATIONS.**

21 There is authorized to be appropriated to carry out
22 this chapter \$50,000,000 for each of fiscal years 2002
23 through 2006.

1 **Chapter 4—Increased Accountability**

2 **SEC. 3431. LOW ACHIEVING CHILDREN MEET HIGH STAND-**
3 **ARDS.**

4 The Elementary and Secondary Education Act of
5 1965 (20 U.S.C. 6301 et seq.) is amended in the heading
6 for title I by striking “**DISADVANTAGED**” and in-
7 serting “**LOW-ACHIEVING**”.

8 **SEC. 3432. PURPOSE AND INTENT.**

9 Section 1001 of the Elementary and Secondary Edu-
10 cation Act of 1965 (20 U.S.C. 6301) is amended to read
11 as follows:

12 **“SEC. 1001. FINDINGS; RECOGNITION OF NEED; STATEMENT**
13 **OF PURPOSE.**

14 “(a) FINDINGS.—Congress finds the following:

15 “(1) Schools that enroll high concentrations of
16 children living in poverty face the greatest chal-
17 lenges, but effective educational strategies based on
18 scientifically based research can succeed in edu-
19 cating children to high standards.

20 “(2) High-poverty schools are much more likely
21 to be identified as failing to meet State standards
22 for satisfactory progress. As a result, these schools
23 are generally the most in need of additional re-
24 sources and technical assistance to build the capac-

1 ity of these schools to address the many needs of
2 their students.

3 “(3) The educational progress of children par-
4 ticipating in programs under this title is closely as-
5 sociated with their being taught by a fully qualified
6 staff, particularly in schools with the highest con-
7 centrations of poverty, where paraprofessionals,
8 uncertified teachers, and teachers teaching out of
9 field frequently provide instructional services.

10 “(4) States, local educational agencies, and
11 schools should be held accountable for improving
12 student achievement, while being given appropriate
13 flexibility.

14 “(5) Programs funded under this title must
15 demonstrate increased effectiveness in improving
16 schools in order to ensure all children achieve to
17 high standards.

18 “(b) RECOGNITION OF NEED.—The Congress recog-
19 nizes the following:

20 “(1) Educational needs are particularly great
21 for low-achieving children in our Nation’s highest-
22 poverty schools, children with limited English pro-
23 ficiency, children of migrant workers, children with
24 disabilities, Indian children, children who are ne-

1 glected or delinquent, and young children and their
2 parents who are in need of family literacy services.

3 “(2) Despite decades of education reform ef-
4 forts, a sizable achievement gap remains between
5 minority and nonminority students, and between dis-
6 advantaged students and their more advantaged
7 peers.

8 “(3) States, local educational agencies and
9 schools should be held accountable for improving the
10 academic achievement of all students, and for identi-
11 fying and turning around low-performing schools.

12 “(4) Federal education assistance is intended
13 not only to increase pupil achievement overall, but
14 also more specifically and importantly, to help en-
15 sure that all pupils, especially the disadvantaged,
16 meet challenging standards for curriculum content
17 and pupil performance. It can only be determined if
18 schools, local educational agencies, and States, are
19 reaching this goal if pupil achievement results are
20 disaggregated by at-risk categories.

21 “(c) PURPOSE AND INTENT.—The purpose and in-
22 tent of this title are to ensure that all children have a
23 fair and equal opportunity to obtain a high quality edu-
24 cation.

1 **SEC. 3433. AUTHORIZATION OF APPROPRIATIONS.**

2 (a) **ADDITIONAL ASSISTANCE.**—Subsection (f) of sec-
3 tion 1002 of the Elementary and Secondary Education
4 Act of 1965 (20 U.S.C. 6302(f)) is amended to read as
5 follows:

6 “(f) **SCHOOL IMPROVEMENT.**—Each State may re-
7 serve for the purpose of carrying out its duties under sec-
8 tion 1116 and 1117, the greater of one-half of 1 percent
9 of the amount allocated under this part, or \$200,000.”.

10 (b) **FEDERAL ACTIVITIES.**—Subsection (g) of section
11 1002 of the Elementary and Secondary Education Act of
12 1965 (20 U.S.C. 6302(g)) is amended by striking “1995”
13 each place it appears and inserting “2002”.

14 (c) **STATE ADMINISTRATION.**—Section 1002 of the
15 Elementary and Secondary Education Act of 1965 (20
16 U.S.C. 6302) is amended by adding at the end the fol-
17 lowing:

18 “(h) **STATE ADMINISTRATION.**—

19 “(1) **STATE RESERVATION.**—Each State may
20 reserve, from the grants it receives under parts A,
21 C, and D, of this title, an amount equal to the
22 greater of—

23 “(A) 1 percent of the amount it received
24 under parts A, C, and D; or

1 “(B) \$400,000 (\$50,000 for each outlying
2 area), to carry out administrative duties as-
3 signed under parts A, C, and D.

4 “(2) SPECIAL RULE.—The amount reserved by
5 each State under this subsection may not exceed the
6 amount of State funds expended by the State edu-
7 cational agency to administer elementary and sec-
8 ondary education programs in such State.

9 “(i) ASSISTANCE FOR LOCAL SCHOOL IMPROVE-
10 MENT.—

11 “(1) PROGRAM AUTHORIZED.—The Secretary
12 shall award grants to States to provide subgrants to
13 local educational agencies for the purpose of pro-
14 viding assistance for school improvement consistent
15 with section 1116. Such grants shall be allocated
16 among States, the Bureau of Indian Affairs, and the
17 outlying areas, in the same proportion to the grants
18 received by each State, the Bureau of Indian Affairs,
19 and the outlying areas for the fiscal year under
20 parts A, C, and D of this title. The Secretary shall
21 expeditiously allocate a portion of such funds to
22 States for the purpose of assisting local educational
23 agencies and schools that were in school improve-
24 ment status on the date preceding the date of enact-
25 ment of the Leave No Child Behind Act of 2001.

1 “(2) REALLOCATIONS.—If a State does not
2 apply for funds under this subsection, the Secretary
3 shall reallocate such funds to other States in the
4 same proportion that funds are allocated under
5 paragraph (1).

6 “(3) STATE APPLICATIONS.—Each State edu-
7 cational agency that desires to receive funds under
8 this subsection shall submit an application to the
9 Secretary at such time, and containing such infor-
10 mation as the Secretary shall reasonably require, ex-
11 cept that such requirement shall be waived if a State
12 educational agency has submitted such information
13 as part of its State plan under this part. Each State
14 plan shall describe how such funds will be allocated
15 to ensure that the State educational agency and
16 local educational agencies comply with school im-
17 provement and corrective action requirements of sec-
18 tion 1116.

19 “(4) LOCAL EDUCATIONAL AGENCY GRANTS.—
20 A grant to a local educational agency under this
21 subsection shall be—

22 “(A) of sufficient size and scope to support
23 the activities required under sections 1116 and
24 1117, but not less than \$50,000 and not more
25 than \$500,000 to each participating school;

1 “(B) integrated with other funds under
2 this Act; and

3 “(C) renewable for 2 additional 1-year pe-
4 riods if schools are making yearly progress con-
5 sistent with State and local educational agency
6 plans developed under section 1116.

7 “(5) PRIORITY.—The State, in awarding such
8 grants, shall give priority to local educational agen-
9 cies with the lowest achieving schools, that dem-
10 onstrate the greatest need for such funds, and that
11 demonstrate the strongest commitment to making
12 sure such funds are used to provide adequate re-
13 sources to enable such schools to meet the yearly
14 progress goals under State and local school improve-
15 ment and corrective action plans under section 1116.

16 “(6) ADMINISTRATIVE COSTS.—A State edu-
17 cational agency that receives a grant award under
18 this subsection may reserve not more than 5 percent
19 of such award for administration, evaluation, and
20 technical assistance expenses.

21 “(7) LOCAL AWARDS.—Each local educational
22 agency that applies for assistance under this sub-
23 section shall describe how it will provide the lowest
24 achieving schools the resources necessary to meet
25 yearly progress goals under State and local school

1 improvement and corrective action plans under sec-
2 tion 1116.

3 “(8) AUTHORIZATION OF APPROPRIATIONS.—

4 There are authorized to be appropriated to carry out
5 this subsection, \$250,000,000 for fiscal year 2002,
6 \$300,000,000 for fiscal year 2003, \$350,000,000 for
7 fiscal year 2004, \$400,000,000 for fiscal year 2005,
8 and \$450,000,000 for fiscal year 2006.”.

9 **SEC. 3434. RESERVATION AND ALLOCATION.**

10 Section 1003 of the Elementary and Secondary Edu-
11 cation Act of 1965 (20 U.S.C. 6303) is repealed.

12 **SEC. 3435. STATE PLANS.**

13 Section 1111 of the Elementary and Secondary Edu-
14 cation Act of 1965 (20 U.S.C. 6311) is amended to read
15 as follows:

16 **“SEC. 1111. STATE PLANS.**

17 “(a) PLANS REQUIRED.—

18 “(1) IN GENERAL.—Any State desiring to re-
19 ceive a grant under this part shall submit to the
20 Secretary a plan, developed in consultation with local
21 educational agencies, teachers, pupil services per-
22 sonnel, administrators (including administrators of
23 programs described in other parts of this title),
24 other staff, and parents, that satisfies the require-
25 ments of this section and that is coordinated with

1 other programs under this Act, the Individuals with
2 Disabilities Education Act, the Carl D. Perkins Vo-
3 cational and Technical Education Act of 1998, and
4 the Head Start Act.

5 “(2) CONSOLIDATED PLAN.—A State plan sub-
6 mitted under paragraph (1) may be submitted as
7 part of a consolidated plan under section 10202.

8 “(b) STANDARDS, ASSESSMENTS, AND ACCOUNT-
9 ABILITY.—

10 “(1) CHALLENGING STANDARDS.—(A) Each
11 State plan shall demonstrate that the State has
12 adopted and implemented challenging content stand-
13 ards and challenging student performance standards
14 that will be used by the State, its local educational
15 agencies, and its schools to carry out this part, ex-
16 cept that a State shall not be required to submit
17 such standards to the Secretary.

18 “(B) The standards required by subparagraph
19 (A) shall be the same standards that the State ap-
20 plies to all schools and children in the State.

21 “(C) The State shall have such standards for
22 elementary school and secondary school children
23 served under this part in subjects determined by the
24 State, but including at least mathematics, reading
25 or language arts, and science, which shall include

1 the same knowledge, skills, and levels of perform-
2 ance expected of all children.

3 “(D) Standards under this paragraph shall
4 include—

5 “(i) challenging content standards in aca-
6 demic subjects that—

7 “(I) specify what children are ex-
8 pected to know and be able to do;

9 “(II) contain coherent and rigorous
10 content; and

11 “(III) encourage the teaching of ad-
12 vanced skills; and

13 “(ii) challenging student performance
14 standards that—

15 “(I) are aligned with the State’s con-
16 tent standards;

17 “(II) describe 2 levels of high per-
18 formance, proficient and advanced, that
19 determine how well children are mastering
20 the material in the State content stand-
21 ards; and

22 “(III) describe a third level of per-
23 formance, basic, to provide complete infor-
24 mation about the progress of the lower
25 performing children toward achieving to

1 the proficient and advanced levels of per-
2 formance.

3 “(E) For the subjects in which students will be
4 served under this part, but for which a State is not
5 required by subparagraphs (A), (B), and (C) to de-
6 velop, and has not otherwise developed such stand-
7 ards, the State plan shall describe a strategy for en-
8 suring that such students are taught the same
9 knowledge and skills and held to the same expecta-
10 tions as are all children.

11 “(2) ADEQUATE YEARLY PROGRESS.—

12 “(A) IN GENERAL.—Each State plan shall
13 demonstrate, based on assessments described
14 under paragraph (4), what constitutes adequate
15 yearly progress of—

16 “(i) any school served under this part
17 toward enabling all children to meet the
18 State’s challenging student performance
19 standards;

20 “(ii) any local educational agency that
21 received funds under this part toward ena-
22 bling all children in schools receiving as-
23 sistance under this part to meet the
24 State’s challenging student performance
25 standards; and

1 “(iii) the State in enabling all children
2 in schools receiving assistance under this
3 part to meet the State’s challenging stu-
4 dent performance standards.

5 “(B) DEFINITION.—Adequate yearly
6 progress shall be defined in a manner that—

7 “(i) applies the same high standards
8 of academic performance to all students in
9 the State;

10 “(ii) takes into account the progress
11 of all students in the State and in each
12 local educational agency and school served
13 under section 1114 or 1115;

14 “(iii) uses the State challenging con-
15 tent and challenging student performance
16 standards and assessments described in
17 paragraphs (1) and (4);

18 “(iv) compares separately, within each
19 State, local educational agency, and school,
20 the performance and progress of students
21 by gender, each major ethnic and racial
22 group, by English proficiency status, by
23 migrant status, by students with disabil-
24 ities as compared to nondisabled students,
25 and by economically disadvantaged stu-

1 dents as compared to students who are not
2 economically disadvantaged (except that
3 such disaggregation shall not be required
4 in a case in which the number of students
5 in a category is insufficient to yield statis-
6 tically reliable information or the results
7 would reveal individually identifiable infor-
8 mation about an individual student);

9 “(v) compares the proportions of stu-
10 dents at the ‘basic’, ‘proficient’, and ‘ad-
11 vanced’ levels of performance with the pro-
12 portions of students at each of the 3 levels
13 in the same grade in the previous school
14 year;

15 “(vi) includes annual numerical goals
16 for improving the performance of all
17 groups specified in clause (iv) and nar-
18 rowing gaps in performance between these
19 groups; and

20 “(vii) includes a timeline for ensuring
21 that each group of students described in
22 clause (iv) meets or exceeds the State’s
23 proficient level of performance on each
24 State assessment used for the purposes of
25 section 1111 and section 1116 not later

1 than 10 years after the date of enactment
2 of the Leave No Child Behind Act of 2001;
3 and

4 “(viii) at the State’s discretion, may
5 also include other academic measures such
6 as promotion, completion of college pre-
7 paratory courses, and high school comple-
8 tion, except that inclusion of such other
9 measures may not change which schools or
10 local educational agencies would otherwise
11 be subject to improvement or corrective ac-
12 tion under section 1116 if the discretionary
13 indicators were not included.

14 “(C) ANNUAL IMPROVEMENT FOR
15 STATES.—For a State to make adequate yearly
16 progress under subparagraph (A)(iii), not less
17 than 90 percent of the local educational agen-
18 cies within its jurisdiction shall meet the State’s
19 criteria for adequate yearly progress.

20 “(D) ANNUAL IMPROVEMENT FOR LOCAL
21 EDUCATIONAL AGENCIES.—For a local edu-
22 cational agency to make adequate yearly
23 progress under subparagraph (A)(ii), not less
24 than 90 percent of the schools within its juris-

1 diction must meet the State’s criteria for ade-
2 quate yearly progress.

3 “(E) ANNUAL IMPROVEMENT FOR
4 SCHOOLS.—For a school to make adequate
5 yearly progress under subparagraph (A)(i), not
6 less than 90 percent of each group of students
7 described in subparagraph (B)(iv) who are en-
8 rolled in such school are required to take the
9 assessments consistent with section
10 612(a)(17)(A) of the Individuals with Disabil-
11 ities Education Act and paragraph (4)(F)(iii)
12 on which adequate yearly progress is based.
13 The requirement of this subparagraph must be
14 met for such assessments to be used to deter-
15 mine whether a school is making adequate year-
16 ly progress.

17 “(F) PUBLIC NOTICE AND COMMENT.—
18 Each State shall ensure that in developing its
19 plan for adequate yearly progress, it diligently
20 seeks public comment from a range of institu-
21 tions and individuals in the State with an inter-
22 est in improved student achievement and that
23 the State makes and will continue to make a
24 substantial effort to ensure that information
25 under this part is widely known and understood

1 by the public, parents, teachers, and school ad-
2 ministrators throughout the State. Such efforts
3 shall include, at a minimum, publication of such
4 information and explanatory text, broadly to the
5 public through such means as the Internet, the
6 media, and public agencies.

7 “(G) REVIEW.—The Secretary shall review
8 the information from States on the adequate
9 yearly progress of schools and local educational
10 agencies required under subparagraphs (A) and
11 (B) for the purpose of determining State and
12 local compliance with section 1116.

13 “(H) REVISION.—The Secretary shall re-
14 quire States to revise their definition of ade-
15 quate yearly progress, consistent with the re-
16 quirements of this paragraph. Such revisions
17 shall be submitted to the Secretary for approval
18 not later than 1 year after the date of enact-
19 ment of the Leave No Child Behind Act of
20 2001.

21 “(3) STATE AUTHORITY.—If a State edu-
22 cational agency provides evidence that is satisfactory
23 to the Secretary that neither the State educational
24 agency nor any other State government official,
25 agency, or entity has sufficient authority, under

1 State law, to adopt curriculum content and student
2 performance standards, and assessments aligned
3 with such standards, that will be applicable to all
4 students enrolled in the State’s public schools, then
5 the State educational agency may meet the require-
6 ments of this subsection by—

7 “(A) adopting standards and assessments
8 that meet the requirements of this subsection,
9 on a statewide basis, limiting their applicability
10 to students served under this part; or

11 “(B) adopting and implementing policies
12 that ensure that each local educational agency
13 in the State that receives grants under this part
14 will adopt curriculum content and student per-
15 formance standards, and assessments aligned
16 with such standards, that meet all of the cri-
17 teria in this subsection and any regulations re-
18 garding such standards and assessments that
19 the Secretary may publish, and that are appli-
20 cable to all students served by each such local
21 educational agency.

22 “(4) ASSESSMENTS.—Each State plan shall
23 demonstrate that the State has implemented and is
24 administering a set of high-quality, yearly student
25 assessments that include, at a minimum, assess-

1 ments in mathematics, reading or language arts, and
2 science as the primary means of determining the
3 yearly performance of each local educational agency
4 and school served under this title in enabling all
5 children served under this part to meet the State’s
6 challenging student performance standards. Such as-
7 sessments shall—

8 “(A) be the same assessments used to
9 measure the performance of all children, if the
10 State measures the performance of all children;

11 “(B) be criterion referenced and aligned
12 with the State’s challenging content and stu-
13 dent performance standards and provide coher-
14 ent information about student attainment of
15 such standards;

16 “(C) be used for purposes for which such
17 assessments are valid and reliable, and be con-
18 sistent with relevant, nationally recognized pro-
19 fessional and technical standards for such as-
20 sessments;

21 “(D) measure the proficiency of students
22 in the academic subjects in which a State has
23 adopted challenging content and student per-
24 formance standards and be administered not
25 less than one or more times during—

1 “(i) grades 3 through 5;

2 “(ii) grades 6 through 9; and

3 “(iii) grades 10 through 12;

4 “(E) involve multiple up-to-date measures
5 of student performance, including measures
6 that assess higher order thinking skills and un-
7 derstanding;

8 “(F) provide for—

9 “(i) the participation in such assess-
10 ments of all students;

11 “(ii) the reasonable adaptations and
12 accommodations for students with disabil-
13 ities defined under 602(3) of the Individ-
14 uals with Disabilities Education Act nec-
15 essary to measure the achievement of such
16 students relative to State content and
17 State student performance standards; and

18 “(iii) the inclusion of limited English
19 proficient students who shall be assessed,
20 to the extent practicable, in the language
21 and form most likely to yield accurate and
22 reliable information on such students’
23 knowledge of, and skills in, the subject
24 area being assessed;

1 “(G) include students who have attended
2 schools in a local educational agency for a full
3 academic year but have not attended a single
4 school for a full academic year, except that the
5 performance of students who have attended
6 more than 1 school in the local educational
7 agency in any academic year shall be used only
8 in determining the progress of the local edu-
9 cational agency;

10 “(H) provide individual student reports,
11 which include assessment scores, or other infor-
12 mation on the attainment of student perform-
13 ance standards; and

14 “(I) enable results to be disaggregated
15 within each State, local educational agency, and
16 school by gender, by each major racial and eth-
17 nic group, by English proficiency status, by mi-
18 grant status, by students with disabilities as
19 compared to nondisabled students, and by eco-
20 nomically disadvantaged students as compared
21 to students who are not economically disadvan-
22 taged.

23 “(5) SPECIAL RULE.—

24 “(A) IN GENERAL.—Assessment measures
25 that do not meet the requirements of paragraph

1 (4)(C) may be included as one of the multiple
2 measures, if a State includes in the State plan
3 information regarding the State’s efforts to
4 validate such measures.

5 “(B) STUDENT LITERACY SKILLS.—States
6 may measure the literacy skills of students 1 or
7 more times during kindergarten through grade
8 2. Such measurement shall serve only as a diag-
9 nostic tool, with its sole purpose being the im-
10 provement of reading instruction.

11 “(6) LANGUAGE ASSESSMENTS.—Each State
12 plan shall identify the languages other than English
13 that are present in the participating student popu-
14 lation and indicate the languages for which yearly
15 student assessments are not available and are need-
16 ed. The State shall make every effort to develop
17 such assessments and may request assistance from
18 the Secretary if linguistically accessible assessment
19 measures are needed. Upon request, the Secretary
20 shall assist with the identification of appropriate as-
21 sessment measures in the needed languages, but
22 shall not mandate a specific assessment or mode of
23 instruction.

24 “(7) REQUIREMENT.—Each State plan shall
25 describe—

1 “(A) how the State educational agency will
2 ensure that each local educational agency and
3 school affected by the State plan to develop the
4 capacity to comply with each of the require-
5 ments of sections 1112(c)(1)(D), 1114(c), and
6 1115(c) that is applicable to such agency or
7 school;

8 “(B) what specific steps the State edu-
9 cational agency will take to assist, and provide
10 resources to, schools and local educational agen-
11 cies that receive funds under this part to ensure
12 that all students enrolled in such schools and
13 local educational agencies reach, at a minimum,
14 the proficient level of performance;

15 “(C) the actions the State will take to en-
16 sure that critical education services and re-
17 sources are available in local educational agen-
18 cies that receive funds under this part to the
19 extent that such services are available in local
20 educational agencies that do not receive funds
21 under this part;

22 “(D) whether services in local educational
23 agencies that receive funds under this part are
24 of comparable quality to the services in local

1 educational agencies that do not receive funds
2 under this part;

3 “(E) at a minimum—

4 “(i) how the State will ensure, not
5 later than December 1, 2004, that stu-
6 dents from families with incomes below the
7 poverty line and minority students receive
8 instruction from fully qualified teachers at
9 the same rate as other students;

10 “(ii) how the State will ensure, not
11 later than December 1, 2004, that stu-
12 dents from families with incomes below the
13 poverty line and minority students have
14 the same access to challenging curricula
15 and rigorous courses, including advance
16 placement courses, as do other students;

17 “(iii) how the State will ensure, not
18 later than December 1, 2004, that the
19 quality and availability of instructional ma-
20 terials and instructional resources includ-
21 ing technology in local educational agencies
22 receiving funds under this part, is com-
23 parable to such quality and availability in
24 local educational agencies not receiving
25 funds under this part; and

1 “(F) the measures that the State edu-
2 cational agency will use annually to measure
3 and publicly report progress regarding subpara-
4 graph (E).

5 “(8) EXCLUSION FROM ASSESSMENTS.—

6 “(A) IN GENERAL.—Local educational
7 agencies receiving funds under this part shall
8 compile information and report, by individual
9 school, on students who do not participate in
10 assessments required under paragraph (4).
11 Such report, which shall be distributed widely
12 to the public, shall include—

13 “(i) a list of each reason that students
14 did not participate in any such assessment;
15 and

16 “(ii) the number from each group of
17 students described in paragraph (2)(B)(iv)
18 who did not participate on any such as-
19 sessment for each reason.

20 “(B) PROTECTION.—Reports required
21 under subparagraph (A) shall not report infor-
22 mation in a case in which it would reveal indi-
23 vidually identifiable information.

1 “(c) OTHER PROVISIONS TO SUPPORT TEACHING
2 AND LEARNING.—Each State plan shall contain assur-
3 ances that—

4 “(1) the State educational agency will work
5 with other agencies, including educational service
6 agencies or other local consortia, and institutions to
7 provide technical assistance to local educational
8 agencies and schools to carry out the State edu-
9 cational agency’s responsibilities under this part, in-
10 cluding technical assistance in providing professional
11 development under section 1119 and technical as-
12 sistance under section 1117; and

13 “(2)(A) where educational service agencies
14 exist, the State educational agency will consider pro-
15 viding professional development and technical assist-
16 ance through such agencies; and

17 “(B) where educational service agencies do not
18 exist, the State educational agency will consider pro-
19 viding professional development and technical assist-
20 ance through other cooperative agreements such as
21 through a consortium of local educational agencies;

22 “(3) the State educational agency will notify
23 local educational agencies and the public of the con-
24 tent and student performance standards and assess-
25 ments developed under this section, and of the au-

1 thority to operate schoolwide programs, and will ful-
2 fill the State educational agency’s responsibilities re-
3 garding local educational agency improvement and
4 school improvement under section 1116, including
5 such corrective actions as are necessary;

6 “(4) the State educational agency will provide
7 the least restrictive and burdensome regulations for
8 local educational agencies and individual schools par-
9 ticipating in a program assisted under this part;

10 “(5) if applicable, the State educational agency
11 will inform the Secretary and the public of how and
12 which Federal laws hinder the ability of States—

13 “(A) to improve overall student achieve-
14 ment; and

15 “(B) to close achievement gaps between
16 groups of students described in subsection
17 (b)(2)(B)(iv);

18 “(6) the State educational agency will encour-
19 age schools to consolidate funds from other Federal,
20 State, and local sources for schoolwide reform in
21 schoolwide programs under section 1114;

22 “(7) the State educational agency will modify or
23 eliminate State fiscal and accounting barriers so
24 that schools can easily consolidate funds from other

1 Federal, State, and local sources for schoolwide pro-
2 grams under section 1114;

3 “(8) the State educational agency has involved
4 the committee of practitioners established under sec-
5 tion 1603(b) in developing the plan and monitoring
6 its implementation; and

7 “(9) the State educational agency will inform
8 local educational agencies of the local educational
9 agency’s authority to seek waivers under title X and,
10 if the State is an Ed-Flex Partnership State, waivers
11 under the Education Flexibility Partnership Act of
12 1999 (30 U.S.C. 589a et seq.).

13 “(d) PEER REVIEW AND SECRETARIAL APPROVAL.—

14 “(1) SECRETARIAL DUTIES.—The Secretary
15 shall—

16 “(A) establish a peer review process to as-
17 sist in the review of State plans;

18 “(B) approve a State plan after its submis-
19 sion unless the Secretary determines that the
20 plan does not meet the requirements of this sec-
21 tion;

22 “(C) if the Secretary determines that the
23 State plan does not meet the requirements of
24 subsection (a), (b), or (c), immediately notify

1 the State of such determination and the reasons
2 for such determination;

3 “(D) not decline to approve a State’s plan
4 before—

5 “(i) offering the State an opportunity
6 to revise its plan;

7 “(ii) providing technical assistance in
8 order to assist the State to meet the re-
9 quirements under subsections (a), (b), and
10 (c); and

11 “(iii) providing a hearing;

12 “(E) have the authority to disapprove a
13 State plan for not meeting the requirements of
14 this part, but shall not have the authority to re-
15 quire a State, as a condition of approval of the
16 State plan, to include in, or delete from, such
17 plan one or more specific elements of the
18 State’s content standards or to use specific as-
19 sessment instruments or items; and

20 “(2) STATE REVISIONS.—States shall revise
21 their plans if necessary to satisfy the requirements
22 of this section. Revised plans shall be submitted to
23 the Secretary for approval not later than 1 year
24 after the date of enactment of the Leave No Child
25 Behind Act of 2001.

1 “(e) DURATION OF THE PLAN.—

2 “(1) IN GENERAL.—Each State plan shall—

3 “(A) be submitted for the first year for
4 which this part is in effect after the date of en-
5 actment of the Leave No Child Behind Act of
6 2001;

7 “(B) remain in effect for the duration of
8 the State’s participation under this part; and

9 “(C) be periodically reviewed and revised
10 by the State, as necessary, to reflect changes in
11 the State’s strategies and programs under this
12 part.

13 “(2) ADDITIONAL INFORMATION.—If the State
14 makes significant changes in its plan, such as the
15 adoption of new State content standards and State
16 student performance standards, new assessments, or
17 a new definition of adequate yearly progress, the
18 State shall submit such information to the Sec-
19 retary.

20 “(f) LIMITATION ON CONDITIONS.—Nothing in this
21 part shall be construed to authorize an officer or employee
22 of the Federal Government to mandate, direct, or control
23 a State, local educational agency, or school’s specific in-
24 structional content or student performance standards and

1 assessments, curriculum, or program of instruction, as a
2 condition of eligibility to receive funds under this part.

3 “(g) PENALTIES.—

4 “(1) IN GENERAL.—If a State fails to dem-
5 onstrate that it has in place challenging content
6 standards and student performance standards and
7 assessments, and a system for measuring and moni-
8 toring adequate yearly progress which includes the
9 disaggregation of data by groups, as described in
10 subsection (b)(2)(B)(iv), the State shall be ineligible
11 to receive any administrative funds under section
12 1002(h) that exceed the amount received by the
13 State for such purpose in the previous year.

14 “(2) ADDITIONAL FUNDS.—Based on the extent
15 to which the requirements of paragraph (1) are not
16 met, additional administrative funds shall be with-
17 held in such amount as the Secretary determines ap-
18 propriate, except that for each additional year that
19 the State fails to comply with such requirements, the
20 Secretary shall withhold not less than one-fifth of
21 the amount the State receives for administrative ex-
22 penses under section 1002(h).

23 “(3) WAIVER.—Notwithstanding title X of this
24 Act and the Education Flexibility Partnership Act of
25 1999 or any other provision of law, a waiver shall

1 not be granted except that a State may request a 1-
2 time, 1-year waiver to meet the requirements of this
3 section.

4 “(h) SCHOOL REPORT CARDS; PARENTAL INFORMA-
5 TION.—

6 “(1) IN GENERAL.—

7 “(A) ANNUAL REPORT CARDS.—Not later
8 than the beginning of the 2002–2003 school
9 year, a State that receives assistance under this
10 Act shall prepare and publicly disseminate an
11 annual report card on all schools that receive
12 funds under this part. States and local edu-
13 cational agencies may issue report cards under
14 this section only for local educational agencies
15 and schools receiving funds under this part, ex-
16 cept that if a State or local educational agency
17 issues a report card for all students, the State
18 or local educational agency may include the in-
19 formation under this section as part of such re-
20 port card.

21 “(B) IMPLEMENTATION.—The State shall
22 ensure the dissemination of this information at
23 all levels. Such information shall be—

24 “(i) concise; and

1 “(ii) presented in a format and man-
2 ner, and to the extent practicable, in a lan-
3 guage that parents can understand.

4 “(2) CONTENT OF ANNUAL STATE REPORT
5 CARDS.—

6 “(A) REQUIRED INFORMATION.—The
7 State shall, at a minimum, include in the an-
8 nual State report cards information for the
9 State on each local educational agency and
10 school regarding—

11 “(i) student performance on statewide
12 assessments for the current and preceding
13 years in at least mathematics, reading or
14 language arts, and science, including—

15 “(I) a comparison of the propor-
16 tions of students who performed at
17 ‘basic’, ‘proficient’, and ‘advanced’
18 levels in each subject area, for each
19 grade level at which assessments are
20 required under this part, with propor-
21 tions in each of the same 3 categories
22 at the same grade levels in the pre-
23 vious school year; and

24 “(II) a statement of the percent-
25 age of students not tested and a list-

1 ing of categories of the reasons why
2 they were not tested;

3 “(ii) retention in grade, completion of
4 advanced placement courses, and 4-year
5 graduation rates;

6 “(iii) the professional qualifications of
7 teachers in the aggregate, including the
8 percentage of course sections in core aca-
9 demic subjects taught by teachers with
10 emergency or provisional credentials, and
11 the percentage of class sections not taught
12 by fully qualified teachers; and

13 “(iv) the professional qualifications of
14 paraprofessionals, the number of para-
15 professionals in the aggregate and the
16 ratio of paraprofessionals to teachers in
17 the classroom.

18 “(B) STUDENT DATA.—Student data in
19 each report card shall contain disaggregated re-
20 sults for the following categories:

21 “(i) Gender.

22 “(ii) Racial and ethnic group.

23 “(iii) Migrant status.

24 “(iv) Students with disabilities, as
25 compared to students who are not disabled.

1 “(v) Economically disadvantaged stu-
2 dents, as compared to students who are
3 not economically disadvantaged.

4 “(vi) Students with limited English
5 proficiency, as compared to students who
6 are proficient in English.

7 “(C) OPTIONAL INFORMATION.—A State
8 may include in its report card any other infor-
9 mation it determines appropriate to reflect
10 school quality and school achievement, including
11 information on average class size by grade level,
12 and information on school safety, such as the
13 incidence of school violence and drug and alco-
14 hol abuse, and the incidence of student suspen-
15 sions and expulsions.

16 “(3) CONTENT OF LOCAL EDUCATIONAL AGEN-
17 CIES REPORTS.—

18 “(A) MINIMUM REQUIREMENTS.—The
19 State shall ensure that each local educational
20 agency collects appropriate data and publishes
21 and publicly disseminates an annual report card
22 for each of its schools that includes, at a
23 minimum—

1 “(i) the information described in para-
2 graphs (2)(A) and (2)(B) for each local
3 educational agency and school and—

4 “(I) in the case of a local edu-
5 cational agency—

6 “(aa) the number and per-
7 centage of schools identified for
8 school improvement, including
9 schools identified under section
10 1116(b) of this Act;

11 “(bb) information that
12 shows how students in its schools
13 perform on the statewide assess-
14 ment compared to students in the
15 State as a whole; and

16 “(II) in the case of a school—

17 “(aa) whether it has been
18 identified for school improve-
19 ment; and

20 “(bb) information that
21 shows how its students performed
22 on the statewide assessment com-
23 pared to students in the local
24 educational agency and the State
25 as a whole.

1 “(B) OTHER INFORMATION.—A local edu-
2 cational agency may include in its annual report
3 card any other appropriate information regard-
4 less of whether such information is included in
5 the annual State report card.

6 “(4) DISSEMINATION AND ACCESSIBILITY OF
7 REPORTS.—

8 “(A) STATE REPORT CARDS.—State an-
9 nual report cards under paragraph (2) shall be
10 disseminated to all schools and local educational
11 agencies in the State, and made broadly avail-
12 able to the public through means such as post-
13 ing on the Internet, distribution to the media,
14 and distribution through public agencies.

15 “(B) LOCAL EDUCATIONAL AGENCY RE-
16 PORTS.—Local educational agency report cards
17 under paragraph (3) shall be disseminated to
18 all schools in the school district and to all par-
19 ents of students attending these schools and
20 made broadly available to the public through
21 means such as posting on the Internet, distribu-
22 tion to the media, and distribution through
23 public agencies.

24 “(5) PARENT’S RIGHT-TO-KNOW.—

1 “(A) QUALIFICATIONS.—A local edu-
2 cational agency that receives funds under this
3 part shall provide, upon request, in an under-
4 standable and uniform format, to any parent of
5 a student attending any school receiving funds
6 under this part, information regarding the pro-
7 fessional qualifications of the student’s class-
8 room teachers, including, at a minimum, the
9 following:

10 “(i) Whether the teacher has met
11 State qualification and licensing criteria
12 for the grade levels and subject areas in
13 which the teacher provides instruction.

14 “(ii) Whether the teacher is teaching
15 under emergency or other provisional sta-
16 tus through which State qualification or li-
17 censing criteria have been waived.

18 “(iii) The baccalaureate degree major
19 of the teacher and any other graduate cer-
20 tification or degree held by the teacher,
21 and the field of discipline of the certifi-
22 cation or degree.

23 “(iv) Whether the child is provided
24 services by paraprofessionals and the quali-
25 fications of such paraprofessional.

1 “(B) ADDITIONAL INFORMATION.—In ad-
2 dition to the information that parents may re-
3 quest under subparagraph (A), and the infor-
4 mation provided in subsection (c), a school that
5 receives funds under this part shall provide to
6 each individual parent or guardian—

7 “(i) information on the level of per-
8 formance of the individual student for
9 whom they are the parent or guardian in
10 each of the State assessments as required
11 under this part; and

12 “(ii) timely notice that the student for
13 whom they are the parent or guardian has
14 been assigned or has been taught for 2 or
15 more consecutive weeks by a substitute
16 teacher or by a teacher not fully qualified.

17 “(C) NOTIFICATION.—A local educational
18 agency shall notify parents of students attend-
19 ing any school receiving funds under this part,
20 on an annual basis, of their ability to request
21 information under this paragraph and initially
22 not later than 1 year after the date of enact-
23 ment of the Leave No Child Behind Act of
24 2001. A local educational agency shall provide
25 such notification to parents in a format, and to

1 the extent practicable, in a language they can
2 understand.

3 “(6) PLAN CONTENT.—A State shall include in
4 its plan under subsection (b) an assurance that it
5 has in effect a policy that meets the requirements of
6 this section.

7 “(i) PRIVACY.—Information collected under this sec-
8 tion shall be collected and disseminated in a manner that
9 protects the privacy of individuals.

10 “(j) SPECIAL RULE ON SCIENCE STANDARDS AND
11 ASSESSMENTS.—Notwithstanding subsections (b) and (h),
12 no State shall be required to meet the requirements under
13 this title relating to science standards or assessments until
14 the beginning of the 2006–2007 school year.”.

15 **SEC. 3436. LOCAL EDUCATIONAL AGENCY PLANS.**

16 (a) PLANS REQUIRED.—Subsection (a) of section
17 1112 of the Elementary and Secondary Education Act of
18 1965 (20 U.S.C. 6312(a)) is amended—

19 (1) in paragraph (1), by striking “the Goals
20 2000: Educate America Act” and all that follows
21 and inserting the following: “the Individuals with
22 Disabilities Education Act, the Carl D. Perkins Vo-
23 cational and Technical Education Act of 1998, the
24 Head Start Act, and other Acts, as appropriate.”;
25 and

1 (2) in paragraph (2), by striking “14304” and
2 inserting “10204”.

3 (b) PLAN PROVISIONS.—Subsection (b) of section
4 1112 of the Elementary and Secondary Education Act of
5 1965 (20 U.S.C. 6312(b)) is amended—

6 (1) by striking “Each” in the matter preceding
7 paragraph (1) and inserting “In order to help low-
8 achieving children achieve to high standards, each”;

9 (2) in paragraph (1)—

10 (A) by striking “part” each place it ap-
11 pears and inserting “title”;

12 (B) in subparagraph (B), by inserting
13 “low-achieving” before “children”;

14 (C) by striking “and” at the end of sub-
15 paragraph (B);

16 (D) by inserting “and” at the end of sub-
17 paragraph (C); and

18 (E) by adding at the end the following new
19 subparagraph:

20 “(D) determine the literacy levels of first
21 graders and their need for interventions, and a
22 description of how the local educational agency
23 will ensure that any such assessments—

24 “(i) are developmentally appropriate;

25 and

1 “(ii) use multiple measures to provide
2 information about the variety of skills that
3 scientifically based research has identified
4 as leading to early acquisition of reading
5 skills.”;

6 (3) in paragraph (4)(B), by striking “under
7 part C or who were formerly eligible for services
8 under part C in the two-year period preceding the
9 date of enactment of the Improving America’s
10 School Act of 1994, neglected or delinquent youth
11 and youth at risk of dropping out served under part
12 D” and inserting “under part C, neglected or delin-
13 quent youth, Indian children served under title IX,”;

14 (4) in paragraph (7), by striking “eligible
15 homeless children” and inserting “homeless chil-
16 dren”;

17 (5) by striking the period at the end of para-
18 graph (9) and inserting “; and”; and

19 (6) by adding at the end the following new
20 paragraphs:

21 “(10) a description of the actions the local edu-
22 cational agency will take to assist its low-performing
23 schools, including schools identified for improvement
24 under section 1116;

1 “(11) a description of how the agency will pro-
2 mote the use of extended learning time, such as an
3 extended school year and before and after school and
4 summer programs; and

5 “(12) a description of the activity established
6 by the local educational agency in accordance with
7 section 1119(b)(1).”.

8 (c) ASSURANCES.—Subsection (c) of section 1112 of
9 the Elementary and Secondary Education Act of 1965 (20
10 U.S.C. 6312(c)) is amended to read as follows:

11 “(c) ASSURANCES.—

12 “(1) IN GENERAL.—Each local educational
13 agency plan shall provide assurances that the local
14 educational agency will—

15 “(A) inform eligible schools and parents of
16 schoolwide project authority and the ability of
17 such schools to consolidate funds from Federal,
18 State, and local sources;

19 “(B) provide technical assistance and sup-
20 port to schoolwide programs;

21 “(C) work in consultation with schools as
22 the schools develop the schools’ plans pursuant
23 to section 1114 and assist schools as the
24 schools implement such plans or undertake ac-
25 tivities pursuant to section 1115 so that each

1 school can make adequate yearly progress to-
2 ward meeting the State student performance
3 standards;

4 “(D) fulfill such agency’s school improve-
5 ment responsibilities under section 1116, in-
6 cluding taking corrective actions under section
7 1116(b)(9);

8 “(E) provide services to eligible children
9 attending private elementary and secondary
10 schools in accordance with section 1120, and
11 timely and meaningful consultation with private
12 school officials regarding such services;

13 “(F) take into account the experience of
14 model programs for the educationally disadvan-
15 taged, and the findings of relevant scientifically
16 based research indicating that services may be
17 most effective if focused on students in the ear-
18 liest grades at schools that receive funds under
19 this part;

20 “(G) in the case of a local educational
21 agency that chooses to use funds under this
22 part to provide early childhood development
23 services to low-income children below the age of
24 compulsory school attendance, ensure that such
25 services comply with the performance standards

1 established under section 641A(a) of the Head
2 Start Act;

3 “(H) inform eligible schools of the local
4 educational agency’s authority to obtain waivers
5 on the school’s behalf under title X of this Act,
6 and if the State is an Ed-Flex Partnership
7 State, waivers under the Education Flexibility
8 Partnership Act of 1999;

9 “(I) coordinate and collaborate, to the ex-
10 tent feasible and necessary as determined by
11 the local educational agency, with other agen-
12 cies providing services to children, youth, and
13 families; and

14 “(J) ensure that by not later than Decem-
15 ber 1, 2004, students from families with in-
16 comes below the poverty line and minority stu-
17 dents are not taught by teachers who are not
18 fully qualified at a greater rate than other stu-
19 dents.

20 “(2) SPECIAL RULE.—The Secretary—

21 “(A) shall consult with the Secretary of
22 Health and Human Services on the implemen-
23 tation of subparagraph (G) and shall establish
24 procedures (taking into consideration existing
25 State and local laws, and local teacher con-

1 tracts) to assist local educational agencies to
2 comply with such subparagraph; and

3 “(B) upon publication, shall disseminate to
4 local educational agencies the Head Start per-
5 formance standards as in effect under section
6 641A(a) of the Head Start Act, and such agen-
7 cies affected by subparagraph (G) shall plan for
8 the implementation of such subparagraph (tak-
9 ing into consideration existing State and local
10 laws, and local teacher contracts), including
11 pursuing the availability of other Federal,
12 State, and local funding sources to assist in
13 compliance with such subparagraph.”.

14 (d) PLAN DEVELOPMENT AND DURATION.—Section
15 1112 of the Elementary and Secondary Education Act of
16 1965 (20 U.S.C. 6312) is amended by striking subsection
17 (d) and inserting the following:

18 “(d) PLAN DEVELOPMENT AND DURATION.—

19 “(1) CONSULTATION.—Each local educational
20 agency plan shall be developed in consultation with
21 teachers, administrators (including administrators of
22 programs described in other parts of this title), and
23 other appropriate school personnel, and with parents
24 of children in schools served under this part.

1 “(2) DURATION.—Each such plan shall be sub-
2 mitted for the first year for which this part is in ef-
3 fect following the date of enactment of the Leave No
4 Child Behind Act of 2001 and shall remain in effect
5 for the duration of the agency’s participation under
6 this part.

7 “(3) REVIEW.—Each such local educational
8 agency shall periodically review, and as necessary,
9 revise its plan.”.

10 (e) STATE APPROVAL.—Section 1112 of the Elemen-
11 tary and Secondary Education Act of 1965 (20 U.S.C.
12 6312(e)) is amended by striking subsection (e) and insert-
13 ing the following:

14 “(e) STATE APPROVAL.—

15 “(1) IN GENERAL.—Each local educational
16 agency plan shall be filed according to a schedule es-
17 tablished by the State educational agency.

18 “(2) APPROVAL.—The State educational agency
19 shall approve a local educational agency’s plan only
20 if the State educational agency determines that the
21 local educational agency’s plan—

22 “(A) will enable schools served under this
23 part to substantially help children served under
24 this part meet the standards expected of all
25 children described in section 1111(b)(1); and

1 “(B) will meet the requirements of this
2 section.”.

3 **SEC. 3437. TARGETED ASSISTANCE SCHOOLS.**

4 (a) FULLY QUALIFIED TEACHER.—Subsection
5 (c)(1)(F) of section 1115 of the Elementary and Sec-
6 ondary Education Act of 1965 (20 U.S.C. 6315(c)(1)(F))
7 is amended by striking “highly qualified staff;” and insert-
8 ing “fully qualified teachers as defined in section
9 2812(4)(A);”.

10 (b) INTEGRATION OF PROFESSIONAL DEVELOP-
11 MENT.—Subsection (d) of section 1115 of the Elementary
12 and Secondary Education Act of 1965 (20 U.S.C.
13 6515(d)) is amended to read as follows:

14 “(d) INTEGRATION OF PROFESSIONAL DEVELOP-
15 MENT.—To promote the integration of staff supported
16 with funds under this part, public school personnel who
17 are paid with funds received under this part may partici-
18 pate in general professional development and school plan-
19 ning activities.”.

20 **SEC. 3438. SCHOOL CHOICE.**

21 Subsection (b) of section 1115A of the Elementary
22 and Secondary Education Act of 1965 (20 U.S.C.
23 6316(b)) is amended by striking paragraphs (7) through
24 (10) and inserting the following:

1 “(7) parents of eligible students in the local
2 educational agency will be given prompt notice of the
3 existence of the public school choice program and its
4 availability to them, and a clear explanation of how
5 the program will operate;

6 “(8) the program will include charter schools
7 and any other public school and shall not include a
8 school that is or has been identified as a school in
9 school improvement or is or has been in corrective
10 action for the past 2 consecutive years;

11 “(9) transportation services or the costs of
12 transportation may be provided by the local edu-
13 cational agency with funds under this part; and

14 “(10) such local educational agency will comply
15 with the other requirements of this part.”.

16 **SEC. 3439. ASSESSMENT AND LOCAL EDUCATIONAL AGEN-**
17 **CY AND SCHOOL IMPROVEMENT.**

18 (a) LOCAL REVIEW.—Section 1116(a) of the Elemen-
19 tary and Secondary Education Act of 1965 (20 U.S.C.
20 6317(a)) is amended—

21 (1) in paragraph (2), by striking
22 “1111(b)(2)(A)(i)” and inserting “1111(b)(2)(B)”;

23 (2) in paragraph (3), by striking “individual
24 school performance profiles” and inserting “school
25 reports”;

1 (3) in paragraph (3), by striking “and” after
2 the semicolon;

3 (4) in paragraph (4), by striking the period at
4 the end and inserting “; and”; and

5 (5) by adding at the end the following:

6 “(5) review the effectiveness of the actions and
7 activities the schools are carrying out under this
8 part with respect to parental involvement assisted
9 under this Act.”.

10 (b) SCHOOL IMPROVEMENT.—Section 1116 of the El-
11 ementary and Secondary Education Act of 1965 (20
12 U.S.C. 6317) is amended by striking subsections (b), (c),
13 and (d) and by inserting after subsection (a) the following:

14 “(b) SCHOOL IMPROVEMENT.—

15 “(1) IN GENERAL.—A local educational agency
16 shall identify for school improvement any school
17 served under this part that—

18 “(A) for 2 consecutive years failed to make
19 adequate yearly progress as defined in the
20 State’s plan under section 1111(b)(2); or

21 “(B) was in school improvement status
22 under this section on the day preceding the
23 date of enactment of the Leave No Child Be-
24 hind Act of 2001.

1 “(2) TRANSITION.—The 2-year period described
2 in paragraph (1)(A) shall include any continuous pe-
3 riod of time immediately preceding the date of en-
4 actment of the Leave No Child Behind Act of 2001
5 during which a school did not make adequate yearly
6 progress as defined in the State’s plan, as such plan
7 was in effect on the day preceding the date of such
8 enactment.

9 “(3) TARGETED ASSISTANCE SCHOOLS.—To de-
10 termine if a school that is conducting a targeted as-
11 sistance program under section 1115 should be iden-
12 tified as in need of improvement under this sub-
13 section, a local educational agency may choose to re-
14 view the progress of only those students in such
15 school who are served under this part.

16 “(4) OPPORTUNITY TO REVIEW AND PRESENT
17 EVIDENCE.—

18 “(A) IN GENERAL.—Before identifying a
19 school for school improvement under paragraph
20 (1), the local educational agency shall provide
21 the school with an opportunity to review the
22 school-level data, including assessment data, on
23 which the proposed identification is based.

24 “(B) SUPPORTING EVIDENCE.—If the
25 school principal believes that the proposed iden-

1 tification is in error for statistical or other sub-
2 stantive reasons, the principal may provide sup-
3 porting evidence to the local educational agency,
4 which such agency shall consider before making
5 a final determination.

6 “(5) NOTIFICATION TO PARENTS.—A local edu-
7 cational agency shall, in an easily understandable
8 format, provide in writing to parents of each student
9 in a school identified for school improvement—

10 “(A) an explanation of what the school im-
11 provement identification means and how the
12 school compares in terms of academic perform-
13 ance to other schools in the local educational
14 agency and State;

15 “(B) the reasons for such identification;

16 “(C) the data on which such identification
17 is based;

18 “(D) an explanation of what the school is
19 doing to address the problem of low achieve-
20 ment;

21 “(E) an explanation of how parents can
22 become involved in upgrading the quality of the
23 school;

24 “(F) an explanation of the right of par-
25 ents, pursuant to paragraph (6), to transfer

1 their child to another public school, including a
2 public charter school, that is not in school im-
3 provement, and how such transfer shall operate;
4 and

5 “(G) notification to parents in a format
6 and, to the extent practicable, in a language
7 they can understand.

8 “(6) PUBLIC SCHOOL CHOICE OPTION.—

9 “(A) SCHOOLS IDENTIFIED FOR IMPROVE-
10 MENT.—After the date of enactment of the
11 Leave No Child Behind Act of 2001, a local
12 educational agency shall provide all students en-
13 rolled in a school identified for school improve-
14 ment with an option to transfer to any other
15 public school within the local educational agen-
16 cy or any public school consistent with subpara-
17 graph (C), including a public charter school
18 that has not been identified for school improve-
19 ment, unless such option to transfer is prohib-
20 ited by State law, or local law, which includes
21 school board-approved local educational agency
22 policy.

23 “(B) CAPACITY.—If a local educational
24 agency described in subparagraph (A) dem-
25 onstrates to the satisfaction of the State edu-

1 cational agency that such local educational
2 agency lacks the capacity to provide all students
3 with the option to transfer described in sub-
4 paragraph (A), and after giving notice to the
5 parents of children affected that it is not pos-
6 sible, consistent with State and local law, to ac-
7 commodate the transfer request of every stu-
8 dent, the local educational agency shall permit
9 as many students as possible (who shall be se-
10 lected by the local educational agency on an eq-
11 uitable basis) to transfer to a public school that
12 has not been identified for school improvement
13 under section 1116(b).

14 “(C) COOPERATIVE AGREEMENT.—If all
15 public schools in the local educational agency to
16 which a child may transfer to, are identified for
17 school improvement, the agency shall, to the ex-
18 tent practicable, establish a cooperative agree-
19 ment with other local educational agencies in
20 the area for the transfer.

21 “(D) TRANSPORTATION.—The local edu-
22 cational agency in which the schools have been
23 identified for improvement may use up to 10
24 percent of the funds received under this part to
25 provide transportation to students whose par-

1 ents choose to transfer their child or children to
2 a different school.

3 “(E) WAIVER.—A local educational agency
4 using funds received under this part for trans-
5 portation consistent with subparagraph (D)
6 may request a waiver of the limit of the use of
7 such funds described in subparagraph (D) from
8 the Secretary.

9 “(F) CONTINUE OPTION.—Once a school is
10 no longer identified for school improvement, the
11 local educational agency may continue to pro-
12 vide public school choice as an option to stu-
13 dents in such school for a period of not less
14 than 2 years.

15 “(7) SCHOOL PLAN.—

16 “(A) IN GENERAL.—Each school identified
17 under paragraph (1) for school improvement
18 shall, not later than 3 months after being so
19 identified, develop or revise a school plan, in
20 consultation with parents, school staff, the local
21 educational agency, and other outside experts
22 for approval by the local educational agency.
23 Such plan shall—

1 “(i) incorporate scientifically based re-
2 search strategies that strengthen the core
3 academic program in the school;

4 “(ii) adopt policies that have the
5 greatest likelihood of improving the per-
6 formance of participating children in meet-
7 ing the State’s student performance stand-
8 ards;

9 “(iii) address the professional develop-
10 ment needs of staff, particularly teachers
11 and principals;

12 “(iv) establish specific goals and ob-
13 jectives the school will undertake for mak-
14 ing adequate yearly progress which include
15 specific numerical performance goals and
16 targets for each of the groups of students
17 identified in the disaggregated data pursu-
18 ant to section 1111(b)(2), consistent with
19 section 1111(b)(2)(B);

20 “(v) identify how the school will pro-
21 vide written notification to parents, in a
22 format and to the extent practicable in a
23 language such parents can understand;
24 and

1 “(vi) specify the responsibilities of the
2 local educational agency and the school
3 under the plan.

4 “(B) **CONDITIONAL APPROVAL.**—A local
5 educational agency may condition approval of a
6 school plan, including a revised plan, on inclu-
7 sion of one or more of the corrective actions
8 specified in paragraph (9).

9 “(C) **IMPLEMENTATION.**—A school shall
10 implement its plan or revised plan expeditiously,
11 but not later than the beginning of the school
12 year after which the school has been identified
13 for improvement.

14 “(D) **REVIEW.**—The local educational
15 agency shall promptly review the plan, including
16 a revised plan, work with the school as nec-
17 essary, and approve the plan if it meets the re-
18 quirements of this section.

19 “(8) **TECHNICAL ASSISTANCE.**—

20 “(A) **IN GENERAL.**—For each school iden-
21 tified for school improvement under paragraph
22 (1), the local educational agency shall provide
23 technical assistance as the school develops and
24 implements its plan, including a revised plan.

1 “(B) SPECIFIC TECHNICAL ASSISTANCE.—

2 Such technical assistance—

3 “(i) shall include effective methods
4 and instructional strategies that are based
5 upon scientifically based research that
6 strengthens the core academic program in
7 the school and addresses the specific ele-
8 ments of student performance problems in
9 the school;

10 “(ii) may be provided directly by the
11 local educational agency, through mecha-
12 nisms authorized under section 1117, or
13 with the local educational agency’s ap-
14 proval, by an institution of higher edu-
15 cation, a private nonprofit organization, an
16 educational service agency, a comprehen-
17 sive regional assistance center under part
18 A of title XIII (as such center was in exist-
19 ence prior to the date of enactment of
20 Leave No Child Behind Act of 2001), or
21 other entities with experience in helping
22 schools improve achievement.

23 “(C) TECHNICAL ASSISTANCE.—Technical
24 assistance provided under this section by the
25 local educational agency or an entity authorized

1 by such agency shall be based upon scientif-
2 ically based research.

3 “(9) CORRECTIVE ACTION.—In order to help
4 students served under this part meet challenging
5 State standards, each local educational agency shall
6 implement a system of corrective action in accord-
7 ance with the following:

8 “(A) IN GENERAL.—After providing tech-
9 nical assistance under paragraph (8) and sub-
10 ject to subparagraph (F), the local educational
11 agency—

12 “(i) may take corrective action at any
13 time with respect to a school that has been
14 identified under paragraph (1);

15 “(ii) shall take corrective action with
16 respect to any school that fails to make
17 adequate yearly progress, as defined by the
18 State, after the end of the second year fol-
19 lowing its identification under paragraph
20 (1); and

21 “(iii) shall continue to provide tech-
22 nical assistance while instituting any cor-
23 rective action under clause (i) or (ii).

1 “(B) DEFINITION.—As used in this para-
2 graph, the term ‘corrective action’ means ac-
3 tion, consistent with State and local law, that—

4 “(i) substantially and directly re-
5 sponds to the consistent academic failure
6 that caused the local educational agency to
7 take such action and to any underlying
8 staffing, curricular, or other problems in
9 the school; and

10 “(ii) is designed to substantially in-
11 crease the likelihood that students will per-
12 form at the proficient and advanced per-
13 formance levels.

14 “(C) CERTAIN SCHOOLS.—In the case of a
15 school described in subparagraph (A)(ii), the
16 local educational agency shall take not less than
17 1 of the following corrective actions:

18 “(i) Withhold funds from the school.

19 “(ii) Decrease decisionmaking author-
20 ity at the school level.

21 “(iii) Make alternative governance ar-
22 rangements, including reopening the school
23 as a public charter school.

24 “(iv) Reconstitute the school by re-
25 quiring each person employed at the school

1 to reapply for future employment at the
2 same school or for any position in the local
3 educational agency.

4 “(v) Authorize students to transfer to
5 other higher performing public schools
6 served by the local educational agency, in-
7 cluding public charter schools, and provide
8 such students transportation (or the costs
9 of transportation) to such schools in con-
10 junction with not less than 1 additional ac-
11 tion described under this subparagraph.

12 “(vi) Institute and fully implement a
13 new curriculum, including appropriate pro-
14 fessional development for all relevant staff,
15 that is based upon scientifically based re-
16 search and offers substantial promise of
17 improving educational achievement for low-
18 performing students.

19 “(D) IMPLEMENTATION DELAY.—A local
20 educational agency may delay, for a period not
21 to exceed 1 year, implementation of corrective
22 action only if the failure to make adequate
23 yearly progress was justified due to exceptional
24 or uncontrollable circumstances such as a nat-
25 ural disaster or a precipitous and unforeseen

1 decline in the financial resources of the local
2 educational agency or school.

3 “(E) PUBLICATION.—The local educational
4 agency shall publish, and disseminate to the
5 public and to parents in a format and, to the
6 extent practicable, in a language that they can
7 understand, any corrective action it takes under
8 this paragraph through such means as the
9 Internet, the media, and public agencies.

10 “(F) REVIEW.—(i) Before taking correc-
11 tive action with respect to any school under this
12 paragraph, a local educational agency shall pro-
13 vide the school an opportunity to review the
14 school level data, including assessment data, on
15 which the proposed determination is made.

16 “(ii) If the school believes that the pro-
17 posed determination is in error for statistical or
18 other substantive reasons, it may provide sup-
19 porting evidence to the local educational agency,
20 which shall consider such evidence before mak-
21 ing a final determination.

22 “(10) STATE EDUCATIONAL AGENCY RESPON-
23 SIBILITIES.—If a State educational agency deter-
24 mines that a local educational agency failed to carry
25 out its responsibilities under this section, it shall

1 take such action as it finds necessary, consistent
2 with this section, to improve the affected schools and
3 to ensure that the local educational agency carries
4 out its responsibilities under this section.

5 “(c) STATE REVIEW AND LOCAL EDUCATIONAL
6 AGENCY IMPROVEMENT.—

7 “(1) IN GENERAL.—A State educational agency
8 shall—

9 “(A) annually review the progress of each
10 local educational agency receiving funds under
11 this part to determine whether schools receiving
12 assistance under this part are making adequate
13 yearly progress as defined in section 1111(b)(2)
14 toward meeting the State’s student performance
15 standards; and

16 “(B) publicize and disseminate to local
17 educational agencies, teachers and other staff,
18 parents, students, and the community the re-
19 sults of the State review consistent with section
20 1111, including statistically sound
21 disaggregated results, as required by section
22 1111(b)(2).

23 “(2) IDENTIFICATION OF LOCAL EDUCATIONAL
24 AGENCY FOR IMPROVEMENT.—A State educational

1 agency shall identify for improvement any local edu-
2 cational agency that—

3 “(A) for 2 consecutive years failed to make
4 adequate yearly progress as defined in the
5 State’s plan under section 1111(b)(2); or

6 “(B) was in improvement status under this
7 section as this section was in effect on the day
8 preceding the date of enactment of the Leave
9 No Child Behind Act of 2001.

10 “(3) TRANSITION.—The 2-year period described
11 in paragraph (2)(A) shall include any continuous pe-
12 riod of time immediately preceding the date of en-
13 actment of the Leave No Child Behind Act of 2001,
14 during which a local educational agency did not
15 make adequate yearly progress as defined in the
16 State’s plan, as such plan was in effect on the day
17 preceding the date of such enactment.

18 “(4) TARGETED ASSISTANCE SCHOOLS.—For
19 purposes of targeted assistance schools in a local
20 educational agency, a State educational agency may
21 choose to review the progress of only the students in
22 such schools who are served under this part.

23 “(5) OPPORTUNITY TO REVIEW AND PRESENT
24 EVIDENCE.—

1 “(A) REVIEW.—Before identifying a local
2 educational agency for improvement under
3 paragraph (2), a State educational agency shall
4 provide the local educational agency with an op-
5 portunity to review the local educational agency
6 data, including assessment data, on which that
7 proposed identification is based.

8 “(B) SUPPORTING EVIDENCE.—If the local edu-
9 cational agency believes that the proposed identifica-
10 tion is in error for statistical or other substantive
11 reasons, it may provide supporting evidence to the
12 State educational agency, which such agency shall
13 consider before making a final determination.

14 “(6) NOTIFICATION TO PARENTS.—The State
15 educational agency shall promptly notify parents in
16 a format, and to the extent practicable in a language
17 they can understand, of each student enrolled in a
18 school in a local educational agency identified for
19 improvement, of the reasons for such agency’s iden-
20 tification and how parents can participate in upgrad-
21 ing the quality of the local educational agency.

22 “(7) LOCAL EDUCATIONAL AGENCY REVI-
23 SIONS.—

24 “(A) PLAN.—Each local educational agen-
25 cy identified under paragraph (2) shall, not

1 later than 3 months after being so identified,
2 develop or revise a local educational agency
3 plan, in consultation with parents, school staff,
4 and others. Such plan shall—

5 “(i) incorporate scientifically based re-
6 search strategies that strengthen the core
7 academic program in the local educational
8 agency;

9 “(ii) identify specific goals and objec-
10 tives the local educational agency will un-
11 dertake to make adequate yearly progress
12 and which—

13 “(I) have the greatest likelihood
14 of improving the performance of par-
15 ticipating children in meeting the
16 State’s student performance stand-
17 ards;

18 “(II) address the professional de-
19 velopment needs of staff; and

20 “(III) include specific numerical
21 performance goals and targets for
22 each of the groups of students identi-
23 fied in the disaggregated data pursu-
24 ant to section 1111(b)(2) consistent
25 with section 1111(b)(2)(B);

1 “(iii) identify how the local edu-
2 cational agency will provide written notifi-
3 cation to parents in a format, and to the
4 extent practicable in a language, they can
5 understand, pursuant to paragraph (6);
6 and

7 “(iv) specify the responsibilities of the
8 State educational agency and the local edu-
9 cational agency under the plan.

10 “(B) IMPLEMENTATION.—The local edu-
11 cational agency shall implement its plan or re-
12 vised plan expeditiously, but not later than the
13 beginning of the school year after which the
14 school has been identified for improvement.

15 “(8) STATE EDUCATIONAL AGENCY RESPONSI-
16 BILITY.—

17 “(A) IN GENERAL.—For each local edu-
18 cational agency identified under paragraph (2),
19 the State educational agency shall provide tech-
20 nical or other assistance, if requested, as au-
21 thorized under section 1117, to better enable
22 the local educational agency—

23 “(i) to develop and implement its re-
24 vised plan as approved by the State edu-

1 cational agency consistent with the require-
2 ments of this section; and

3 “(ii) to work with schools needing im-
4 provement.

5 “(B) TECHNICAL ASSISTANCE.—Technical
6 assistance provided under this section by the
7 State educational agency or an entity author-
8 ized by such agency shall be based upon sci-
9 entifically based research.

10 “(9) CORRECTIVE ACTION.—In order to help
11 students served under this part meet challenging
12 State standards, each State educational agency shall
13 implement a system of corrective action in accord-
14 ance with the following:

15 “(A) IN GENERAL.—After providing tech-
16 nical assistance under paragraph (8) and sub-
17 ject to subparagraph (D), the State educational
18 agency—

19 “(i) may take corrective action at any
20 time with respect to a local educational
21 agency that has been identified under
22 paragraph (2);

23 “(ii) shall take corrective action with
24 respect to any local educational agency
25 that fails to make adequate yearly

1 progress, as defined by the State, after the
2 end of the second year following its identi-
3 fication under paragraph (2); and

4 “(iii) shall continue to provide tech-
5 nical assistance while instituting any cor-
6 rective action under clause (i) or (ii).

7 “(B) DEFINITION.—As used in this para-
8 graph, the term ‘corrective action’ means ac-
9 tion, consistent with State law, that—

10 “(i) substantially and directly re-
11 sponds to the consistent academic failure
12 that caused the State educational agency
13 to take such action and to any underlying
14 staffing, curricular, or other problems in
15 the school; and

16 “(ii) is designed to meet the goal of
17 having all students served under this part
18 perform at the proficient and advanced
19 performance levels.

20 “(C) CERTAIN LOCAL EDUCATIONAL AGEN-
21 CIES.—In the case of a local educational agency
22 described in this paragraph, the State edu-
23 cational agency shall take not less than 1 of the
24 following corrective actions:

1 “(i) Withhold funds from the local
2 educational agency.

3 “(ii) Reconstitute school district per-
4 sonnel.

5 “(iii) Remove particular schools from
6 the jurisdiction of the local educational
7 agency and establish alternative arrange-
8 ments for public governance and super-
9 vision of such schools.

10 “(iv) Appoint, through the State edu-
11 cational agency, a receiver or trustee to ad-
12 minister the affairs of the local educational
13 agency in place of the superintendent and
14 school board.

15 “(v) Abolish or restructure the local
16 educational agency.

17 “(vi) Authorize students to transfer
18 from a school operated by a local edu-
19 cational agency to a higher performing
20 public school operated by another local
21 educational agency, or to a public charter
22 school and provide such students transpor-
23 tation (or the costs of transportation) to
24 such schools, in conjunction with not less

1 than 1 additional action described under
2 this paragraph.

3 “(D) HEARING.—Prior to implementing
4 any corrective action, the State educational
5 agency shall provide due process and a hearing
6 to the affected local educational agency, if State
7 law provides for such process and hearing.

8 “(E) PUBLICATION.—The State edu-
9 cational agency shall publish, and disseminate
10 to parents and the public any corrective action
11 it takes under this paragraph through such
12 means as the Internet, the media, and public
13 agencies.

14 “(F) DELAY.—A State educational agency
15 may delay, for a period not to exceed 1 year,
16 implementation of corrective action if the fail-
17 ure to make adequate yearly progress was justi-
18 fied due to exceptional or uncontrollable cir-
19 cumstances such as a natural disaster or a pre-
20 cipitous and unforeseen decline in the financial
21 resources of the local educational agency or
22 school.”.

1 **SEC. 3440. STATE ASSISTANCE FOR SCHOOL SUPPORT AND**
2 **IMPROVEMENT.**

3 Section 1117 of the Elementary and Secondary Edu-
4 cation Act of 1965 (20 U.S.C. 6318) is amended to read
5 as follows:

6 **“SEC. 1117. STATE ASSISTANCE FOR SCHOOL SUPPORT AND**
7 **IMPROVEMENT.**

8 “(a) SYSTEM FOR SUPPORT.—Each State edu-
9 cational agency shall establish a statewide system of inten-
10 sive and sustained support and improvement for local edu-
11 cational agencies and schools receiving funds under this
12 part, in order to increase the opportunity for all students
13 in those agencies and schools to meet the State’s content
14 standards and student performance standards.

15 “(b) PRIORITIES.—In carrying out this section, a
16 State educational agency shall—

17 “(1) first, provide support and assistance to
18 local educational agencies subject to corrective action
19 under section 1116 and assist schools, in accordance
20 with section 1116(b)(10), for which a local edu-
21 cational agency has failed to carry out its respon-
22 sibilities under paragraph (8) or (9) of section
23 1116(b);

24 “(2) second, provide support and assistance to
25 other local educational agencies identified for im-
26 provement under section 1116; and

1 “(3) third, provide support and assistance to
2 other local educational agencies and schools partici-
3 pating under this part that need that support and
4 assistance in order to achieve the purpose of this
5 part.

6 “(c) APPROACHES.—In order to achieve the purpose
7 described in subsection (a), each such system shall provide
8 technical assistance and support through such approaches
9 as—

10 “(1) school support teams, composed of individ-
11 uals who are knowledgeable about scientifically
12 based research on and practice of teaching and
13 learning, particularly about strategies for improving
14 educational results for low-achieving children; and

15 “(2) the designation and use of “Distinguished
16 Educators”, chosen from schools served under this
17 part that have been especially successful in improv-
18 ing academic achievement.

19 “(d) FUNDS.—Each State educational agency shall
20 use funds reserved under section 1002(f) and authorized
21 under section 1002(i) for such purpose.

22 “(e) ALTERNATIVES.—The State may devise addi-
23 tional approaches to providing the assistance described in
24 paragraphs (1) and (2) of subsection (c), such as pro-
25 viding assistance through institutions of higher education

1 and educational service agencies or other local consortia,
2 and the State may seek approval from the Secretary to
3 use funds made available under section 1002(h) for such
4 approaches as part of the State plan.”.

5 **SEC. 3441. ACADEMIC ACHIEVEMENT AWARDS PROGRAM;**
6 **IMPROVING STATE ASSESSMENTS.**

7 Subpart 1 of part A of title I of the Elementary and
8 Secondary Education Act of 1965 (20 U.S.C. 6311 et
9 seq.) is amended by inserting after section 1117 the fol-
10 lowing:

11 **“SEC. 1117A. ACADEMIC ACHIEVEMENT AWARDS PROGRAM.**

12 “(a) ESTABLISHMENT OF ACADEMIC ACHIEVEMENT
13 AWARDS PROGRAM.—

14 “(1) IN GENERAL.—Each State receiving a
15 grant under this part shall establish a program for
16 making academic achievement awards to recognize
17 and financially reward schools served under this part
18 that have—

19 “(A) significantly closed the achievement
20 gap between the groups of students defined in
21 section 1111(b)(2); or

22 “(B) exceeded their adequate yearly
23 progress goals, consistent with section
24 1111(b)(2), for 2 or more consecutive years.

1 “(2) AWARDS TO TEACHERS.—A State program
2 under paragraph (1) shall also recognize and provide
3 financial awards to teachers teaching in a school de-
4 scribed in such paragraph whose students consist-
5 ently make significant gains in academic achieve-
6 ment in the areas in which the teacher provides in-
7 struction over multiple academic years.

8 “(b) FUNDING.—

9 “(1) RESERVATION OF FUNDS BY STATE.—For
10 the purpose of carrying out this section, each State
11 receiving a grant under this part shall reserve, from
12 the amount (if any) by which the funds received by
13 the State under this part for a fiscal year exceed the
14 amount received by the State under this part for the
15 preceding fiscal year, not more than 25 percent of
16 such excess amount.

17 “(2) USE WITHIN 3 YEARS.—Notwithstanding
18 any other provision of law, the amount reserved
19 under paragraph (1) by a State for each fiscal year
20 shall remain available to the State until expended
21 for a period not exceeding 3 years.

22 “(3) SPECIAL ALLOCATION RULE FOR SCHOOLS
23 IN HIGH-POVERTY AREAS.—

24 “(A) IN GENERAL.—Each State receiving
25 a grant under this part shall distribute at least

1 85 percent of the amount reserved under para-
2 graph (1) for each fiscal year to schools de-
3 scribed in subparagraph (B), or to teachers
4 teaching in such schools.

5 “(B) SCHOOLS DESCRIBED.—A school de-
6 scribed in subparagraph (A) is a school whose
7 student population is in the highest quartile of
8 schools statewide in terms of the percentage of
9 children eligible for free or reduced priced
10 lunches under the Richard B. Russell National
11 School Lunch Act.

12 **“SEC. 1117B. GRANTS FOR THE IMPROVEMENT OF STATE**
13 **ASSESSMENT SYSTEMS.**

14 “(a) PURPOSE.—The purpose of this section is to en-
15 able States to improve the quality and fairness of State
16 assessment systems and to ensure that such assessment
17 systems accurately measure how well all children are
18 achieving challenging State student performance stand-
19 ards.

20 “(b) PROGRAM AUTHORIZED.—The Secretary is au-
21 thorized to award grants, in an amount not less than
22 \$500,000, to State educational agencies with final assess-
23 ment systems that have been reviewed by the Secretary
24 and approved as being deemed in full compliance with sec-
25 tion 1111(b)(4).

1 “(c) APPLICATION.—A State educational agency de-
2 siring a grant under this section for any fiscal year, shall
3 submit an application to the Secretary for approval, at
4 such time and containing such information as the Sec-
5 retary may require.

6 “(d) AUTHORIZED USES OF FUNDS.—States having
7 an approved application under subsection (c) may use
8 grant funds for the purpose of—

9 “(1) assuring the continued validity and reli-
10 ability of State assessments;

11 “(2) refining the assessments to ensure their
12 continued alignment with the State’s content stand-
13 ards;

14 “(3) providing for multiple measures to increase
15 the reliability and validity of student and school clas-
16 sifications that have high stakes consequences;

17 “(4) strengthening the capacity of local edu-
18 cational agencies and schools to provide all students
19 the opportunity to increase educational achievement
20 and to ensure fairness and equitable treatment in
21 testing;

22 “(5) expanding the range of accommodations
23 available to limited English proficient students and
24 students with disabilities to improve rates of inclu-
25 sion and to include instructional material develop-

1 ment and modified assessment practices that are
2 culturally and ability appropriate, respectively;

3 “(6) improving the alignment of curricula and
4 instruction materials with the State content stand-
5 ards and State performance standards;

6 “(7) enhancing opportunities for professional
7 development for teachers that include—

8 “(A) improving the capability of teachers
9 to be proficient in sound classroom assessment
10 and knowledgeable in State content and per-
11 formance standards and assessments; and

12 “(B) improving the capability of teachers
13 to provide high quality instruction within the
14 content areas;

15 “(8) providing for the collection of performance
16 data for children in kindergarten through grade 2—

17 “(A) for early diagnosis of children’s
18 needs;

19 “(B) to evaluate program effectiveness;

20 “(C) to guide curriculum and instruction;

21 or

22 “(D) to provide information that can be
23 used to measure school and local educational
24 agency progress;

1 “(9) expanding the range of valid and reliable
2 assessments to other academic subjects such as
3 science, history, geography, foreign languages, the
4 arts, civic and government, and economics; and

5 “(10) improving the dissemination of informa-
6 tion on student achievement and school performance
7 to parents and the community.

8 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
9 are authorized to be appropriated to carry out this section,
10 \$100,000,000 for fiscal year 2002, and such sums as may
11 be necessary for each of the 4 succeeding fiscal years.”.

12 **SEC. 3442. PARENTAL INVOLVEMENT CHANGES.**

13 (a) LOCAL EDUCATIONAL AGENCY POLICY.—Sub-
14 section (a) of section 1118 of the Elementary and Sec-
15 ondary Education Act of 1965 (20 U.S.C. 6319(a)) is
16 amended—

17 (1) in paragraph (1), by striking “programs,
18 activities, and procedures” and inserting “activities
19 and procedures”.

20 (2) in paragraph (2) by striking subparagraphs
21 (E) and (F) and inserting the following:

22 “(E) conduct, with the involvement of par-
23 ents, an annual evaluation of the content and
24 effectiveness of the parental involvement policy

1 in improving the academic quality of the schools
2 served under this part;

3 “(F) involve parents in efforts to improve
4 academics in schools served under this part;
5 and

6 “(G) promote consumer friendly environ-
7 ments at the local educational agency and
8 schools served under this part.”;

9 (3) in paragraph (3) by adding at the end the
10 following new subparagraph:

11 “(C) Not less than 90 percent of the funds re-
12 served under subparagraph (A) shall be distributed
13 to schools served under this part.”.

14 (b) NOTICE.—Paragraph (1) of section 1118(b) of
15 the Elementary and Secondary Education Act of 1965 (20
16 U.S.C. 6319(b)(1)) is amended by inserting after the first
17 sentence the following: “Parents shall be notified of the
18 policy in a format, and to the extent practicable, in a lan-
19 guage they can understand.”.

20 (c) PARENTAL INVOLVEMENT.—Paragraph (4) of
21 section 1118(c) of the Elementary and Secondary Edu-
22 cation Act of 1965 (20 U.S.C. 6319(c)(4)) is amended—

23 (1) in subparagraph (B), by striking “perform-
24 ance profiles required under section 1116(a)(3)” and

1 inserting “school report cards required under section
2 1111”;

3 (2) by redesignating subparagraphs (D) and
4 (E) as subparagraphs (F) and (G), respectively;

5 (3) by inserting after subparagraph (C) the fol-
6 lowing new subparagraphs:

7 “(D) notice of the school’s status as a
8 school identified for school improvement under
9 section 1116(b), if applicable, and a clear expla-
10 nation of what such identification means;

11 “(E) notice of the corrective action that
12 has been taken against the school under section
13 1116(b)(9) and 1116(c)(9), if applicable, and a
14 clear explanation of what such action means;”;
15 and

16 (4) in subparagraph (G) (as so redesignated),
17 by striking “subparagraph (D)” and inserting “sub-
18 paragraph (F)”.

19 (d) BUILDING CAPACITY FOR INVOLVEMENT.—Sub-
20 section (e) of section 1118 of the Elementary and Sec-
21 ondary Education Act of 1965 (20 U.S.C 6319(e)) is
22 amended to read as follows:

23 “(e) BUILDING CAPACITY FOR INVOLVEMENT.—To
24 ensure effective involvement of parents and to support a
25 partnership among the school, parents, and the commu-

1 nity to improve student achievement, each school and local
2 educational agency—

3 “(1) shall provide assistance to participating
4 parents in such areas as understanding the State’s
5 content standards and State student performance
6 standards, the provisions of section 1111(b)(8),
7 State and local assessments, the requirements of this
8 part, and how to monitor a child’s progress and
9 work with educators to improve the performance of
10 their children as well as information on how parents
11 can participate in decisions relating to the education
12 of their children;

13 “(2) shall provide materials and training, such
14 as—

15 “(A) coordinating necessary literacy train-
16 ing from other sources to help parents work
17 with their children to improve their children’s
18 achievement; and

19 “(B) training to help parents work with
20 their children to improve their children’s
21 achievement;

22 “(3) shall educate teachers, pupil services per-
23 sonnel, principals, and other staff, with the assist-
24 ance of parents, in the value and utility of contribu-
25 tions of parents, and in how to reach out to, commu-

1 nicate with, and work with parents as equal part-
2 ners, implement and coordinate parent programs,
3 and build ties between home and school;

4 “(4) shall coordinate and integrate parent in-
5 volvement programs and activities with Head Start,
6 Even Start, the Home Instruction Programs for
7 Preschool Youngsters, the Parents as Teachers Pro-
8 gram, and public preschool programs and other pro-
9 grams, to the extent feasible and appropriate;

10 “(5) shall conduct other activities, as appro-
11 priate and feasible, such as parent resource centers
12 and opportunities for parents to learn how to be-
13 come full partners in the education of their children;

14 “(6) shall ensure, to the extent possible, that
15 information related to school and parent programs,
16 meetings, and other activities is sent to the homes
17 of participating children in the language used in
18 such homes;

19 “(7) shall provide such other reasonable sup-
20 port for parental involvement activities under this
21 section as parents may request;

22 “(8) shall expand the use of electronic commu-
23 nications among teachers, students, and parents,
24 such as through the use of websites and e-mail com-
25 munications;

1 “(9) may involve parents in the development of
2 training for teachers, principals, and other educators
3 to improve the effectiveness of such training in im-
4 proving instruction and services to the children of
5 such parents in a format, and to the extent prac-
6 ticable, in a language the parents can understand;

7 “(10) may provide necessary literacy training
8 from funds received under this part if the local edu-
9 cational agency has exhausted all other reasonably
10 available sources of funding for such activities;

11 “(11) may pay reasonable and necessary ex-
12 penses associated with local parental involvement ac-
13 tivities, including transportation and child care
14 costs, to enable parents to participate in school-re-
15 lated meetings and training sessions;

16 “(12) may train and support parents to en-
17 hance the involvement of other parents;

18 “(13) may arrange meetings at a variety of
19 times, such as in the mornings and evenings, in
20 order to maximize the opportunities for parents to
21 participate in school related activities;

22 “(14) may arrange for teachers or other edu-
23 cators, who work directly with participating children,
24 to conduct in-home conferences with parents who are
25 unable to attend such conferences at school;

1 “(15) may adopt and implement model ap-
2 proaches to improving parental involvement, such as
3 Even Start;

4 “(16) may establish a district-wide parent advi-
5 sory council to advise on all matters related to pa-
6 rental involvement in programs supported under this
7 part; and

8 “(17) may develop appropriate roles for com-
9 munity-based organizations and businesses in parent
10 involvement activities, including providing informa-
11 tion about opportunities for organizations and busi-
12 nesses to work with parents and schools, and en-
13 couraging the formation of partnerships between ele-
14 mentary, middle, and secondary schools and local
15 businesses that include a role for parents.”.

16 (e) ACCESSIBILITY.—Subsection (f) of section 1118
17 of the Elementary and Secondary Education Act of 1965
18 (20 U.S.C. 6319(f)) is amended to read as follows:

19 “(f) ACCESSIBILITY.—In carrying out the parental
20 involvement requirements of this part, local educational
21 agencies and schools, to the extent practicable, shall pro-
22 vide full opportunities for the participation of parents with
23 limited English proficiency, parents with disabilities, and
24 parents of migratory children, including providing infor-
25 mation and school report cards required under section

1 1111 in a format, and to the extent practicable, in a lan-
2 guage such parents understand.”.

3 **SEC. 3443. PROFESSIONAL DEVELOPMENT.**

4 Subpart 1 of part A of title I of the Elementary and
5 Secondary Education Act of 1965 (20 U.S.C. 6311 et
6 seq.) is amended by inserting after section 1119 the fol-
7 lowing:

8 **“SEC. 1119A. PROFESSIONAL DEVELOPMENT.**

9 “(a) PURPOSE.—The purpose of this section is to as-
10 sist each local educational agency receiving assistance
11 under this part in increasing the academic achievement
12 of eligible children (as defined in section 1115(b)(1)(B))
13 through improved teacher quality.

14 “(b) PROFESSIONAL DEVELOPMENT ACTIVITIES.—

15 “(1) REQUIRED ACTIVITIES.—Professional de-
16 velopment activities under this section shall—

17 “(A) support professional development ac-
18 tivities that give teachers, principals, and ad-
19 ministrators the knowledge and skills to provide
20 students with the opportunity to meet chal-
21 lenging State or local content standards and
22 student performance standards;

23 “(B) support the recruiting, hiring, and
24 training of fully qualified teachers, including

1 teachers fully qualified through State and local
2 alternative routes;

3 “(C) advance teacher understanding of ef-
4 fective instructional strategies based on scientif-
5 ically based research for improving student
6 achievement, at a minimum, in reading or lan-
7 guage arts and mathematics;

8 “(D) be directly related to the curriculum
9 and content areas in which the teacher provides
10 instruction;

11 “(E) be designed to enhance the ability of
12 a teacher to understand and use the State’s
13 standards for the subject area in which the
14 teacher provides instruction;

15 “(F) be tied to scientifically based research
16 demonstrating the effectiveness of such profes-
17 sional development activities or programs in in-
18 creasing student achievement or substantially
19 increasing the knowledge and teaching skills of
20 teachers;

21 “(G) be of sufficient intensity and duration
22 (not to include 1-day or short-term workshops
23 and conferences) to have a positive and lasting
24 impact on the teacher’s performance in the
25 classroom, except that this paragraph shall not

1 apply to an activity if such activity is 1 compo-
2 nent of a long-term comprehensive professional
3 development plan established by the teacher
4 and the teacher's supervisor based upon an as-
5 sessment of their needs, their students' needs,
6 and the needs of the local educational agency;

7 “(H) be developed with extensive participa-
8 tion of teachers, principals, parents, and admin-
9 istrators of schools to be served under this part;

10 “(I) to the extent appropriate, provide
11 training for teachers in the use of technology so
12 that technology and its applications are effec-
13 tively used in the classroom to improve teaching
14 and learning in the curriculum and academic
15 content areas in which the teachers provide in-
16 struction;

17 “(J) as a whole, be regularly evaluated for
18 their impact on increased teacher effectiveness
19 and improved student achievement, with the
20 findings of such evaluations used to improve the
21 quality of professional development; and

22 “(K) include strategies for identifying and
23 eliminating gender and racial bias in instruc-
24 tional materials, methods, and practices.

1 “(2) OPTIONAL ACTIVITIES.—Such professional
2 development activities may include—

3 “(A) instruction in the use of data and as-
4 sssments to inform and instruct classroom
5 practice;

6 “(B) instruction in ways that teachers,
7 principals, pupil services personnel, and school
8 administrators may work more effectively with
9 parents;

10 “(C) the forming of partnerships with in-
11 stitutions of higher education to establish
12 school-based teacher training programs that
13 provide prospective teachers and novice teachers
14 with an opportunity to work under the guidance
15 of experienced teachers and college faculty, but
16 only if each such institution of higher education
17 meets the reporting requirements of section 207
18 of the Higher Education Act of 1965 (20
19 U.S.C. 1027) and its teacher preparation pro-
20 gram has not been identified by its State as
21 low-performing under such Act;

22 “(D) the creation of career ladder pro-
23 grams for paraprofessionals (assisting teachers
24 under this part) to obtain the education nec-

1 essary for such paraprofessionals to become li-
2 censed and certified teachers;

3 “(E) instruction in ways to teach special
4 needs children;

5 “(F) instruction in the ways that teachers,
6 principals, and guidance counselors can work
7 with parents and students from groups such as
8 females and minorities that are under rep-
9 resented in careers in mathematics, science, en-
10 gineering, and technology, to encourage and
11 maintain the interest of such students in these
12 careers;

13 “(G) joint professional development activi-
14 ties involving programs under this part, Head
15 Start, Even Start, or State-run preschool pro-
16 gram personnel;

17 “(H) instruction in experiential-based
18 teaching methods such as service or applied
19 learning;

20 “(I) mentoring programs focusing on
21 changing teacher behaviors and practices to
22 help novice teachers, including teachers who are
23 members of a minority group, develop and gain
24 confidence in their skills, to increase the likeli-
25 hood that they will continue in the teaching

1 profession, and generally to improve the quality
2 of their teaching; and

3 “(J) instruction in gender-equitable meth-
4 ods, techniques, and practices.

5 “(c) PROGRAM PARTICIPATION.—Each local edu-
6 cational agency receiving assistance under this part may
7 design professional development programs so that—

8 “(1) all school staff in schools participating in
9 a schoolwide program under section 1114 can par-
10 ticipate in professional development activities; and

11 “(2) all school staff in targeted assistance
12 schools may participate in professional development
13 activities if such participation will result in better
14 addressing the needs of students served under this
15 part.

16 “(d) PARENTAL PARTICIPATION.—Parents may par-
17 ticipate in professional development activities under this
18 part if the school determines that parental participation
19 is appropriate.

20 “(e) CONSORTIA.—In carrying out such professional
21 development programs, local educational agencies may
22 provide services through consortia arrangements with
23 other local educational agencies, educational service agen-
24 cies or other local consortia, institutions of higher edu-
25 cation, or other public or private institutions or organiza-

1 tions, but only if each such institution of higher education
2 meets the reporting requirements of section 207 of the
3 Higher Education Act of 1965 (20 U.S.C. 1027) and its
4 teacher preparation program has not been identified by
5 its State as low-performing under such Act.

6 “(f) CONSOLIDATION OF FUNDS.—Funds provided
7 under this part that are used for professional development
8 purposes may be consolidated with funds provided under
9 title II of this Act and other sources.

10 “(g) SPECIAL RULE.—No State educational agency
11 shall require a school or a local educational agency to ex-
12 pend a specific amount of funds for professional develop-
13 ment activities under this part, except that this paragraph
14 shall not apply with respect to requirements under section
15 1116(c)(9).”.

16 **SEC. 3444. REQUIREMENTS; RECORDS.**

17 (a) REQUIREMENTS.—Section 1120A(c)(2) of the El-
18 ementary and Secondary Education Act of 1965 (20
19 U.S.C. 6322(c)(2)) is amended to read as follows:

20 “(2) CRITERIA FOR MEETING COMPARABILITY
21 REQUIREMENT.—

22 “(A) APPROVAL.—To meet the require-
23 ment of paragraph (1), a local educational
24 agency shall obtain the State educational agen-
25 cy’s approval of a comprehensive, 3-year plan to

1 ensure comparability in the use of State and
2 local funds and educational services among its
3 schools receiving funds under this part and its
4 other schools with respect to:

5 “(i) the rates at which class sections
6 are taught by experienced and fully quali-
7 fied teachers, including such rates for low-
8 income and minority students;

9 “(ii) curriculum, in terms of both the
10 range of courses offered, and the oppor-
11 tunity to participate in rigorous courses in-
12 cluding advanced placement (AP) courses,
13 including such rates for low-income and
14 minority students; and

15 “(iii) the quality and availability of in-
16 structional materials and instructional re-
17 sources including technology.”

18 “(B) EXCLUSION.—A local educational
19 agency need not include unpredictable changes
20 in student enrollment or personnel assignments
21 that occur after the beginning of a school year
22 in determining comparability of services under
23 this subsection.

24 “(C) REQUIREMENTS.—Notwithstanding
25 subparagraph (A), a local educational agency

1 may continue to meet the requirement of para-
2 graph (1) by complying with subparagraph (A)
3 as such subparagraph was in effect on the day
4 preceding the date of enactment of the Leave
5 No Child Behind Act of 2001, except that each
6 local educational agency shall be required to
7 comply with subparagraph (A), as amended by
8 such Act not later than July 1, 2004.”.

9 (b) RECORDS.—Section 1120A(c)(3)(B) of the Ele-
10 mentary and Secondary Education Act of 1965 (20 U.S.C.
11 6322(c)(3)(B)) is amended by striking “biennially” and
12 inserting “annually”.

13 **SEC. 3445. COORDINATION REQUIREMENTS.**

14 Section 1120B of the Elementary and Secondary
15 Education Act of 1965 (20 U.S.C. 6323 et seq.) is
16 amended—

17 (1) in subsection (a), by striking “to the extent
18 feasible” and all that follows through the period and
19 inserting “with local Head Start agencies, and if
20 feasible, other early childhood development pro-
21 grams.”;

22 (2) in subsection (b)—

23 (A) in paragraph (3) by striking “and”
24 after the semicolon;

1 (B) in paragraph (4) by striking the period
2 and inserting “; and”; and

3 (C) by adding at the end, the following:

4 “(5) linking the educational services provided in
5 such local educational agency with the services pro-
6 vided in local Head Start agencies.”.

7 **Chapter 5—Quality Teaching and Leadership**
8 **Subchapter A—Amendments to Title II of the**
9 **Elementary and Secondary Education Act**
10 **of 1965**

11 **SEC. 3461. AMENDMENTS TO TITLE II.**

12 Title II of the Elementary and Secondary Education
13 Act of 1965 (20 U.S.C. 6601 et seq.) is amended—

14 (1) by redesignating part E as part J;

15 (2) by redesignating sections 2401 and 2402 as
16 sections 2901 and 2902 respectively; and

17 (3) by inserting after part D the following:

18 **“PART E—CLASS SIZE REDUCTION**

19 **“SEC. 2401. GRANT PROGRAM.**

20 “(a) PURPOSES.—The purposes of this section are—

21 “(1) to reduce class size through the use of
22 fully qualified teachers;

23 “(2) to assist States and local educational agen-
24 cies in recruiting, hiring, and training 100,000
25 teachers in order to reduce class sizes nationally, in

1 kindergarten through grade 3, to an average of 18
2 students per regular classroom; and

3 “(3) to improve teaching in those grades so
4 that all students can learn to read independently
5 and well by the end of the 3d grade.

6 “(b) ALLOTMENT TO STATES.—

7 “(1) RESERVATION.—From the amount made
8 available to carry out this part for a fiscal year, the
9 Secretary shall reserve not more than 1 percent for
10 the Secretary of the Interior (on behalf of the Bu-
11 reau of Indian Affairs) and the outlying areas for
12 activities carried out in accordance with this section.

13 “(2) STATE ALLOTMENTS.—

14 “(A) HOLD HARMLESS.—

15 “(i) IN GENERAL.—Subject to sub-
16 paragraph (B) and clause (ii), from the
17 amount made available to carry out this
18 part for a fiscal year and not reserved
19 under paragraph (1), the Secretary shall
20 allot to each State an amount equal to the
21 amount that such State received for the
22 preceding fiscal year under this section or
23 section 306 of the Department of Edu-
24 cation Appropriations Act, 2001, as the
25 case may be.

1 “(ii) RATABLE REDUCTION.—If the
2 amount made available to carry out this
3 part for a fiscal year and not reserved
4 under paragraph (1) is insufficient to pay
5 the full amounts that all States are eligible
6 to receive under clause (i) for such fiscal
7 year, the Secretary shall ratably reduce
8 such amounts for such fiscal year.

9 “(B) ALLOTMENT OF ADDITIONAL
10 FUNDS.—

11 “(i) IN GENERAL.—Subject to clause
12 (ii), for any fiscal year for which the
13 amount made available to carry out this
14 part and not reserved under paragraph (1)
15 exceeds the amount made available to the
16 States for the preceding year under the au-
17 thorities described in subparagraph (A)(i),
18 the Secretary shall allot to each of those
19 States the percentage of the excess amount
20 that is the greater of—

21 “(I) the percentage the State re-
22 ceived for the preceding fiscal year of
23 the total amount made available to
24 the States under section 1122; or

1 “(II) the percentage so received
2 of the total amount made available to
3 the States under section 6101(b), as
4 in effect on the day before the date of
5 enactment of the Leave No Child Be-
6 hind Act of 2001, or the cor-
7 responding provision of this title, as
8 the case may be.

9 “(ii) RATABLE REDUCTIONS.—If the
10 excess amount for a fiscal year is insuffi-
11 cient to pay the full amounts that all
12 States are eligible to receive under clause
13 (i) for such fiscal year, the Secretary shall
14 ratably reduce such amounts for such fis-
15 cal year.

16 “(c) ALLOCATION TO LOCAL EDUCATIONAL AGEN-
17 CIES.—

18 “(1) ALLOCATION.—Each State that receives
19 funds under this section shall allocate 100 percent
20 of those funds to local educational agencies, of
21 which—

22 “(A) 80 percent shall be allocated to those
23 local educational agencies in proportion to the
24 number of children, age 5 through 17, from
25 families with incomes below the poverty line (as

1 defined by the Office of Management and
2 Budget and revised annually in accordance with
3 section 673(2) of the Community Services
4 Block Grant Act (42 U.S.C. 9902(2))) applica-
5 ble to a family of the size involved, who reside
6 in the school district served by that local edu-
7 cational agency for the most recent fiscal year
8 for which satisfactory data are available, com-
9 pared to the number of those children who re-
10 side in the school districts served by all the
11 local educational agencies in the State for that
12 fiscal year; and

13 “(B) 20 percent shall be allocated to those
14 local educational agencies in accordance with
15 the relative enrollments of children, age 5
16 through 17, in public and private nonprofit ele-
17 mentary schools and secondary schools within
18 the areas served by those agencies.

19 “(2) EXCEPTION.—Notwithstanding paragraph
20 (1) and subsection (d)(2)(B), if the award to a local
21 educational agency under this section is less than
22 the starting salary for a new fully qualified teacher
23 for a school served by that agency, that agency may
24 use funds made available under this section to—

1 “(A) help pay the salary of a full- or part-
2 time fully qualified teacher hired to reduce class
3 size, which may be done in combination with
4 the expenditure of other Federal, State, or local
5 funds; or

6 “(B) pay for activities described in sub-
7 section (d)(2)(A)(iii) that may be related to
8 teaching in smaller classes.

9 “(d) USE OF FUNDS.—

10 “(1) MANDATORY USES.—Each local edu-
11 cational agency that receives funds under this sec-
12 tion shall use those funds to carry out effective ap-
13 proaches to reducing class size through use of fully
14 qualified teachers to improve educational achieve-
15 ment for both regular and special needs children,
16 with particular consideration given to reducing class
17 size in the early elementary grades for which some
18 research has shown class size reduction is most ef-
19 fective.

20 “(2) PERMISSIBLE USES.—

21 “(A) IN GENERAL.—Each such local edu-
22 cational agency may use funds made available
23 under this section for—

24 “(i) recruiting (including through the
25 use of signing bonuses and other financial

1 incentives), hiring, and training fully quali-
2 fied regular and special education teachers
3 (which may include hiring special edu-
4 cation teachers to team-teach with regular
5 teachers in classrooms that contain both
6 children with disabilities and non-disabled
7 children) and teachers of special needs
8 children;

9 “(ii) testing new teachers for aca-
10 demic content knowledge, and to meet
11 State certification or licensing require-
12 ments that are consistent with title II of
13 the Higher Education Act of 1965; and

14 “(iii) providing professional develop-
15 ment (which may include such activities as
16 promoting retention and mentoring) for
17 teachers, including special education teach-
18 ers and teachers of special needs children,
19 in order to meet the goal of ensuring that
20 all teachers have the general knowledge,
21 teaching skills, and subject matter knowl-
22 edge necessary to teach effectively in the
23 content areas in which the teachers teach,
24 consistent with title II of the Higher Edu-
25 cation Act of 1965.

1 “(B) LIMITATION ON TESTING AND PRO-
2 FESSIONAL DEVELOPMENT.—

3 “(i) IN GENERAL.—Except as pro-
4 vided in clause (ii), a local educational
5 agency may use not more than a total of
6 25 percent of the funds received by the
7 agency under this section for activities de-
8 scribed in clauses (ii) and (iii) of subpara-
9 graph (A).

10 “(ii) SPECIAL RULE.—A local edu-
11 cational agency may use more than 25 per-
12 cent of the funds the agency receives under
13 this section for activities described in sub-
14 paragraph (A)(iii) for the purpose of help-
15 ing teachers who are not yet fully qualified
16 in attaining full qualification if 10 percent
17 or more of the elementary school classes in
18 a school are taught by individuals who are
19 not fully qualified teachers or the State
20 educational agency has waived State cer-
21 tification or licensing requirements for 10
22 percent or more of such teachers.

23 “(C) USE OF FUNDS BY AGENCIES THAT
24 HAVE REDUCED CLASS SIZE.—Notwithstanding
25 subparagraph (B), a local educational agency

1 that has already reduced class size in the early
2 elementary grades to 18 or fewer children (or
3 has already reduced class size to a State or
4 local class size reduction goal that was in effect
5 on November 28, 1999 if that goal is 20 or
6 fewer children) may use funds received under
7 this section—

8 “(i) to make further class size reduc-
9 tions in kindergarten through third grade;

10 “(ii) to reduce class size in other
11 grades; or

12 “(iii) to carry out activities to improve
13 teacher quality, including professional de-
14 velopment.

15 “(3) SUPPLEMENT, NOT SUPPLANT.—Each
16 such agency shall use funds made available under
17 this section only to supplement, and not to supplant,
18 State and local funds that, in the absence of funds
19 made available under this section, would otherwise
20 be expended for activities described in this section.

21 “(4) LIMITATION ON USE FOR SALARIES AND
22 BENEFITS.—

23 “(A) IN GENERAL.—Except as provided in
24 subparagraph (B), no funds made available
25 under this section may be used to increase the

1 salaries of, or provide benefits (other than par-
2 ticipation in professional development and en-
3 richment programs) to, teachers who are not
4 hired under this section.

5 “(B) EXCEPTION.—Funds made available
6 under this section may be used to pay the sala-
7 ries of teachers hired under section 306 of the
8 Department of Education Appropriations Act,
9 2001.

10 “(e) REPORTS.—

11 “(1) STATE ACTIVITIES.—Each State receiving
12 funds under this section shall prepare and submit to
13 the Secretary a biennial report on activities carried
14 out in the State under this section that provides the
15 information described in section 6202(a)(2) with re-
16 spect to the activities.

17 “(2) PROGRESS CONCERNING CLASS SIZE AND
18 QUALIFIED TEACHERS.—Each State and local edu-
19 cational agency receiving funds under this section
20 shall annually report to parents and the public, in
21 numeric form as compared to the previous year,
22 on—

23 “(A) the agency’s progress in reducing
24 class size, and increasing the percentage of

1 classes in core academic areas taught by fully
2 qualified teachers ; and

3 “(B) the impact that hiring additional fully
4 qualified teachers and reducing class size, has
5 had, if any, on increasing student academic
6 achievement.

7 “(3) NOTICE.—Each local educational agency
8 that receives funds under this section shall provide,
9 to each individual parent of a child who attends a
10 school served by such local educational agency, time-
11 ly, written notice if the child has been assigned or
12 has been taught for 2 or more consecutive weeks by
13 a substitute teacher, as defined by such local edu-
14 cational agency, or a teacher who is not fully quali-
15 fied.

16 “(f) PRIVATE SCHOOLS.—If a local educational agen-
17 cy uses funds made available under this section for profes-
18 sional development activities, the agency shall ensure the
19 equitable participation of private nonprofit elementary
20 schools and secondary schools in such activities in accord-
21 ance with section 6402. Section 6402 shall not apply to
22 other activities carried out under this section.

23 “(g) ADMINISTRATIVE EXPENSES.—A local edu-
24 cational agency that receives funds under this section may

1 use not more than 3 percent of such funds for local admin-
2 istrative costs.

3 “(h) APPLICATION.—Each local educational agency
4 that desires to receive funds under this section shall sub-
5 mit an application to the State educational agency at such
6 time, in such manner, and containing such information as
7 the State educational agency may require. Each such ap-
8 plication shall include a description of the agency’s pro-
9 gram to reduce class size by hiring additional fully quali-
10 fied teachers.

11 “(i) CERTIFICATION, LICENSING, AND COM-
12 PETENCY.—No funds made available under this section
13 may be used to pay the salary of any teacher unless such
14 teacher is fully qualified.

15 “(j) DEFINITION.—As used in this section, the term
16 ‘certified’ includes certification through State or local al-
17 ternative routes.

18 **“SEC. 2402. AUTHORIZATION OF APPROPRIATIONS.**

19 “There are authorized to be appropriated to carry out
20 this part \$2,537,000,000 for fiscal year 2002,
21 \$3,452,000,000 for fiscal year 2003, \$4,336,000,000 for
22 fiscal year 2004, and \$5,281,000,000 for each of fiscal
23 years 2005 and 2006.

1 **“PART F—TROOPS TO TEACHERS**

2 **“SEC. 2501. FINDINGS.**

3 “Congress finds the following:

4 “(1) School districts will need to hire more than
5 2,000,000 teachers during the first decade of the
6 21st century.

7 “(2) The need for teachers in the areas of
8 mathematics, science, foreign languages, special edu-
9 cation, and bilingual education, and for teachers able
10 to teach in high-poverty school districts, will be par-
11 ticularly high. To meet this need, talented Ameri-
12 cans of all ages should be recruited to become suc-
13 cessful, qualified teachers.

14 “(3) Nearly 13 percent of teachers of academic
15 subjects have neither an undergraduate major nor
16 minor in their main assignment fields. This problem
17 is most acute in high-poverty local educational agen-
18 cies, where the out-of-field teaching percentage is 22
19 percent.

20 “(4) The Third International Math and Science
21 Study (TIMSS) ranked United States high school
22 seniors last among 16 countries in physics and next
23 to last in mathematics. It is also evident, mainly
24 from the TIMSS data, that based on academic
25 scores, a stronger emphasis needs to be placed on

1 the academic preparation of our children in mathe-
2 matics and science.

3 “(5) One-fourth of high-poverty local edu-
4 cational agencies find it very difficult to fill bilingual
5 teaching positions, and nearly half of public school
6 teachers have students in their classrooms for whom
7 English is a second language.

8 “(6) Many career-changing professionals with
9 strong content-area skills are interested in a teach-
10 ing career, but they need assistance in getting the
11 appropriate pedagogical training and classroom ex-
12 perience.

13 “(7) The teacher placement program known as
14 the ‘troops-to-teachers program’, which was estab-
15 lished by the Secretary of Defense and the Secretary
16 of Transportation under section 1151 of title 10,
17 United States Code, has been highly successful in
18 securing high-quality teachers for teaching positions
19 in high-poverty local educational agencies.

20 **“SEC. 2502. PURPOSE.**

21 “The purpose of this part is to address the need of
22 local educational agencies that are high-poverty local edu-
23 cational agencies or low-performing local educational
24 agencies for fully qualified teachers in particular subject

1 areas, such as mathematics, science, foreign languages, bi-
2 lingual education, and special education, by—

3 “(1) continuing and enhancing the troops-to-
4 teachers program for recruiting and supporting the
5 placement of former members of the Armed Forces
6 as teachers in such local educational agencies; and

7 “(2) recruiting, preparing, placing, and sup-
8 porting career-changing professionals who have
9 knowledge and experience that will help them be-
10 come such teachers.

11 **“SEC. 2503. CONTINUATION AND SUPPORT FOR TROOPS-TO-**
12 **TEACHERS PROGRAM.**

13 “(a) CONTINUATION.—The Secretary may enter into
14 a written agreement with the Secretary of Defense and
15 the Secretary of Transportation, or take such other steps
16 as the Secretary determines are appropriate, to ensure ef-
17 fective continuation of the troops-to-teachers program,
18 notwithstanding the duration of the program specified in
19 section 1151(c)(1)(A) of title 10, United States Code.

20 “(b) SUPPORT.—Before providing any assistance
21 under section 2504 for a fiscal year, the Secretary shall
22 first—

23 “(1) consult with the Secretary of Defense and
24 the Secretary of Transportation regarding the ap-

1 appropriate amount of funding needed to continue and
2 enhance the troops-to-teachers program; and

3 “(2) upon agreement, transfer that amount to
4 the Secretary of Defense to carry out the troops-to-
5 teachers program.

6 **“SEC. 2504. TRANSITION OF CAREER-CHANGING PROFES-**
7 **SIONALS TO TEACHING.**

8 “(a) **AUTHORITY TO SUPPORT TRANSITION PRO-**
9 **GRAMS.**—The Secretary may use funds appropriated pur-
10 suant to the authorization of appropriations in section
11 2507 to award grants to, and enter into contracts or coop-
12 erative agreements with, institutions of higher education,
13 including historically Black colleges and universities and
14 Hispanic-serving institutions, and public and private non-
15 profit agencies or organizations to recruit, prepare, place,
16 and support career-changing professionals as teachers in
17 local educational agencies that are high-poverty local edu-
18 cational agencies or low-performing local educational
19 agencies.

20 “(b) **APPLICATION.**—Each entity described in sub-
21 section (a) that desires assistance under subsection (a)
22 shall submit an application to the Secretary containing
23 such information as the Secretary may require,
24 including—

1 “(1) a description of the target group of career-
2 changing professionals upon which the applicant will
3 focus in carrying out its program under this part,
4 including a description of the characteristics of that
5 target group that shows how the knowledge and ex-
6 perience of its members are relevant to meeting the
7 purpose of this part;

8 “(2) a description of how the applicant will
9 identify and recruit career-changing professionals for
10 its program under this part;

11 “(3) a description of the training that career-
12 changing professionals will receive in the program
13 and how that training will relate to their certifi-
14 cation as teachers;

15 “(4) a description of how the applicant will en-
16 sure that career-changing professionals are placed
17 and teach in high-poverty local educational agencies
18 or low-performing local educational agencies;

19 “(5) a description of the teacher induction serv-
20 ices (which may be provided through existing induc-
21 tion programs) that the career-changing profes-
22 sionals in the program will receive throughout at
23 least their first year of teaching;

24 “(6) a description of how the applicant will col-
25 laborate, as needed, with other institutions, agencies,

1 or organizations to recruit, train, place, and support
2 career-changing professionals under this part, in-
3 cluding evidence of the commitment of those institu-
4 tions, agencies, or organizations to the applicant's
5 program;

6 “(7) a description of how the applicant will
7 evaluate the progress and effectiveness of its pro-
8 gram, including—

9 “(A) the program's goals and objectives;

10 “(B) the performance indicators the appli-
11 cant will use to measure the program's
12 progress; and

13 “(C) the outcome measures that will be
14 used to determine the program's effectiveness;
15 and

16 “(8) an assurance that the applicant will pro-
17 vide to the Secretary such information as the Sec-
18 retary determines necessary to evaluate the overall
19 effectiveness of programs under this part.

20 **“SEC. 2505. USES OF FUNDS AND PERIOD OF SERVICE.**

21 “(a) **AUTHORIZED ACTIVITIES.**—Funds provided
22 under section 2504 may be used for—

23 “(1) recruiting career-changing professionals,
24 including informing them of opportunities under the
25 program and putting them in contact with other in-

1 stitutions, agencies, or organizations that will train,
2 place, and support them;

3 “(2) training stipends and other financial incen-
4 tives for career-changing professionals in the pro-
5 gram, such as moving expenses, not to exceed
6 \$5,000, in the aggregate, per participant;

7 “(3) assisting institutions of higher education
8 or other providers of teacher training to tailor their
9 training to meet the particular needs of career-
10 changing professionals;

11 “(4) placement activities, including identifying
12 high-poverty, low-performing local educational agen-
13 cies with needs for the particular skills and charac-
14 teristics of the newly trained career-changing profes-
15 sionals and assisting those persons to obtain employ-
16 ment in those local educational agencies; and

17 “(5) post-placement induction or support activi-
18 ties.

19 “(b) PERIOD OF SERVICE.—A career-changing pro-
20 fessional selected to participate in a program under this
21 part who completes his or her training shall serve in a
22 high-poverty local educational agency or a low-performing
23 local educational agency for at least 3 years.

24 “(c) REPAYMENT.—The Secretary shall establish
25 such requirements as the Secretary determines appro-

1 p r i a t e t o e n s u r e t h a t c a r e e r - c h a n g i n g p r o f e s s i o n a l s w h o
2 r e c e i v e a t r a i n i n g s t i p e n d o r o t h e r f i n a n c i a l i n c e n t i v e
3 u n d e r s u b s e c t i o n (a) (2) , b u t w h o f a i l t o c o m p l e t e t h e i r
4 s e r v i c e o b l i g a t i o n u n d e r s u b s e c t i o n (b) , r e p a y a l l o r a p o r -
5 t i o n o f s u c h s t i p e n d o r o t h e r i n c e n t i v e .

6 **“SEC. 2506. EQUITABLE DISTRIBUTION.**

7 “To the extent practicable, the Secretary shall make
8 awards and enter into contracts and cooperative agree-
9 ments under section 2504 to support teacher placement
10 programs for career-changing professionals in different
11 geographic regions of the United States.

12 **“SEC. 2507. AUTHORIZATION OF APPROPRIATIONS.**

13 “There is authorized to be appropriated to the Sec-
14 retary to carry out this part, \$40,000,000 for fiscal year
15 2002 and such sums as may be necessary for the next
16 4 succeeding fiscal years.

17 **“PART G—EARLY CHILDHOOD EDUCATOR**
18 **PROFESSIONAL DEVELOPMENT**

19 **“SEC. 2601. PURPOSE.**

20 “In support of the national effort to attain the first
21 of America’s Education Goals, the purpose of this part
22 is to enhance the school readiness of young children, par-
23 ticularly disadvantaged young children, and to prevent
24 them from encountering difficulties once they enter school,
25 by improving the knowledge and skills of early childhood

1 educators who work in communities that have high con-
2 centrations of children living in poverty.

3 **“SEC. 2602. PROGRAM AUTHORIZED.**

4 “(a) GRANTS TO PARTNERSHIPS.—The Secretary
5 shall carry out the purpose of this part by awarding
6 grants, on a competitive basis, to partnerships consisting
7 of—

8 “(1)(A) one or more institutions of higher edu-
9 cation that provide professional development for
10 early childhood educators who work with children
11 from low-income families in high-need communities;
12 or

13 “(B) another public or private, nonprofit entity
14 that provides such professional development;

15 “(2) one or more public agencies (including
16 local educational agencies, State educational agen-
17 cies, State human services agencies, and State and
18 local agencies administering programs under the
19 Child Care and Development Block Grant Act of
20 1990), Head Start agencies, or private, nonprofit or-
21 ganizations; and

22 “(3) to the extent feasible, an entity with dem-
23 onstrated experience in providing training to edu-
24 cators in early childhood education programs in
25 identifying and preventing behavior problems or

1 working with children identified or suspected to be
2 victims of abuse.

3 “(b) DURATION AND NUMBER OF GRANTS.—

4 “(1) DURATION.—Each grant under this part
5 shall be awarded for not more than 4 years.

6 “(2) NUMBER.—No partnership may receive
7 more than 1 grant under this part.

8 **“SEC. 2603. APPLICATIONS.**

9 “(a) APPLICATIONS REQUIRED.—Any partnership
10 that desires to receive a grant under this part shall submit
11 an application to the Secretary at such time, in such man-
12 ner, and containing such information as the Secretary may
13 require.

14 “(b) CONTENTS.—Each such application shall
15 include—

16 “(1) a description of the high-need community
17 to be served by the project, including such demo-
18 graphic and socioeconomic information as the Sec-
19 retary may request;

20 “(2) information on the quality of the early
21 childhood educator professional development pro-
22 gram currently conducted by the institution of high-
23 er education or other provider in the partnership;

24 “(3) the results of the needs assessment that
25 the entities in the partnership have undertaken to

1 determine the most critical professional development
2 needs of the early childhood educators to be served
3 by the partnership and in the broader community,
4 and a description of how the proposed project will
5 address those needs;

6 “(4) a description of how the proposed project
7 will be carried out, including—

8 “(A) how individuals will be selected to
9 participate;

10 “(B) the types of research-based profes-
11 sional development activities that will be carried
12 out;

13 “(C) how research on effective professional
14 development and on adult learning will be used
15 to design and deliver project activities;

16 “(D) how the project will coordinate with
17 and build on, and will not supplant or dupli-
18 cate, early childhood education professional de-
19 velopment activities that exist in the commu-
20 nity;

21 “(E) how the project will train early child-
22 hood educators to provide services that are
23 based on developmentally appropriate practices
24 and the best available research on child social,

1 emotional, physical and cognitive development
2 and on early childhood pedagogy;

3 “(F) how the program will train early
4 childhood educators to meet the diverse edu-
5 cational needs of children in the community, in-
6 cluding children who have limited English pro-
7 ficiency, disabilities, or other special needs; and

8 “(G) how the project will train early child-
9 hood educators in identifying and preventing
10 behavioral problems or working with children
11 identified as or suspected to be victims of
12 abuse;

13 “(5) a description of—

14 “(A) the specific objectives that the part-
15 nership will seek to attain through the project,
16 and how the partnership will measure progress
17 toward attainment of those objectives; and

18 “(B) how the objectives and the measure-
19 ment activities align with the performance indi-
20 cators established by the Secretary under sec-
21 tion 2606(a);

22 “(6) a description of the partnership’s plan for
23 institutionalizing the activities carried out under the
24 project, so that the activities continue once Federal
25 funding ceases;

1 “(7) an assurance that, where applicable, the
2 project will provide appropriate professional develop-
3 ment to volunteers working directly with young chil-
4 dren, as well as to paid staff; and

5 “(8) an assurance that, in developing its appli-
6 cation and in carrying out its project, the partner-
7 ship has consulted with, and will consult with, rel-
8 evant agencies, early childhood educator organiza-
9 tions, and early childhood providers that are not
10 members of the partnership.

11 **“SEC. 2604. SELECTION OF GRANTEEES.**

12 “(a) CRITERIA.—The Secretary shall select partner-
13 ships to receive funding on the basis of the community’s
14 need for assistance and the quality of the applications.

15 “(b) GEOGRAPHIC DISTRIBUTION.—In selecting
16 partnerships, the Secretary shall seek to ensure that com-
17 munities in different regions of the Nation, as well as both
18 urban and rural communities, are served.

19 **“SEC. 2605. USES OF FUNDS.**

20 “(a) IN GENERAL.—Each partnership receiving a
21 grant under this part shall use the grant funds to carry
22 out activities that will improve the knowledge and skills
23 of early childhood educators who are working in early
24 childhood programs that are located in high-need commu-

1 nities and serve concentrations of children from low-in-
2 come families.

3 “(b) ALLOWABLE ACTIVITIES.—Such activities may
4 include—

5 “(1) professional development for individuals
6 working as early childhood educators, particularly to
7 familiarize those individuals with the application of
8 recent research on child, language, and literacy de-
9 velopment and on early childhood pedagogy;

10 “(2) professional development for early child-
11 hood educators in working with parents, based on
12 the best current research on child social, emotional,
13 physical and cognitive development and parent in-
14 volvement, so that the educators can prepare their
15 children to succeed in school;

16 “(3) professional development for early child-
17 hood educators to work with children who have lim-
18 ited English proficiency, disabilities, and other spe-
19 cial needs;

20 “(4) professional development to train early
21 childhood educators in identifying and preventing
22 behavioral problems in children or working with chil-
23 dren identified or suspected to be victims of abuse;

1 “(5) activities that assist and support early
2 childhood educators during their first three years in
3 the field;

4 “(6) development and implementation of early
5 childhood educator professional development pro-
6 grams that make use of distance learning and other
7 technologies;

8 “(7) professional development activities related
9 to the selection and use of screening and diagnostic
10 assessments to improve teaching and learning; and

11 “(8) data collection, evaluation, and reporting
12 needed to meet the requirements of this part relat-
13 ing to accountability.

14 **“SEC. 2606. ACCOUNTABILITY.**

15 “(a) PERFORMANCE INDICATORS.—Simultaneously
16 with the publication of any application notice for grants
17 under this part, the Secretary shall announce performance
18 indicators for this part, which shall be designed to
19 measure—

20 “(1) the quality and accessibility of the profes-
21 sional development provided;

22 “(2) the impact of that professional develop-
23 ment on the early childhood education provided by
24 the individuals who are trained; and

1 “(3) such other measures of program impact as
2 the Secretary determines appropriate.

3 “(b) ANNUAL REPORTS; TERMINATION.—

4 “(1) ANNUAL REPORTS.—Each partnership re-
5 ceiving a grant under this part shall report annually
6 to the Secretary on the partnership’s progress
7 against the performance indicators.

8 “(2) TERMINATION.—The Secretary may termi-
9 nate a grant under this part at any time if the Sec-
10 retary determines that the partnership is not making
11 satisfactory progress against the indicators.

12 **“SEC. 2607. COST-SHARING.**

13 “(a) IN GENERAL.—Each partnership shall provide,
14 from other sources, which may include other Federal
15 sources—

16 “(1) at least 50 percent of the total cost of its
17 project for the grant period; and

18 “(2) at least 20 percent of the project cost in
19 each year.

20 “(b) ACCEPTABLE CONTRIBUTIONS.—A partnership
21 may meet the requirement of subsection (a) through cash
22 or in-kind contributions, fairly valued.

23 “(c) WAIVERS.—The Secretary may waive or modify
24 the requirements of subsection (a) in cases of dem-
25 onstrated financial hardship.

1 **“SEC. 2608. DEFINITIONS.**

2 “In this part:

3 “(1) HIGH-NEED COMMUNITY.—

4 “(A) IN GENERAL.—The term ‘high-need
5 community’ means—

6 “(i) a municipality, or a portion of a
7 municipality, in which at least 50 percent
8 of the children are from low-income fami-
9 lies; or

10 “(ii) a municipality that is one of the
11 10 percent of municipalities within the
12 State having the greatest numbers of such
13 children.

14 “(B) DETERMINATION.—In determining
15 which communities are described in subpara-
16 graph (A), the Secretary shall use such data as
17 the Secretary determines are most accurate and
18 appropriate.

19 “(2) LOW-INCOME FAMILY.—The term ‘low-in-
20 come family’ means a family with an income below
21 the poverty line (as defined by the Office of Manage-
22 ment and Budget and revised annually in accordance
23 with section 673(2) of the Community Services
24 Block Grant Act (42 U.S.C. 9902(2))) applicable to
25 a family of the size involved for the most recent fis-
26 cal year for which satisfactory data are available.

1 “(3) EARLY CHILDHOOD EDUCATOR.—The
2 term ‘early childhood educator’ means a person pro-
3 viding or employed by a provider of non-residential
4 child care services (including center-based, family-
5 based, and in-home child care services) for com-
6 pensation that is legally operating under State law,
7 and that complies with applicable State and local re-
8 quirements for the provision of child care services to
9 children at any age from birth through kindergarten.

10 **“SEC. 2609. FEDERAL COORDINATION.**

11 “The Secretary and the Secretary of Health and
12 Human Services shall coordinate activities under this part
13 and other early childhood programs administered by the
14 two Secretaries.

15 **“SEC. 2610. AUTHORIZATION OF APPROPRIATIONS.**

16 “For the purpose of carrying out this part, there are
17 authorized to be appropriated \$100,000,000 for fiscal year
18 2002 and such sums as may be necessary for each of the
19 6 succeeding fiscal years.

1 **“PART H—PRINCIPAL LEADERSHIP**
2 **DEVELOPMENT**

3 **“SEC. 2701. PROFESSIONAL DEVELOPMENT FOR PRIN-**
4 **CIPALS AS LEADERS OF SCHOOL REFORM.**

5 “(a) **COMPETITIVE GRANTS.**—The Secretary is au-
6 thorized to award, on a competitive basis, grants to eligible
7 partnerships—

8 “(1) consisting of—

9 “(A) one or more institutions of higher
10 education that provide professional development
11 for principals and other school administrators;
12 and

13 “(B) one or more local educational agen-
14 cies; and

15 “(2) that may include other entities, agencies,
16 and organizations, such as a State educational agen-
17 cy, a State agency for higher education, and profes-
18 sional organizations for principals, administrators,
19 teachers, and parents.

20 “(b) **APPLICATION.**—An eligible partnership that de-
21 sires to receive a grant under this section shall submit an
22 application to the Secretary at such time, in such form,
23 and containing such information as the Secretary may re-
24 quire. Each such application shall include—

25 “(1) a description of the activities the partner-
26 ship will carry out to meet the purpose of this part;

1 “(2) a description of how those activities will
2 build on and be coordinated with other professional
3 development activities, including activities under this
4 title and title II of the Higher Education Act of
5 1965;

6 “(3) a description of how principals, teachers,
7 and other interested parties were involved in devel-
8 oping the application and will be involved in plan-
9 ning and carrying out the activities under this sec-
10 tion; and

11 “(4) a description of how the professional devel-
12 opment will result in the acquisition of a license, de-
13 gree, or continuing education unit.

14 “(c) USE OF FUNDS.—An eligible partnership that
15 receives a grant under this section shall use the grant
16 funds to provide professional development to principals
17 and other school administrators to enable them to be effec-
18 tive school leaders and prepare all students to achieve to
19 challenging State content and student performance stand-
20 ards, including professional development on—

21 “(1) comprehensive school reform;

22 “(2) leadership skills;

23 “(3) recruitment, assignment, retention, and
24 evaluation of teacher and other instructional staff;

25 “(4) State content standards;

- 1 “(5) effective instructional practice;
2 “(6) using smaller classes effectively; and
3 “(7) parental and community involvement.

4 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
5 is authorized to be appropriated to carry out this part,
6 \$100,000,000 for fiscal year 2002, and such sums as may
7 be necessary for each of the 4 succeeding fiscal years.

8 **“PART I—COMPETITIVE GRANTS TO ESTABLISH**
9 **PROGRAMS FOR TEACHER QUALITY IM-**
10 **PROVEMENT**

11 **“SEC. 2801. ALLOTMENTS TO STATES.**

12 “(a) IN GENERAL.—The Secretary is authorized to
13 make grants to eligible State educational agencies for the
14 improvement of teaching and learning through sustained
15 and intensive high-quality professional development, men-
16 toring, and recruitment activities (and covered recruit-
17 ment, at the election of a local educational agency) at the
18 State and local levels. Each grant shall consist of the allot-
19 ment determined for the State under subsection (b).

20 “(b) DETERMINATION OF AMOUNT OF ALLOT-
21 MENT.—

22 “(1) RESERVATION OF FUNDS.—

23 “(A) IN GENERAL.—From the total
24 amount made available to carry out this part

1 for any fiscal year, the Secretary shall
2 reserve—

3 “(i) $\frac{1}{2}$ of 1 percent for allotments for
4 the outlying areas to be distributed among
5 those outlying areas on the basis of their
6 relative need, as determined by the Sec-
7 retary, for professional development, men-
8 toring, and recruitment activities carried
9 out in accordance with the purposes of this
10 part; and

11 “(ii) $\frac{1}{2}$ of 1 percent for the Secretary
12 of the Interior for programs carried out in
13 accordance with the purposes of this part
14 to provide professional development, men-
15 toring, and recruitment activities for teach-
16 ers and other staff in schools operated or
17 funded by the Bureau of Indian Affairs.

18 “(B) LIMITATION.—Notwithstanding sub-
19 paragraph (A), the Secretary shall not reserve,
20 for either the outlying areas under subpara-
21 graph (A)(i) or the schools operated or funded
22 by the Bureau of Indian Affairs under subpara-
23 graph (A)(ii), more than the amount reserved
24 for those areas or schools for fiscal year 2000

1 under the authority described in paragraph
2 (2)(A)(i).

3 “(2) STATE ALLOTMENTS.—

4 “(A) HOLD HARMLESS.—

5 “(i) IN GENERAL.—Subject to sub-
6 paragraph (B), from the total amount
7 made available to carry out this part for
8 any fiscal year and not reserved under
9 paragraph (1), the Secretary shall allot to
10 each of the 50 States, the District of Co-
11 lumbia, and the Commonwealth of Puerto
12 Rico an amount equal to the amount that
13 the State received for fiscal year 2000
14 under section 2202(b) of this Act (as in ef-
15 fect on the day before the date of enact-
16 ment of the Leave No Child Behind Act of
17 2001).

18 “(ii) RATABLE REDUCTION.—If the
19 total amount made available to carry out
20 this part for any fiscal year and not re-
21 served under paragraph (1) is insufficient
22 to pay the full amounts that all States are
23 eligible to receive under clause (i) for any
24 fiscal year, the Secretary shall ratably re-
25 duce such amounts for such fiscal year.

1 “(B) ALLOTMENT OF ADDITIONAL
2 FUNDS.—

3 “(i) IN GENERAL.—Subject to clause
4 (ii), for any fiscal year for which the total
5 amount made available to carry out this
6 part and not reserved under paragraph (1)
7 exceeds the total amount made available to
8 the 50 States, the District of Columbia,
9 and the Commonwealth of Puerto Rico for
10 fiscal year 2000 under the authority de-
11 scribed in subparagraph (A)(i), the Sec-
12 retary shall allot to each of those States
13 the sum of—

14 “(I) an amount that bears the
15 same relationship to 40 percent of the
16 excess amount as the number of indi-
17 viduals age 5 through 17 in the State,
18 as determined by the Secretary on the
19 basis of the most recent satisfactory
20 data, bears to the number of those in-
21 dividuals in all such States, as so de-
22 termined; and

23 “(II) an amount that bears the
24 same relationship to 60 percent of the
25 excess amount as the number of indi-

1 viduals age 5 through 17 from fami-
2 lies with incomes below the poverty
3 line in the State, as determined by the
4 Secretary on the basis of the most re-
5 cent satisfactory data, bears to the
6 number of those individuals in all
7 such States, as so determined.

8 “(ii) EXCEPTION.—No State receiving
9 an allotment under clause (i) may receive
10 less than $\frac{1}{2}$ of 1 percent of the total ex-
11 cess amount allotted under clause (i) for a
12 fiscal year.

13 “(3) REALLOTMENT.—If any State described in
14 paragraph (2) does not apply for an allotment under
15 paragraph (2) for any fiscal year, the Secretary shall
16 reallot such amount to the remaining such States in
17 accordance with paragraph (2).

18 **“SEC. 2802. STATE APPLICATIONS.**

19 “(a) APPLICATIONS REQUIRED.—

20 “(1) IN GENERAL.—Each State desiring to re-
21 ceive a grant under this part shall submit an appli-
22 cation to the Secretary at such time, in such man-
23 ner, and containing such information as the Sec-
24 retary may reasonably require.

1 “(2) DEVELOPMENT.—The State educational
2 agency shall develop the State application—

3 “(A) in consultation with the State agency
4 for higher education, community-based and
5 other nonprofit organizations, and institutions
6 of higher education; and

7 “(B) with the extensive participation of
8 teachers, teacher educators, school administra-
9 tors, and content specialists.

10 “(b) CONTENTS.—Each such application shall
11 include—

12 “(1) a description of the State’s shortages of
13 fully qualified teachers relating to high-poverty
14 school districts and high-need academic subjects (as
15 such districts or subjects are determined by the
16 State);

17 “(2) an assessment of the need for professional
18 development for veteran teachers in the State and
19 the need for strong mentoring programs for begin-
20 ning teachers that are—

21 “(A) developed with the involvement of
22 teachers; and

23 “(B) based on student achievement data in
24 the core academic subjects and other indicators

1 of the need for professional development and
2 mentoring programs;

3 “(3) a description of how the State educational
4 agency will use funds made available under this part
5 to improve the quality of the State’s teaching force,
6 eliminate the use of out-of-field placement of teach-
7 ers, and eliminate the use of teachers hired with
8 emergency or other provisional credentials by setting
9 numerical, annual improvement goals, and meet the
10 requirements of this section;

11 “(4) a description of how the State educational
12 agency will align activities assisted under this part
13 with State content and student performance stand-
14 ards, and State assessments, by setting numerical,
15 annual improvement goals;

16 “(5) a description of how the State educational
17 agency will coordinate activities funded under this
18 part with professional development, mentoring, and
19 recruitment activities that are supported with funds
20 from other relevant Federal and non-Federal pro-
21 grams;

22 “(6) a plan, developed with the extensive par-
23 ticipation of teachers, for addressing long-term
24 teacher recruitment, retention, professional develop-
25 ment, and mentoring needs, which may include—

1 “(A) providing technical assistance to help
2 school districts reform hiring and employment
3 practices to improve the recruitment and reten-
4 tion of fully qualified teachers, especially with
5 respect to high-poverty schools; and

6 “(B) establishing State or regional part-
7 nerships to address teacher shortages;

8 “(7) a description of how the State educational
9 agency will assist local educational agencies in imple-
10 menting effective and sustained professional develop-
11 ment and mentoring activities and high-quality re-
12 cruitment activities under this part;

13 “(8) an assurance that the State will consist-
14 ently monitor the progress of each local educational
15 agency and school in the State in achieving the goals
16 specified in the information submitted under para-
17 graphs (1) through (7);

18 “(9) a description of how the State educational
19 agency will work with recipients of grants awarded
20 for recruitment activities under section 2805(b) to
21 ensure that recruits who successfully complete a
22 teacher corps program will be certified or licensed;
23 and

24 “(10) the assurances and description referred
25 to in section 2810.

1 “(c) APPROVAL.—The Secretary shall, using a peer-
2 review process, approve a State application if the applica-
3 tion meets the requirements of this section and holds rea-
4 sonable promise of achieving the purposes of this part.

5 **“SEC. 2803. STATE USE OF FUNDS.**

6 “(a) IN GENERAL.—Of the funds allotted to a State
7 under section 2801 for a fiscal year—

8 “(1) not more than 6 percent shall be used by
9 the State educational agency to carry out State ac-
10 tivities described in section 2804, or for the adminis-
11 tration of this part (other than the administration of
12 section 2809) except that not more than 3 percent
13 shall be used for the administration of this part;

14 “(2) 60 percent shall be used by the State edu-
15 cational agency to provide grants to local edu-
16 cational agencies under section 2805(a) for profes-
17 sional development and mentoring (except as pro-
18 vided in section 2807(c));

19 “(3) 30 percent shall be used by the State edu-
20 cational agency—

21 “(A) except as provided in subparagraph
22 (B), to provide grants to recruitment partner-
23 ships under section 2805(b) for recruitment ac-
24 tivities; or

1 “(B) if the State educational agency deter-
2 mines that all elementary school and secondary
3 school teachers in the State that are teaching
4 core academic subjects are fully qualified, to
5 provide the grants described in paragraph (2);
6 and

7 “(4) 4 percent (or 4 percent of the amount the
8 State would have been allotted if the appropriation
9 for this part were \$1,730,000,000, whichever is
10 greater) shall be used by the State agency for higher
11 education to provide grants to partnerships under
12 section 2809.

13 “(b) PRIORITY FOR PROFESSIONAL DEVELOPMENT
14 AND MENTORING IN MATHEMATICS AND SCIENCE.—

15 “(1) PRIORITY.—

16 “(A) APPROPRIATIONS OF NOT MORE
17 THAN \$300,000,000.—Except as provided in sec-
18 tion 2807(c), for any fiscal year for which the
19 appropriation for this part is \$300,000,000 or
20 less, each State educational agency that receives
21 funds under this part, working jointly with the
22 State agency for higher education, shall ensure
23 that all funds received under this part are used
24 for—

1 “(i) professional development and
2 mentoring in mathematics and science that
3 are aligned with State content and student
4 performance standards; and

5 “(ii) recruitment activities to attract
6 fully qualified math and science teachers to
7 high-poverty schools.

8 “(B) APPROPRIATIONS OF MORE THAN
9 \$300,000,000.—Except as provided in section
10 2807(c), for any fiscal year for which the ap-
11 propriation for this part is greater than
12 \$300,000,000, the State educational agency
13 and the State agency for higher education shall
14 jointly ensure that the total amount of funds
15 that the agencies receive under this part and
16 that the agencies use for activities described in
17 subparagraph (A) is at least as great as the al-
18 lotment the State would have received if that
19 appropriation had been \$300,000,000.

20 “(2) INTERDISCIPLINARY ACTIVITIES.—A State
21 may use funds received under this part for activities
22 that focus on more than 1 core academic subject,
23 and apply the funds toward meeting the require-
24 ments of paragraph (1), if the activities include a

1 strong focus on improving instruction in mathe-
2 matics or science.

3 “(3) ADDITIONAL FUNDS.—Except as provided
4 in section 2807(c), each State educational agency
5 that receives funds under this part and the State
6 agency for higher education shall jointly ensure that
7 any portion of the funds that exceeds the amount re-
8 quired by paragraph (1) to be spent on activities de-
9 scribed in paragraph (1)(A) is used to provide—

10 “(A) professional development and men-
11 toring in 1 or more of the core academic sub-
12 jects that are aligned with State content and
13 student performance standards; and

14 “(B) recruitment activities involving teach-
15 ers of 1 or more of the core academic subjects.

16 **“SEC. 2804. STATE LEVEL ACTIVITIES.**

17 “(a) ACTIVITIES.—Each State educational agency
18 that receives a grant described in section 2801 shall use
19 the funds made available under section 2803(a)(1) to
20 carry out statewide strategies and activities to improve
21 teacher quality, including—

22 “(1) establishing, expanding, or improving al-
23 ternative routes to State certification or licensing of
24 teachers, for highly qualified individuals with a bac-
25 calaureate degree, mid-career professionals from

1 other occupations, or paraprofessionals, that are at
2 least as rigorous as the State's standards for initial
3 certification or licensing of teachers;

4 “(2) developing or improving systems to evalu-
5 ate the effectiveness of professional development,
6 mentoring, and recruitment activities in improving
7 teacher quality, skills, and content knowledge, and
8 the impact of the professional development, men-
9 toring, and recruitment activities on increasing stu-
10 dent academic achievement and student performance
11 with performance measures drawn from assessments
12 that objectively measure student achievement
13 against State performance standards;

14 “(3) funding projects to promote reciprocity of
15 teacher certification or licensure between or among
16 States;

17 “(4) providing assistance to local educational
18 agencies to reduce out-of-field placements and the
19 use of emergency credentials;

20 “(5) supporting certification by the National
21 Board for Professional Teaching Standards of teach-
22 ers who are teaching or will teach in high-poverty
23 schools;

24 “(6) providing assistance to local educational
25 agencies in implementing effective programs of re-

1 cruitment activities, and professional development
2 and mentoring, including supporting efforts to en-
3 courage and train teachers to become mentor teach-
4 ers;

5 “(7) increasing the rigor and quality of State
6 certification and licensure tests for individuals enter-
7 ing the field of teaching, including subject matter
8 tests for elementary school, middle school, and sec-
9 ondary school teachers; and

10 “(8) implementing teacher recognition pro-
11 grams.

12 “(b) COORDINATION.—A State that receives a grant
13 to carry out this part and a grant under section 202 of
14 the Higher Education Act of 1965 shall coordinate the
15 activities carried out under this section and the activities
16 carried out under that section 202.

17 **“SEC. 2805. GRANTS TO LOCAL EDUCATIONAL AGENCIES.**

18 “(a) GRANTS FOR PROFESSIONAL DEVELOPMENT
19 AND MENTORING ACTIVITIES.—

20 “(1) IN GENERAL.—A State educational agency
21 that receives a grant described in section 2801 shall
22 use the funds made available under section
23 2803(a)(2) (and any funds made available under
24 section 2803(a)(3)(B)) to make grants to eligible
25 local educational agencies, from allocations made

1 under paragraph (2), to carry out the activities de-
2 scribed in section 2807(a) (except as provided in sec-
3 tion 2807(c)).

4 “(2) ALLOCATIONS.—The State educational
5 agency shall allocate to each eligible local edu-
6 cational agency the sum of—

7 “(A) an amount that bears the same rela-
8 tionship to 20 percent of the funds described in
9 paragraph (1) as the number of individuals en-
10 rolled in public and private nonprofit elemen-
11 tary schools and secondary schools in the geo-
12 graphic area served by the agency bears to the
13 number of those individuals in the geographic
14 areas served by all the local educational agen-
15 cies in the State; and

16 “(B) an amount that bears the same rela-
17 tionship to 80 percent of the funds as the num-
18 ber of individuals age 5 through 17 from fami-
19 lies with incomes below the poverty line, in the
20 geographic area served by the agency, as deter-
21 mined by the Secretary on the basis of the most
22 recent satisfactory data, bears to the number of
23 those individuals in the geographic areas served
24 by all the local educational agencies in the
25 State, as so determined.

1 “(3) ELIGIBILITY.—To be eligible to receive a
2 grant from a State educational agency under this
3 subsection, a local educational agency shall serve
4 schools that include—

5 “(A) high-poverty schools;

6 “(B) schools that need support for improv-
7 ing teacher quality based on low achievement of
8 students served;

9 “(C) schools that have low teacher reten-
10 tion rates;

11 “(D) schools that need to improve or ex-
12 pand the knowledge and skills of new and vet-
13 eran teachers in high-priority content areas;

14 “(E) schools that have high out-of-field
15 placement rates; or

16 “(F) high-poverty schools that have been
17 identified for improvement in accordance with
18 section 1116.

19 “(4) EQUITABLE GEOGRAPHIC DISTRIBUTION.—A State educational agency shall ensure an
20 equitable distribution of grants under this subsection
21 among eligible local educational agencies serving
22 urban and rural areas.

24 “(b) GRANTS FOR RECRUITMENT ACTIVITIES.—

1 “(1) IN GENERAL.—A State educational agency
2 that receives a grant under section 2801 shall use
3 the funds made available under section
4 2803(a)(3)(A) to make grants to eligible recruitment
5 partnerships, on a competitive basis, to carry out the
6 recruitment activities and meet requirements de-
7 scribed in section 2807(b).

8 “(2) ELIGIBILITY.—

9 “(A) IN GENERAL.—To be eligible to re-
10 ceive a grant from a State educational agency
11 under this subsection, a recruitment
12 partnership—

13 “(i) shall include an eligible local edu-
14 cational agency, or a consortium of eligible
15 local educational agencies;

16 “(ii) shall include an institution of
17 higher education, a tribal college, or a
18 community college; and

19 “(iii) may include other members,
20 such as a nonprofit organization or profes-
21 sional education organization.

22 “(B) ELIGIBLE LOCAL EDUCATIONAL
23 AGENCY.—In subparagraph (A), the term ‘eligi-
24 ble local educational agency’ means a local edu-
25 cational agency that receives assistance under

1 part A of title I, and meets any additional eligi-
2 bility criteria that the appropriate State edu-
3 cational agency may establish.

4 “(3) **EQUITABLE GEOGRAPHIC DISTRIBUTION.**—A State educational agency shall ensure an
5 equitable distribution of grants under this subsection
6 among eligible recruitment partnerships serving
7 urban and rural areas.

9 **“SEC. 2806. LOCAL APPLICATIONS.**

10 “(a) **IN GENERAL.**—A local educational agency or a
11 recruitment partnership seeking to receive a grant from
12 a State educational agency under section 2805 to carry
13 out activities described in section 2807 shall submit an
14 application to the State educational agency at such time,
15 in such manner, and containing such information as the
16 State educational agency may reasonably require.

17 “(b) **CONTENTS RELATING TO PROFESSIONAL DE-**
18 **VELOPMENT AND MENTORING ACTIVITIES.**—If the local
19 educational agency seeks a grant under section 2805(a)
20 to carry out activities described in section 2807(a), the
21 local application described in subsection (a) shall include
22 in the application, at a minimum, the following:

23 “(1) A description of how the local educational
24 agency intends to use the funds provided through

1 the grant to carry out activities that meet require-
2 ments described in section 2807(a).

3 “(2) An assurance that the local educational
4 agency will target the funds to high-poverty, low-per-
5 forming schools served by the local educational agen-
6 cy that—

7 “(A) have the lowest proportions of quali-
8 fied teachers;

9 “(B) are identified for school improvement
10 and corrective action under section 1116; or

11 “(C) are identified for school improvement
12 in accordance with other measures of school
13 quality as determined and documented by the
14 local educational agency.

15 “(3) A description of how the local educational
16 agency will coordinate professional development and
17 mentoring activities described in section 2807(a)
18 with professional development and mentoring activi-
19 ties provided through other Federal, State, and local
20 programs, including programs authorized under—

21 “(A) titles I, IV, and V, and part A of title
22 VII; and

23 “(B) where applicable, the Individuals with
24 Disabilities Education Act, the Carl D. Perkins
25 Vocational and Technical Education Act of

1 1998, and title II of the Higher Education Act
2 of 1965.

3 “(4) A description of how the local educational
4 agency will integrate funds received to carry out ac-
5 tivities described in section 2807(a) with funds re-
6 ceived under title V that are used for professional
7 development and mentoring in order to carry out
8 professional development and mentoring activities
9 that—

10 “(A) train teachers, paraprofessionals,
11 counselors, pupil services personnel, administra-
12 tors, and other school staff, including school li-
13 brary media specialists, in how to use tech-
14 nology to improve learning and teaching; and

15 “(B) take into special consideration the
16 different learning needs for, and exposures to,
17 technology for all students, including females,
18 students with disabilities, students with limited
19 English proficiency, and students who have eco-
20 nomic and educational disadvantages.

21 “(5) A description of how the local application
22 was developed with extensive participation of teach-
23 ers, paraprofessionals, principals, and parents.

24 “(6) A description of how the professional de-
25 velopment and mentoring activities described in sec-

1 tion 2807(a) will address the ongoing professional
2 development and mentoring of teachers, paraprofes-
3 sionals, counselors, pupil services personnel, admin-
4 istrators, and other school staff, including school li-
5 brary media specialists.

6 “(7) A description of how the professional de-
7 velopment and mentoring activities described in sec-
8 tion 2807(a) will have a substantial, measurable,
9 and positive impact on student achievement and how
10 the activities will be used as part of a broader strat-
11 egy to eliminate the achievement gap that separates
12 low-income and minority students from other stu-
13 dents.

14 “(8) A description of how the local educational
15 agency will address the needs of teachers of students
16 with disabilities, students with limited English pro-
17 ficiency, and other students with special needs.

18 “(9) A description of how the local educational
19 agency will provide training to teachers to enable the
20 teachers to work with parents, involve parents in
21 their child’s education, and encourage parents to be-
22 come collaborators with schools in promoting their
23 child’s education.

1 “(10) The assurances and description referred
2 to in section 2811, with respect to professional de-
3 velopment and mentoring activities.

4 “(c) DEVELOPMENT AND CONTENTS RELATING TO
5 RECRUITMENT ACTIVITIES.—If an eligible local edu-
6 cational agency (as defined in section 2805(b)) seeks a
7 grant under section 2805(b) to carry out activities de-
8 scribed in section 2807(b)—

9 “(1) the eligible local educational agency shall
10 enter into a recruitment partnership, which shall
11 jointly prepare and submit the local application de-
12 scribed in subsection (a); and

13 “(2) at a minimum, the application shall
14 include—

15 “(A) a description of how the recruitment
16 partnership will meet the teacher corps program
17 requirements described in section 2808;

18 “(B) a description of the individual and
19 collective responsibilities of members of the re-
20 cruitment partnership in meeting the require-
21 ments and goals of a teacher corps program de-
22 scribed in section 2808;

23 “(C) information demonstrating that the
24 State agency responsible for teacher licensure

1 or certification in the State in which a recruit-
2 ment partnership is established will—

3 “(i) ensure that a corps member who
4 successfully completes a teacher corps pro-
5 gram will have the academic requirements
6 necessary for initial certification or licen-
7 sure as a teacher in the State; and

8 “(ii) work with the recruitment part-
9 nership to ensure the partnership uses
10 high-quality methods and establishes high-
11 quality requirements concerning alternative
12 routes to certification or licensing, in order
13 to meet State requirements for certifi-
14 cation or licensure; and

15 “(D) the assurances and description re-
16 ferred to in section 2811, with respect to re-
17 cruitment activities.

18 “(d) CONTENTS RELATING TO COVERED RECRUIT-
19 MENT.—If the local educational agency seeks a grant
20 under section 2805(a) to carry out activities described in
21 section 2807(c), the local application described in sub-
22 section (a) shall include, at a minimum, a description of
23 the activities and the manner in which the activities will
24 contribute to accomplishing the objectives of section 2811,

1 and how the activities are in compliance with the require-
2 ments of title I.

3 “(e) APPROVAL.—A State educational agency shall
4 approve a local educational agency’s or recruitment part-
5 nership’s application under this section only if the State
6 educational agency determines that the application is of
7 high quality and holds reasonable promise of achieving the
8 purposes of this part.

9 **“SEC. 2807. LOCAL ACTIVITIES.**

10 “(a) PROFESSIONAL DEVELOPMENT AND MEN-
11 TORING ACTIVITIES.—Except as provided in subsection
12 (c), each local educational agency receiving a grant under
13 section 2805(a) shall use the funds made available
14 through the grant to carry out activities that—

15 “(1) are professional development activities (as
16 defined in section 2812(12)(A)) that—

17 “(A) improve teacher knowledge of—

18 “(i) 1 or more of the core academic
19 subjects;

20 “(ii) effective instructional strategies,
21 methods, and skills for improving student
22 achievement in core academic subjects, in-
23 cluding strategies for identifying and elimi-
24 nating gender and racial bias;

1 “(iii) the use of data and assessments
2 to inform teachers about and thereby help
3 teachers improve classroom practice; and

4 “(iv) innovative instructional meth-
5 odologies designed to meet the diverse
6 learning needs of individual students, in-
7 cluding methodologies that integrate aca-
8 demic and technical skills and applied
9 learning (such as service learning), meth-
10 odologies for interactive and interdis-
11 ciplinary team teaching, and other alternative
12 teaching strategies, such as strategies for
13 experiential learning, career-related edu-
14 cation, and environmental education, that
15 integrate real world applications into the
16 core academic subjects;

17 “(B) provide teachers and paraprofes-
18 sionals (and other staff as appropriate) with in-
19 formation on recent research findings on how
20 children learn to read and with staff develop-
21 ment on research-based instructional strategies
22 for the teaching of reading;

23 “(C) replicate effective instructional prac-
24 tices that involve collaborative groups of teach-

1 ers and administrators from the same school or
2 district, using strategies such as—

3 “(i) provision of dedicated time for
4 collaborative lesson planning and cur-
5 riculum development meetings;

6 “(ii) provision of collaborative profes-
7 sional development experiences for veteran
8 teachers based on the standards in the
9 core academic subjects of the National
10 Board for Professional Teaching Stand-
11 ards;

12 “(iii) consultation with exemplary
13 teachers;

14 “(iv) provision of short-term and long-
15 term visits to classrooms and schools;

16 “(v) participation of teams of teachers
17 in summer institutes and summer immer-
18 sion activities that are focused on pre-
19 paring teachers to enable all students to
20 meet high standards in 1 or more of the
21 core academic subjects; and

22 “(vi) establishment and maintenance
23 of local professional networks that provide
24 a forum for interaction among teachers
25 and administrators and that allow for the

1 exchange of information on advances in
2 content knowledge and teaching skills;

3 “(D) provide for the participation of para-
4 professionals, pupil services personnel, and
5 other school staff;

6 “(E) include strategies for fostering mean-
7 ingful parental involvement and relations with
8 parents to encourage parents to become collabo-
9 rators in their children’s education, for improv-
10 ing classroom management and discipline, and
11 for integrating technology into a curriculum;

12 “(F) as a whole, are regularly evaluated
13 for their impact on increased teacher effective-
14 ness and improved student achievement, with
15 the findings of the evaluations used to improve
16 the quality of activities described in this para-
17 graph;

18 “(G) include, to the extent practicable, the
19 establishment of a partnership with an institu-
20 tion of higher education, another local edu-
21 cational agency, a teacher organization, or an-
22 other organization, for the purpose of carrying
23 out activities described in this paragraph; and

24 “(H) include ongoing and school-based
25 support for activities described in this para-

1 graph, such as support for peer review, coach-
2 ing, or study groups, and the provision of re-
3 lease time as needed for the activities; and

4 “(2) are mentoring activities.

5 “(b) RECRUITMENT ACTIVITIES.—Each recruitment
6 partnership receiving a grant under section 2805(b) shall
7 use the funds made available through the grant to carry
8 out recruitment activities described in section 2808.

9 “(c) COVERED RECRUITMENT.—A local educational
10 agency receiving a grant under section 2805(a) for a fiscal
11 year may elect to use a portion of the funds made available
12 through the grant, but not more than the agency’s share
13 of 10 percent of the funds allotted to the State involved
14 under section 2801 for the fiscal year, to carry out recruit-
15 ment (including recruitment through the use of signing
16 bonuses and other financial incentives) and hiring of fully
17 qualified teachers.

18 **“SEC. 2808. RECRUITMENT ACTIVITIES THROUGH A TEACH-
19 ER CORPS PROGRAM.**

20 “(a) TEACHER CORPS PROGRAM REQUIREMENTS.—

21 “(1) RECRUITMENT.—A recruitment partner-
22 ship that receives a grant under section 2805(b)
23 shall broadly recruit and screen for a teacher corps
24 a highly qualified pool of candidates who dem-

1 onstrate the potential to become effective teachers.

2 Each candidate shall meet—

3 “(A) standards to ensure that—

4 “(i) each corps member possesses ap-
5 propriate, high-level credentials and pre-
6 sents the likelihood of becoming an effec-
7 tive teacher; and

8 “(ii) each group of corps members in-
9 cludes people who have expertise in aca-
10 demic subjects and otherwise meet the spe-
11 cific needs of the district to be served; and

12 “(B) any additional standard that the re-
13 cruitment partnership establishes to enhance
14 the quality and diversity of candidates and to
15 meet the academic and grade level needs of the
16 partnership.

17 “(2) REQUIRED CURRICULUM AND PLACE-
18 MENT.—Members of the recruitment partnership
19 shall work together to plan and develop a program
20 that includes—

21 “(A) a rigorous curriculum that includes a
22 preservice training program (incorporating in-
23 novative approaches to preservice training, such
24 as distance learning), for a period not to exceed
25 1 year, that provides corps members with the

1 skills and knowledge necessary to become effective
2 teachers, by—

3 “(i) requiring completed course work
4 in basic areas of teaching, such as principles of learning and child development,
5 effective teaching strategies, assessments,
6 and classroom management, and in the
7 pedagogy related to the academic subjects
8 in which a corps member intends to teach;

9 “(ii) providing extensive preparation
10 in the pedagogy of reading to corps members,
11 including preparation components
12 that focus on—

13 “(I) understanding the psychology of reading, and human growth
14 and development;

15 “(II) understanding the structure
16 of the English language; and

17 “(III) learning and applying the
18 best teaching methods to all aspects
19 of reading instruction;

20 “(iii) providing training in the use of
21 technology as a tool to enhance a corps
22 member’s effectiveness as a teacher and
23
24

1 improve the achievement of the corps mem-
2 ber's students; and

3 “(iv) focusing on the teaching skills
4 and knowledge that corps members need to
5 enable all students to meet the State's
6 highest challenging content and student
7 performance standards;

8 “(B) placement of a corps member with
9 the local educational agency participating in the
10 recruitment partnership, in a teaching intern-
11 ship that—

12 “(i) includes intensive mentoring;

13 “(ii) provides a reduced teaching load;

14 and

15 “(iii) provides regular opportunities
16 for the corps member to co-teach with a
17 mentor teacher, observe other teachers,
18 and be observed and coached by other
19 teachers;

20 “(C) individualized inservice training over
21 the course of the corps member's first 2 years
22 of full-time teaching that provides—

23 “(i) high-quality professional develop-
24 ment, coordinated jointly by members of
25 the recruitment partnership, and the

1 course work necessary to provide additional
2 or supplementary knowledge to meet the
3 specific needs of the corps member; and

4 “(ii) ongoing mentoring by a teacher
5 who meets the criteria for a mentor teach-
6 er described in paragraph (4)(B), including
7 the requirements of section 2812(10); and

8 “(D) collaboration between the recruitment
9 partnership and local community student and
10 parent groups, to assist corps members in en-
11 hancing their understanding of the community
12 in which the members are placed.

13 “(3) EVALUATION.—A recruitment partnership
14 shall evaluate a corps member’s progress in course
15 study and classroom practice at regular intervals.
16 Each recruitment partnership shall have a formal
17 process to identify corps members who seem unlikely
18 to become effective teachers and terminate their par-
19 ticipation in the program.

20 “(4) MENTOR TEACHERS.—

21 “(A) IN GENERAL.—A recruitment part-
22 nership shall develop a plan for the program,
23 which shall include strategies for identifying, re-
24 cruiting, training, and providing ongoing sup-

1 port to individuals who will serve as mentor
2 teachers to corps members.

3 “(B) MENTOR TEACHER REQUIRE-
4 MENTS.—The plan described in subparagraph
5 (A) shall specify the criteria that the recruit-
6 ment partnership will use to identify and select
7 mentor teachers and, at a minimum, shall—

8 “(i) require a mentor teacher to meet
9 the requirements of section 2812(10); and

10 “(ii) require that consideration be
11 given to teachers with national board cer-
12 tification.

13 “(C) COMPENSATION.—The plan shall
14 specify the compensation—

15 “(i) for mentor teachers, including
16 monetary compensation, release time, or a
17 reduced work load to ensure that mentor
18 teachers can provide ongoing support for
19 corps members; and

20 “(ii) for corps members, including sal-
21 ary levels and the stipends, if any, that will
22 be provided during a corps member’s
23 preservice training.

24 “(5) ASSURANCES.—The plan shall include as-
25 surances that—

1 “(A) a corps member will be assigned to
2 teach only academic subjects and grade levels
3 for which the member is fully qualified;

4 “(B) corps members, to the extent prac-
5 ticable, will be placed in schools with teams of
6 corps members; and

7 “(C) every mentor teacher will be provided
8 sufficient time to meet the needs of the corps
9 members assigned to the mentor teacher.

10 “(b) CORPS MEMBER QUALIFICATIONS.—

11 “(1) CANDIDATES INTENDING TO TEACH IN EL-
12 EMENTARY SCHOOLS.—At a minimum, to be accept-
13 ed by a teacher corps program, a candidate who in-
14 tends to teach at the elementary school level shall—

15 “(A) have a bachelor’s degree;

16 “(B) possess an outstanding commitment
17 to working with children and youth;

18 “(C) possess a strong professional or post-
19 secondary record of achievement; and

20 “(D) pass all basic skills and subject mat-
21 ter tests required by the State for teacher cer-
22 tification or licensure.

23 “(2) CANDIDATES INTENDING TO TEACH IN
24 SECONDARY SCHOOLS.—At a minimum, to be ac-

1 cepted by a teacher corps program, a candidate who
2 intends to teach at the secondary school level shall—

3 “(A) meet the requirements described in
4 paragraph (1); and

5 “(B)(i) possess at least an academic major
6 or postsecondary degree in each academic sub-
7 ject in which the candidate intends to teach; or

8 “(ii) if the candidate did not major or earn
9 a postsecondary degree in an academic subject
10 in which the candidate intends to teach, have
11 completed a rigorous course of instruction in
12 that subject that is equivalent to having ma-
13 jored in the subject.

14 “(3) SPECIAL RULE.—Notwithstanding para-
15 graph (2)(B), the recruitment partnership may con-
16 sider the candidate to be an eligible corps member
17 and accept the candidate for a teacher corps pro-
18 gram if the candidate has worked successfully and
19 directly in a field and in a position that provided the
20 candidate with direct and substantive knowledge in
21 the academic subject in which the candidate intends
22 to teach.

23 “(c) THREE-YEAR COMMITMENT TO TEACHING IN
24 ELIGIBLE DISTRICTS.—

1 “(1) IN GENERAL.—In return for acceptance to
2 a teacher corps program, a corps member shall com-
3 mit to 3 years of full-time teaching in a school or
4 district served by a local educational agency partici-
5 pating in a recruitment partnership receiving funds
6 under this part.

7 “(2) REIMBURSEMENT.—

8 “(A) IN GENERAL.—If a corps member
9 leaves the school district to which the corps
10 member has been assigned prior to the end of
11 the 3-year period described in paragraph (1),
12 the corps member shall be required to reim-
13 burse the Secretary for the amount of the Fed-
14 eral share of the cost of the corps member’s
15 participation in the teacher corps program.

16 “(B) PARTNERSHIP CLAIMS.—A recruit-
17 ment partnership that provides a teacher corps
18 program to a corps member who leaves the
19 school district, as discussed in subparagraph
20 (A), may submit a claim to the corps member
21 requiring the corps member to reimburse the
22 recruitment partnership for the amount of the
23 partnership’s share of the cost described in sub-
24 paragraph (A).

1 “(C) REDUCTION.—Reimbursements re-
2 quired under this paragraph may be reduced
3 proportionally based on the amount of time a
4 corps member remained in the teacher corps
5 program beyond the corps member’s initial 2
6 years of service.

7 “(D) WAIVER.—The Secretary may waive
8 reimbursements required under subparagraph
9 (A) in the case of severe hardship to a corps
10 member who leaves the school district, as de-
11 scribed in subparagraph (A).

12 “(d) FEDERAL SHARE; NON-FEDERAL SHARE.—

13 “(1) PAYMENT OF FEDERAL SHARE.—The Sec-
14 retary shall pay to each recruitment partnership car-
15 rying out a teacher corps program under this section
16 the Federal share of the cost of the activities de-
17 scribed in the partnership’s application under section
18 2806(c).

19 “(2) NON-FEDERAL SHARE.—A recruitment
20 partnership’s share of the cost of the activities de-
21 scribed in the partnership’s application under section
22 2806(c)—

23 “(A) may be provided in cash or in kind,
24 fairly evaluated, including plant, equipment, or
25 services; and

1 make grants to (including entering into contracts or
2 cooperative agreements with) partnerships of—

3 “(A) institutions of higher education that
4 are in full compliance with all reporting require-
5 ments of title II of the Higher Education Act
6 of 1965 or nonprofit organizations of dem-
7 onstrated effectiveness in providing professional
8 development and mentoring in the core aca-
9 demic subjects; and

10 “(B) eligible local educational agencies (as
11 defined in section 2805(b)(2)), to carry out ac-
12 tivities (and only activities) described in sub-
13 section (e).

14 “(2) SIZE; DURATION.—Each grant made under
15 this section shall be—

16 “(A) in a sufficient amount to carry out
17 the objectives of this section effectively; and

18 “(B) for a period of 3 years, which the
19 State agency for higher education may extend
20 for an additional 2 years if the agency deter-
21 mines that the partnership is making substan-
22 tial progress toward meeting the specific goals
23 set out in the written agreement required in
24 subsection (c) and on the performance meas-
25 ures described in section 2804(a)(2).

1 “(3) APPLICATIONS.—To be eligible to receive a
2 grant under this section, a partnership shall submit
3 an application to the State agency for higher edu-
4 cation at such time, in such manner, and containing
5 such information as the agency may reasonably re-
6 quire.

7 “(4) AWARD PROCESS AND BASIS.—The State
8 agency for higher education shall make the grants
9 on a competitive basis, using a peer review process.

10 “(5) PRIORITY.—In making the grants, the
11 State agency for higher education shall give priority
12 to partnerships submitting applications for projects
13 that focus on mentoring programs for beginning
14 teachers.

15 “(6) CONSIDERATIONS.—In making such a
16 grant for a partnership, the State agency for higher
17 education shall consider—

18 “(A) the need of the local educational
19 agency involved for the professional develop-
20 ment and mentoring activities proposed in the
21 application;

22 “(B) the quality of the program proposed
23 in the application and the likelihood of success
24 of the program in improving classroom instruc-
25 tion and student academic achievement; and

1 “(C) such other criteria as the agency
2 finds to be appropriate.

3 “(c) AGREEMENTS.—

4 “(1) IN GENERAL.—No partnership may receive
5 a grant under this section unless the institution of
6 higher education or nonprofit organization involved
7 enters into a written agreement with at least 1 eligi-
8 ble local educational agency (as defined in section
9 2805(b)(2)) to provide professional development and
10 mentoring for elementary school and secondary
11 school teachers in the schools served by that agency
12 in the core academic subjects.

13 “(2) GOALS.—Each such agreement shall iden-
14 tify specific measurable annual goals concerning how
15 the professional development and mentoring that the
16 partnership provides will enhance the ability of the
17 teachers to prepare all students to meet challenging
18 State and local content and student performance
19 standards.

20 “(d) JOINT EFFORTS WITHIN INSTITUTIONS OF
21 HIGHER EDUCATION.—Each professional development
22 and mentoring activity assisted under this section by a
23 partnership containing an institution of higher education
24 shall involve the joint effort of the institution of higher
25 education’s school or department of education and the

1 schools or departments of the institution in the specific
2 disciplines in which the professional development and men-
3 toring will be provided.

4 “(e) USES OF FUNDS.—A partnership that receives
5 funds under this section shall use the funds for activities
6 (and only for activities) that consist of—

7 “(1) professional development and mentoring in
8 the core academic subjects, aligned with State or
9 local content standards, for teams of teachers from
10 a school or school district and, where appropriate,
11 administrators and paraprofessionals;

12 “(2) research-based professional development
13 and mentoring programs to assist beginning teach-
14 ers, which may include—

15 “(A) mentoring and coaching by trained
16 mentor teachers that lasts at least 2 years;

17 “(B) team teaching with veteran teachers
18 who have a consistent record of helping their
19 students make substantial academic gains;

20 “(C) provision of time for observation of,
21 and consultation with, veteran teachers;

22 “(D) provision of reduced teaching loads;
23 and

24 “(E) provision of additional time for prep-
25 aration;

1 “(3) the provision of technical assistance to
2 school and agency staff for planning, implementing,
3 and evaluating professional development and men-
4 toring;

5 “(4) the provision of training for teachers to
6 help the teachers develop the skills necessary to
7 work most effectively with parents; and

8 “(5) in appropriate cases, the provision of
9 training to address areas of teacher and adminis-
10 trator shortages.

11 “(f) COORDINATION.—Any partnership that carries
12 out professional development and mentoring activities
13 under this section shall coordinate the activities with ac-
14 tivities carried out under title II of the Higher Education
15 Act of 1965, if a local educational agency or institution
16 of higher education in the partnership is participating in
17 programs funded under that title.

18 “(g) ANNUAL REPORTS.—

19 “(1) IN GENERAL.—Beginning with fiscal year
20 2002, each partnership that receives a grant under
21 this section shall prepare and submit to the appro-
22 priate State agency for higher education, by a date
23 set by that agency, an annual report on the progress
24 of the partnership on the performance measures de-
25 scribed in section 2804(a)(2).

1 “(2) CONTENTS.—Each such report shall—

2 “(A) include a copy of each written agree-
3 ment required by subsection (c) that is entered
4 into by the partnership; and

5 “(B) describe how the members of the
6 partnership have collaborated to achieve the
7 specific goals set out in the agreement, and the
8 results of that collaboration.

9 “(3) COPY.—The State agency for higher edu-
10 cation shall provide the State educational agency
11 with a copy of each such report.

12 **“SEC. 2810. STATE APPLICATION ACCOUNTABILITY PROVI-**
13 **SIONS.**

14 “(a) ASSURANCES.—Each State application sub-
15 mitted under section 2802 shall contain assurances that—

16 “(1) beginning on the date of enactment of the
17 Leave No Child Behind Act of 2001, no school in
18 the State that is served under this part will use
19 funds received under this part to hire a teacher who
20 is not a fully qualified teacher; and

21 “(2) not later than 4 years after the date of en-
22 actment of the Leave No Child Behind Act of 2001,
23 each teacher in the State who provides services to
24 students served under this part shall be a fully
25 qualified teacher.

1 “(b) WITHHOLDING.—If a State fails to meet the re-
2 quirements described in subsection (a)(2) for a fiscal year
3 in which the requirements apply—

4 “(1) the Secretary shall withhold, for the fol-
5 lowing fiscal year, a portion of the funds that would
6 otherwise be available to the State under section
7 2803(a)(1) for the administration of this part; and

8 “(2) the State shall be subject to such other
9 penalties as are provided by law for a violation of
10 this Act.

11 “(c) ASSISTANCE BY STATE EDUCATIONAL AGEN-
12 CY.—Each State application submitted under section
13 2802 shall describe how the State educational agency will
14 help each local educational agency and school in the State
15 develop the capacity to comply with the requirements of
16 this section.

17 **“SEC. 2811. LOCAL APPLICATION ACCOUNTABILITY PROVI-**
18 **SIONS.**

19 “Each local application submitted under section 2806
20 shall contain assurances that—

21 “(1) the agency will not hire a teacher with
22 funds made available to the agency under this part,
23 unless the teacher is a fully qualified teacher;

24 “(2) the local educational agency and schools
25 served by the agency will work to ensure, through

1 voluntary agreements and incentive programs, that
2 elementary school and secondary school teachers in
3 high-poverty schools served by the local educational
4 agency will be at least as well qualified, in terms of
5 experience and credentials, as the instructional staff
6 in schools served by the same local educational agen-
7 cy that are not high-poverty schools;

8 “(3) any teacher who receives certification from
9 the National Board for Professional Teaching
10 Standards will be considered fully qualified to teach
11 in the academic subjects in which the teacher is cer-
12 tified in high-poverty schools in any school district
13 or community served by the local educational agen-
14 cy; and

15 “(4) the agency will—

16 “(A) make available, on request and in an
17 understandable and uniform format, to any par-
18 ent of a student attending any school served by
19 the local educational agency, information re-
20 garding the professional qualifications of the
21 student’s classroom teachers with regard to—

22 “(i) whether the teacher has met
23 State certification or licensing criteria for
24 the academic subjects and grade level in
25 which the teacher teaches the student;

1 “(ii) whether the teacher is teaching
2 with emergency credentials or whether any
3 State certification or licensing standard
4 has been waived for the teacher; and

5 “(iii) the academic qualifications of
6 the teacher in the academic subjects and
7 grade levels in which the teacher teaches;
8 and

9 “(B) inform parents that the parents are
10 entitled to receive the information upon request.

11 **“SEC. 2812. DEFINITIONS.**

12 “In this part:

13 “(1) BEGINNING TEACHER.—The term ‘begin-
14 ning teacher’ means a fully qualified teacher who
15 has taught for 3 years or less.

16 “(2) CORE ACADEMIC SUBJECTS.—The term
17 ‘core academic subjects’ means—

18 “(A) mathematics;

19 “(B) science;

20 “(C) reading (or language arts) and
21 English;

22 “(D) social studies (consisting of history,
23 civics, government, geography, and economics);

24 “(E) foreign languages; and

1 “(F) fine arts (consisting of music, dance,
2 drama, and the visual arts).

3 “(3) COVERED RECRUITMENT.—The term ‘cov-
4 ered recruitment’ means activities described in sec-
5 tion 2807(c).

6 “(4) FULLY QUALIFIED.—

7 “(A) IN GENERAL.—The term ‘fully quali-
8 fied’, used with respect to a teacher, means a
9 teacher who—

10 “(i)(I) is certified or licensed and has
11 demonstrated the academic subject knowl-
12 edge, teaching knowledge, and teaching
13 skills necessary to teach effectively in the
14 academic subject in which the teacher
15 teaches, according to the standards de-
16 scribed in subparagraph (B) or (C), as ap-
17 propriate; and

18 “(II) shall not be a teacher for whom
19 State certification or licensing require-
20 ments have been waived or who is teaching
21 under emergency credentials; or

22 “(ii) meets the standards of the Na-
23 tional Board for Professional Teaching
24 Standards.

1 “(B) ELEMENTARY SCHOOL INSTRU-
2 TIONAL STAFF.—For purposes of complying
3 with subparagraph (A)(i), each elementary
4 school teacher (other than a middle school
5 teacher) in the State shall, at a minimum—

6 “(i) have State certification or a State
7 license to teach (which may include certifi-
8 cation or licensing obtained through alter-
9 native routes); and

10 “(ii) hold a bachelor’s degree and
11 demonstrate the academic subject knowl-
12 edge, teaching knowledge, and teaching
13 skills required to teach effectively in read-
14 ing, writing, mathematics, social studies,
15 science, and other academic subjects.

16 “(C) MIDDLE SCHOOL AND SECONDARY
17 SCHOOL INSTRUCTIONAL STAFF.—For purposes
18 of complying with subparagraph (A)(i), each
19 middle school or secondary school teacher in the
20 State shall, at a minimum—

21 “(i) have State certification or a State
22 license to teach (which may include certifi-
23 cation or licensing obtained through alter-
24 native routes); and

1 “(ii) hold a bachelor’s degree or high-
2 er degree and demonstrate a high level of
3 competence in all academic subjects in
4 which the teacher teaches through—

5 “(I) achievement of a high level
6 of performance on rigorous academic
7 subject tests;

8 “(II) completion of an academic
9 major (or courses totaling an equiva-
10 lent number of credit hours) in each
11 of the academic subjects in which the
12 teacher teaches; or

13 “(III) for a teacher hired prior to
14 the date of enactment of the Leave
15 No Child Behind Act of 2001, comple-
16 tion of appropriate course work for
17 mastery of such academic subjects.

18 “(5) HIGH-POVERTY.—The term ‘high-poverty’,
19 used with respect to a school, means a school that
20 serves a high number or percentage of children from
21 families with incomes below the poverty line, as de-
22 termined by the State in which the school is located.

23 “(6) HIGH-POVERTY LOCAL EDUCATIONAL
24 AGENCY.—The term ‘high-poverty local educational
25 agency’ means a local educational agency for which

1 the number of children served by the agency who are
2 age 5 through 17, and from families with incomes
3 below the poverty line—

4 “(A) is not less than 20 percent of the
5 number of all children served by the agency; or

6 “(B) is more than 10,000.

7 “(7) INSTITUTION OF HIGHER EDUCATION.—

8 The term ‘institution of higher education’—

9 “(A) has the meaning given the term in
10 section 101(a) of the Higher Education Act of
11 1965; and

12 “(B) if such an institution prepares teach-
13 ers and receives Federal funds, means such an
14 institution that—

15 “(i) is in full compliance with the re-
16 quirements of section 207 of the Higher
17 Education Act of 1965; and

18 “(ii) does not have a teacher prepara-
19 tion program identified by a State as low-
20 performing.

21 “(8) LOW-PERFORMING SCHOOL.—The term
22 ‘low-performing school’ means—

23 “(A) a school identified by a local edu-
24 cational agency for school improvement under
25 section 1116(e); or

1 “(B) a school in which the great majority
2 of students, as determined by the State in
3 which the school is located, fail to meet State
4 student performance standards based on assess-
5 ments the local educational agency is using
6 under part A of title I.

7 “(9) MENTORING.—The term ‘mentoring’
8 means activities that—

9 “(A) consist of structured guidance and
10 regular and ongoing support for beginning
11 teachers, that—

12 “(i) is designed to help the teachers
13 continue to improve their practice of teach-
14 ing and to develop their instructional skills;
15 and

16 “(ii)(I) is part of a multiyear, develop-
17 mental induction process;

18 “(II) involves the assistance of a men-
19 tor teacher and other appropriate individ-
20 uals from a school, local educational agen-
21 cy, or institution of higher education; and

22 “(III) may include coaching, class-
23 room observation, team teaching, and re-
24 duced teaching loads; and

1 “(B) may include the establishment of a
2 partnership by a local educational agency with
3 an institution of higher education, another local
4 educational agency, teacher organization, or an-
5 other organization, for the purpose of carrying
6 out the activities described in subparagraph
7 (A).

8 “(10) MENTOR TEACHER.—The term ‘mentor
9 teacher’ means a fully qualified teacher who—

10 “(A) is a highly competent classroom
11 teacher who is formally selected and trained to
12 work effectively with beginning teachers (includ-
13 ing corps members described in section 2808);

14 “(B) is full-time, and is assigned and
15 qualified to teach in the content area or grade
16 level in which a beginning teacher (including a
17 corps member described in section 2808), to
18 whom the teacher provides mentoring, intends
19 to teach;

20 “(C) has been consistently effective in
21 helping diverse groups of students make sub-
22 stantial achievement gains; and

23 “(D) has been selected to provide men-
24 toring through a peer review process that uses,
25 as the primary selection criterion for the proc-

1 ess, the teacher’s ability to help students
2 achieve academic gains.

3 “(11) POVERTY LINE.—The term ‘poverty line’
4 means the poverty line (as defined by the Office of
5 Management and Budget, and revised annually in
6 accordance with section 673(2) of the Community
7 Services Block Grant Act (42 U.S.C. 9902(2))) ap-
8 plicable to a family of the size involved.

9 “(12) PROFESSIONAL DEVELOPMENT.—The
10 term ‘professional development’ means activities that
11 are—

12 “(A)(i) an integral part of broad
13 schoolwide and districtwide educational im-
14 provement plans and enhance the ability of
15 teachers and other staff to help all students, in-
16 cluding females, students with disabilities, stu-
17 dents with limited English proficiency, and stu-
18 dents who have economic and educational dis-
19 advantages, meet high State and local content
20 and student performance standards;

21 “(ii) sustained, intensive, school-embedded,
22 tied to State standards, and of high quality and
23 sufficient duration to have a positive and last-
24 ing impact on classroom instruction (not one-
25 time workshops); and

1 “(iii) based on the best available research
2 on teaching and learning; and

3 “(B) described in subparagraphs (A)
4 through (F) of section 2807(a)(1).

5 “(13) RECRUITMENT ACTIVITIES.—The term
6 ‘recruitment activities’ means activities carried out
7 through a teacher corps program as described in sec-
8 tion 2808 to attract highly qualified individuals, in-
9 cluding individuals taking nontraditional routes to
10 teaching, to enter teaching and support the individ-
11 uals during necessary certification and licensure ac-
12 tivities.

13 “(14) RECRUITMENT PARTNERSHIP.—The term
14 ‘recruitment partnership’ means a partnership de-
15 scribed in section 2805(b)(2).

16 **“SEC. 2813. AUTHORIZATION OF APPROPRIATIONS.**

17 “‘There is authorized to be appropriated to carry out
18 this part, \$1,730,000,000 for fiscal year 2002 and for
19 each of the 4 succeeding fiscal years.’”.

20 **Subchapter B—National Board Certification**
21 **Program**

22 **SEC. 3471. PURPOSE.**

23 It is the purpose of this subchapter to assist 105,000
24 elementary school or secondary school teachers in becom-
25 ing board certified by the year 2006.

1 **SEC. 3472. GRANTS TO EXPAND PARTICIPATION IN THE NA-**
2 **TIONAL BOARD CERTIFICATION PROGRAM.**

3 (a) DEFINITIONS.—The terms used in this section
4 have the meanings given the terms in section 14101 of
5 the Elementary and Secondary Education Act of 1965 (20
6 U.S.C. 8801).

7 (b) GRANTS AUTHORIZED.—From amounts appro-
8 priated under subsection (f), the Secretary shall award
9 grants to States to enable such States to provide subsidies
10 to elementary school and secondary school teachers who
11 enroll in the certification program of the National Board
12 for Professional Teaching Standards.

13 (c) APPLICATION.—To be eligible to receive a grant
14 under subsection (b), a State shall prepare and submit to
15 the Secretary an application at such time, in such manner,
16 and containing such information as the Secretary may re-
17 quire.

18 (d) AMOUNT OF GRANT.—The amount of a grant
19 awarded to a State under subsection (b) shall be deter-
20 mined by the Secretary.

21 (e) USE OF FUNDS.—

22 (1) IN GENERAL.—A State shall use amounts
23 received under a grant under this section to provide
24 a subsidy to an eligible teacher who enrolls and com-
25 pletes the teaching certification program of the Na-
26 tional Board for Professional Teaching Standards.

1 (2) ELIGIBILITY.—

2 (A) IN GENERAL.—To be eligible to receive
3 a subsidy under this section an individual
4 shall—

5 (i) be a teacher in an elementary
6 school or secondary school, served by a
7 local educational agency that meets the eli-
8 gibility requirements described in subpara-
9 graph (B), in the State involved;

10 (ii) prepare and submit to the State
11 an application at such time, in such man-
12 ner, and containing such information as
13 the State may require; and

14 (iii) certify to the State that the indi-
15 vidual intends to enroll and complete the
16 teaching certification program of the Na-
17 tional Board for Professional Teaching
18 Standards.

19 (B) LOCAL EDUCATIONAL AGENCY.—A
20 local educational agency described in subpara-
21 graph (A)(i) is a local educational agency
22 that—

23 (i) serves low achieving students as
24 measured by low graduation rates or low
25 scores on assessment exams;

1 (ii) has a low teacher retention rate in
2 the schools served by the local educational
3 agency;

4 (iii) has a high rate of out-of-field
5 placement of teachers in the schools served
6 by the local educational agency; and

7 (iv) has a shortage of teachers of
8 mathematics or physical science in the
9 schools served by the local educational
10 agency.

11 (3) AMOUNT OF SUBSIDY.—Subject to the
12 availability of funds, a State shall provide a teacher
13 who has an application approved under paragraph
14 (2) with a subsidy in an amount equal to 90 percent
15 of the cost of enrollment in the program described
16 in paragraph (2)(A)(iii).

17 (f) APPROPRIATIONS.—There are authorized to be
18 appropriated to carry out this section, \$37,800,000 for
19 each of the fiscal years 2002 through 2006.

20 **Subchapter C—Student Loan Forgiveness for**
21 **Teachers**

22 **SEC. 3481. STUDENT LOAN FORGIVENESS FOR TEACHERS.**

23 (a) GUARANTEED LOANS.—Section 428J of the
24 Higher Education Act of 1965 (20 U.S.C. 1078–10) is
25 amended to read as follows:

1 **“SEC. 428J. LOAN FORGIVENESS FOR TEACHERS.**

2 “(a) STATEMENT OF PURPOSE.—It is the purpose of
3 this section to encourage individuals to enter and continue
4 in the teaching profession.

5 “(b) PROGRAM AUTHORIZED.—The Secretary shall
6 carry out a program, through the holder of the loan, of
7 assuming the obligation to repay in accordance with sub-
8 section (c) a qualified loan amount for a loan made under
9 section 428 or 428H for any borrower who—

10 “(1) is employed as a full-time teacher during
11 the academic year beginning in calendar year 2001
12 or during any subsequent academic year—

13 “(A) in a school that qualifies under sec-
14 tion 465(a)(2)(A) for loan cancellation for Per-
15 kins loan recipients who teach in such schools;

16 “(B) if employed as a secondary school
17 teacher, is teaching—

18 “(i) a subject area that is relevant to
19 the borrower’s academic major as certified
20 by the chief administrative officer of the
21 public or nonprofit private secondary
22 school in which the borrower is employed;
23 or

24 “(ii) special education or bilingual
25 education;

1 “(C) if employed as an elementary school
2 teacher, has demonstrated, as certified by the
3 chief administrative officer of the public or non-
4 profit private elementary school in which the
5 borrower is employed, knowledge and teaching
6 skills in reading, writing, mathematics, special
7 education, bilingual education, or other areas of
8 the elementary school curriculum; and

9 “(D) is fully qualified, as such term is de-
10 fined in section 2812(4)(A) of the Elementary
11 and Secondary Education Act of 1965; and

12 “(2) is not in default on a loan for which the
13 borrower seeks forgiveness.

14 “(c) QUALIFIED LOANS AMOUNT.—

15 “(1) IN GENERAL.—Of the aggregate loan obli-
16 gations of a borrower on loans made under section
17 428 or 428H that are outstanding after the comple-
18 tion of the first complete school year of teaching de-
19 scribed in subsection (b)(1) for which the borrower
20 applies for repayment under this section, the Sec-
21 retary shall repay not more than—

22 “(A) \$3,000 for each of the first and sec-
23 ond such complete school years;

24 “(B) \$4,000 for the third such complete
25 school year; and

1 “(C) \$5,000 for each of the fourth and
2 fifth such complete school years.

3 “(2) TREATMENT OF CONSOLIDATION LOANS.—

4 A loan amount for a loan made under section 428C
5 may be a qualified loan amount for the purposes of
6 this subsection only to the extent that such loan
7 amount was used to repay a Federal Direct Stafford
8 Loan, a Federal Direct Unsubsidized Stafford Loan,
9 or a loan made under section 428 or 428H for a
10 borrower who meets the requirements of subsection
11 (b), as determined in accordance with regulations
12 prescribed by the Secretary.

13 “(d) REGULATIONS.—The Secretary is authorized to
14 issue such regulations as may be necessary to carry out
15 the provisions of this section.

16 “(e) CONSTRUCTION.—Nothing in this section shall
17 be construed to authorize any refunding of any repayment
18 of a loan.

19 “(f) LIST.—If the list of schools in which a teacher
20 may perform service pursuant to subsection (b) is not
21 available before May 1 of any year, the Secretary may use
22 the list for the year preceding the year for which the deter-
23 mination is made to make such service determination.

24 “(g) ADDITIONAL ELIGIBILITY PROVISIONS.—

1 “(1) CONTINUED ELIGIBILITY.—Any teacher
2 who performs service in a school that—

3 “(A) meets the requirements of subsection
4 (b)(1)(A) in any year during such service; and

5 “(B) in a subsequent year fails to meet the
6 requirements of such subsection,

7 may continue to teach in such school and shall be
8 eligible for loan forgiveness pursuant to subsection
9 (b).

10 “(2) PREVENTION OF DOUBLE BENEFITS.—No
11 borrower may, for the same service, receive a benefit
12 under both this subsection and subtitle D of title I
13 of the National and Community Service Act of 1990
14 (42 U.S.C. 12571 et seq.). No borrower may receive
15 a reduction of loan obligations under both this sec-
16 tion and section 460.

17 “(h) DEFINITION.—For purposes of this section, the
18 term ‘year’, where applied to service as a teacher, means
19 an academic year as defined by the Secretary.”.

20 (b) DIRECT LOANS.—Section 460 of such Act (20
21 U.S.C. 1087j) is amended to read as follows:

22 **“SEC. 460. LOAN FORGIVENESS FOR TEACHERS.**

23 “(a) STATEMENT OF PURPOSE.—It is the purpose of
24 this section to encourage individuals to enter and continue
25 in the teaching profession.

1 “(b) PROGRAM AUTHORIZED.—The Secretary shall
2 carry out a program of canceling the obligation to repay
3 a qualified loan amount in accordance with subsection (c)
4 for Federal Direct Stafford Loans and Federal Direct Un-
5 subsidized Stafford Loans made under this part for any
6 borrower who—

7 “(1) is employed as a full-time teacher during
8 the academic year beginning in calendar year 2001
9 or during any subsequent academic year—

10 “(A) in a school that qualifies under sec-
11 tion 465(a)(2)(A) for loan cancellation for Per-
12 kins loan recipients who teach in such schools;

13 “(B) if employed as a secondary school
14 teacher, is teaching—

15 “(i) a subject area that is relevant to
16 the borrower’s academic major as certified
17 by the chief administrative officer of the
18 public or nonprofit private secondary
19 school in which the borrower is employed;
20 or

21 “(ii) special education or bilingual
22 education;

23 “(C) if employed as an elementary school
24 teacher, has demonstrated, as certified by the
25 chief administrative officer of the public or non-

1 profit private elementary school in which the
2 borrower is employed, knowledge and teaching
3 skills in reading, writing, mathematics, special
4 education, bilingual education, and other areas
5 of the elementary school curriculum; and

6 “(D) is fully qualified, as such term is de-
7 fined in section 2812(4)(A) of the Elementary
8 and Secondary Education Act of 1965; and

9 “(2) is not in default on a loan for which the
10 borrower seeks forgiveness.

11 “(c) QUALIFIED LOANS AMOUNT.—

12 “(1) IN GENERAL.—Of the aggregate loan obli-
13 gations of a borrower on Federal Direct Stafford
14 Loans and Federal Direct Unsubsidized Stafford
15 Loans made under this part that are outstanding
16 after the completion of the first complete school year
17 of teaching described in subsection (b)(1) for which
18 the borrower applies for cancellation under this sec-
19 tion, the Secretary shall cancel not more than—

20 “(A) \$3,000 for each of the first and sec-
21 ond such complete school years;

22 “(B) \$4,000 for the third such complete
23 school year; and

24 “(C) \$5,000 for each of the fourth and
25 fifth such complete school years.

1 “(2) TREATMENT OF CONSOLIDATION LOANS.—

2 A loan amount for a Federal Direct Consolidation
3 Loan may be a qualified loan amount for the pur-
4 poses of this subsection only to the extent that such
5 loan amount was used to repay a Federal Direct
6 Stafford Loan, a Federal Direct Unsubsidized Staf-
7 ford Loan, or a loan made under section 428 or
8 428H, for a borrower who meets the requirements of
9 subsection (b), as determined in accordance with
10 regulations prescribed by the Secretary.

11 “(d) REGULATIONS.—The Secretary is authorized to
12 issue such regulations as may be necessary to carry out
13 the provisions of this section.

14 “(e) CONSTRUCTION.—Nothing in this section shall
15 be construed to authorize any refunding of any repayment
16 of a loan.

17 “(f) LIST.—If the list of schools in which a teacher
18 may perform service pursuant to subsection (b) is not
19 available before May 1 of any year, the Secretary may use
20 the list for the year preceding the year for which the deter-
21 mination is made to make such service determination.

22 “(g) ADDITIONAL ELIGIBILITY PROVISIONS.—

23 “(1) CONTINUED ELIGIBILITY.—Any teacher
24 who performs service in a school that—

1 “(A) meets the requirements of subsection
2 (b)(1)(A) in any year during such service; and
3 “(B) in a subsequent year fails to meet the
4 requirements of such subsection,
5 may continue to teach in such school and shall be
6 eligible for loan forgiveness pursuant to subsection
7 (b).

8 “(2) PREVENTION OF DOUBLE BENEFITS.—No
9 borrower may, for the same service, receive a benefit
10 under both this subsection and subtitle D of title I
11 of the National and Community Service Act of 1990
12 (42 U.S.C. 12571 et seq.). No borrower may receive
13 a reduction of loan obligations under both this sec-
14 tion and section 428J.

15 “(h) DEFINITION.—For purposes of this section, the
16 term ‘year’, where applied to service as a teacher, means
17 an academic year as defined by the Secretary.”.

18 **CHAPTER 6—SCHOOL CONSTRUCTION**

19 **Subchapter A—School Modernization Bonds**

20 **SEC. 3501. SHORT TITLE.**

21 This subchapter may be cited as the “America’s Bet-
22 ter Classroom Act of 2001”.

1 **SEC. 3502. EXPANSION OF INCENTIVES FOR PUBLIC**
 2 **SCHOOLS.**

3 (a) IN GENERAL.—Chapter 1 of the Internal Rev-
 4 enue Code of 1986 is amended by adding at the end the
 5 following:

6 **“Subchapter Y—Public School Modernization**
 7 **Provisions**

“Sec. 1400K. Credit to holders of qualified public school moderniza-
 tion bonds.

“Sec. 1400L. Qualified school construction bonds.

“Sec. 1400M. Qualified zone academy bonds.

8 **“SEC. 1400K. CREDIT TO HOLDERS OF QUALIFIED PUBLIC**
 9 **SCHOOL MODERNIZATION BONDS.**

10 “(a) ALLOWANCE OF CREDIT.—In the case of a tax-
 11 payer who holds a qualified public school modernization
 12 bond on a credit allowance date of such bond which occurs
 13 during the taxable year, there shall be allowed as a credit
 14 against the tax imposed by this chapter for such taxable
 15 year an amount equal to the sum of the credits determined
 16 under subsection (b) with respect to credit allowance dates
 17 during such year on which the taxpayer holds such bond.

18 “(b) AMOUNT OF CREDIT.—

19 “(1) IN GENERAL.—The amount of the credit
 20 determined under this subsection with respect to any
 21 credit allowance date for a qualified public school
 22 modernization bond is 25 percent of the annual
 23 credit determined with respect to such bond.

1 “(2) ANNUAL CREDIT.—The annual credit de-
2 termined with respect to any qualified public school
3 modernization bond is the product of—

4 “(A) the applicable credit rate, multiplied
5 by

6 “(B) the outstanding face amount of the
7 bond.

8 “(3) APPLICABLE CREDIT RATE.—For purposes
9 of paragraph (1), the applicable credit rate with re-
10 spect to an issue is the rate equal to an average
11 market yield (as of the day before the date of
12 issuance of the issue) on outstanding long-term cor-
13 porate debt obligations (determined under regula-
14 tions prescribed by the Secretary).

15 “(4) SPECIAL RULE FOR ISSUANCE AND RE-
16 DEMPTION.—In the case of a bond which is issued
17 during the 3-month period ending on a credit allow-
18 ance date, the amount of the credit determined
19 under this subsection with respect to such credit al-
20 lowance date shall be a ratable portion of the credit
21 otherwise determined based on the portion of the 3-
22 month period during which the bond is outstanding.
23 A similar rule shall apply when the bond is re-
24 deemed.

25 “(c) LIMITATION BASED ON AMOUNT OF TAX.—

1 “(1) IN GENERAL.—The credit allowed under
2 subsection (a) for any taxable year shall not exceed
3 the excess of—

4 “(A) the sum of the regular tax liability
5 (as defined in section 26(b)) plus the tax im-
6 posed by section 55, over

7 “(B) the sum of the credits allowable
8 under part IV of subchapter A (other than sub-
9 part C thereof, relating to refundable credits).

10 “(2) CARRYOVER OF UNUSED CREDIT.—If the
11 credit allowable under subsection (a) exceeds the
12 limitation imposed by paragraph (1) for such taxable
13 year, such excess shall be carried to the succeeding
14 taxable year and added to the credit allowable under
15 subsection (a) for such taxable year.

16 “(d) QUALIFIED PUBLIC SCHOOL MODERNIZATION
17 BOND; CREDIT ALLOWANCE DATE.—For purposes of this
18 section—

19 “(1) QUALIFIED PUBLIC SCHOOL MODERNIZA-
20 TION BOND.—The term ‘qualified public school mod-
21 ernization bond’ means—

22 “(A) a qualified zone academy bond, and

23 “(B) a qualified school construction bond.

24 “(2) CREDIT ALLOWANCE DATE.—The term
25 ‘credit allowance date’ means—

- 1 “(A) March 15,
2 “(B) June 15,
3 “(C) September 15, and
4 “(D) December 15.

5 Such term includes the last day on which the bond
6 is outstanding.

7 “(e) OTHER DEFINITIONS.—For purposes of this
8 subchapter—

9 “(1) LOCAL EDUCATIONAL AGENCY.—The term
10 ‘local educational agency’ has the meaning given to
11 such term by section 14101 of the Elementary and
12 Secondary Education Act of 1965. Such term in-
13 cludes the local educational agency that serves the
14 District of Columbia but does not include any other
15 State agency.

16 “(2) BOND.—The term ‘bond’ includes any ob-
17 ligation.

18 “(3) STATE.—The term ‘State’ includes the
19 District of Columbia and any possession of the
20 United States.

21 “(4) PUBLIC SCHOOL FACILITY.—The term
22 ‘public school facility’ shall not include—

23 “(A) any stadium or other facility pri-
24 marily used for athletic contests or exhibitions

1 or other events for which admission is charged
2 to the general public, or

3 “(B) any facility which is not owned by a
4 State or local government or any agency or in-
5 strumentality of a State or local government.

6 “(f) CREDIT INCLUDED IN GROSS INCOME.—Gross
7 income includes the amount of the credit allowed to the
8 taxpayer under this section (determined without regard to
9 subsection (c)) and the amount so included shall be treat-
10 ed as interest income.

11 “(g) BONDS HELD BY REGULATED INVESTMENT
12 COMPANIES.—If any qualified public school modernization
13 bond is held by a regulated investment company, the credit
14 determined under subsection (a) shall be allowed to share-
15 holders of such company under procedures prescribed by
16 the Secretary.

17 “(h) CREDITS MAY BE STRIPPED.—Under regula-
18 tions prescribed by the Secretary—

19 “(1) IN GENERAL.—There may be a separation
20 (including at issuance) of the ownership of a quali-
21 fied public school modernization bond and the enti-
22 tlement to the credit under this section with respect
23 to such bond. In case of any such separation, the
24 credit under this section shall be allowed to the per-
25 son who on the credit allowance date holds the in-

1 strument evidencing the entitlement to the credit
2 and not to the holder of the bond.

3 “(2) CERTAIN RULES TO APPLY.—In the case
4 of a separation described in paragraph (1), the rules
5 of section 1286 shall apply to the qualified public
6 school modernization bond as if it were a stripped
7 bond and to the credit under this section as if it
8 were a stripped coupon.

9 “(i) TREATMENT FOR ESTIMATED TAX PURPOSES.—
10 Solely for purposes of sections 6654 and 6655, the credit
11 allowed by this section to a taxpayer by reason of holding
12 a qualified public school modernization bonds on a credit
13 allowance date shall be treated as if it were a payment
14 of estimated tax made by the taxpayer on such date.

15 “(j) CREDIT MAY BE TRANSFERRED.—Nothing in
16 any law or rule of law shall be construed to limit the trans-
17 ferability of the credit allowed by this section through sale
18 and repurchase agreements.

19 “(k) REPORTING.—Issuers of qualified public school
20 modernization bonds shall submit reports similar to the
21 reports required under section 149(e).

22 “(l) TERMINATION.—This section shall not apply to
23 any bond issued after September 30, 2006.

1 **“SEC. 1400L. QUALIFIED SCHOOL CONSTRUCTION BONDS.**

2 “(a) **QUALIFIED SCHOOL CONSTRUCTION BOND.—**

3 For purposes of this subchapter, the term ‘qualified school
4 construction bond’ means any bond issued as part of an
5 issue if—

6 “(1) 95 percent or more of the proceeds of such
7 issue are to be used for the construction, rehabilita-
8 tion, or repair of a public school facility or for the
9 acquisition of land on which such a facility is to be
10 constructed with part of the proceeds of such issue,

11 “(2) the bond is issued by a State or local gov-
12 ernment within the jurisdiction of which such school
13 is located,

14 “(3) the issuer designates such bond for pur-
15 poses of this section, and

16 “(4) the term of each bond which is part of
17 such issue does not exceed 15 years.

18 “(b) **LIMITATION ON AMOUNT OF BONDS DES-**
19 **IGNATED.—**The maximum aggregate face amount of
20 bonds issued during any calendar year which may be des-
21 ignated under subsection (a) by any issuer shall not exceed
22 the sum of—

23 “(1) the limitation amount allocated under sub-
24 section (d) for such calendar year to such issuer,
25 and

1 “(2) if such issuer is a large local educational
2 agency (as defined in subsection (e)(4)) or is issuing
3 on behalf of such an agency, the limitation amount
4 allocated under subsection (e) for such calendar year
5 to such agency.

6 “(c) NATIONAL LIMITATION ON AMOUNT OF BONDS
7 DESIGNATED.—There is a national qualified school con-
8 struction bond limitation for each calendar year. Such lim-
9 itation is—

10 “(1) \$11,000,000,000 for 2002,

11 “(2) \$11,000,000,000 for 2003, and

12 “(3) except as provided in subsection (f), zero
13 after 2003.

14 “(d) 60 PERCENT OF LIMITATION ALLOCATED
15 AMONG STATES.—

16 “(1) IN GENERAL.—60 percent of the limitation
17 applicable under subsection (c) for any calendar year
18 shall be allocated by the Secretary among the States
19 in proportion to the respective numbers of children
20 in each State who have attained age 5 but not age
21 18 for the most recent fiscal year ending before such
22 calendar year. The limitation amount allocated to a
23 State under the preceding sentence shall be allocated
24 by the State to issuers within such State and such

1 allocations may be made only if there is an approved
2 State application.

3 “(2) MINIMUM ALLOCATIONS TO STATES.—

4 “(A) IN GENERAL.—The Secretary shall
5 adjust the allocations under this subsection for
6 any calendar year for each State to the extent
7 necessary to ensure that the sum of—

8 “(i) the amount allocated to such
9 State under this subsection for such year,
10 and

11 “(ii) the aggregate amounts allocated
12 under subsection (e) to large local edu-
13 cational agencies in such State for such
14 year,

15 is not less than an amount equal to such
16 State’s minimum percentage of the amount to
17 be allocated under paragraph (1) for the cal-
18 endar year.

19 “(B) MINIMUM PERCENTAGE.—A State’s
20 minimum percentage for any calendar year is
21 the minimum percentage described in section
22 1124(d) of the Elementary and Secondary Edu-
23 cation Act of 1965 (20 U.S.C. 6334(d)) for
24 such State for the most recent fiscal year end-
25 ing before such calendar year.

1 “(3) ALLOCATIONS TO CERTAIN POSSES-
2 SIONS.—The amount to be allocated under para-
3 graph (1) to any possession of the United States
4 other than Puerto Rico shall be the amount which
5 would have been allocated if all allocations under
6 paragraph (1) were made on the basis of respective
7 populations of individuals below the poverty line (as
8 defined by the Office of Management and Budget).
9 In making other allocations, the amount to be allo-
10 cated under paragraph (1) shall be reduced by the
11 aggregate amount allocated under this paragraph to
12 possessions of the United States.

13 “(4) ALLOCATIONS FOR INDIAN SCHOOLS.—In
14 addition to the amounts allocated under this sub-
15 section, \$200,000,000 for calendar year 2002, and
16 \$200,000,000 for calendar year 2003, shall be allo-
17 cated by the Secretary of the Interior for purposes
18 of the construction, rehabilitation, and repair of
19 schools funded by the Bureau of Indian Affairs. In
20 the case of amounts allocated under the preceding
21 sentence, Indian tribal governments (as defined in
22 section 7871) shall be treated as qualified issuers for
23 purposes of this subchapter.

24 “(5) APPROVED STATE APPLICATION.—For
25 purposes of paragraph (1), the term ‘approved State

1 application' means an application which is approved
2 by the Secretary of Education and which includes—

3 “(A) the results of a recent publicly-avail-
4 able survey (undertaken by the State with the
5 involvement of local education officials, mem-
6 bers of the public, and experts in school con-
7 struction and management) of such State’s
8 needs for public school facilities, including de-
9 scriptions of—

10 “(i) health and safety problems at
11 such facilities,

12 “(ii) the capacity of public schools in
13 the State to house projected enrollments,
14 and

15 “(iii) the extent to which the public
16 schools in the State offer the physical in-
17 frastructure needed to provide a high-qual-
18 ity education to all students, and

19 “(B) a description of how the State will al-
20 locate to local educational agencies, or other-
21 wise use, its allocation under this subsection to
22 address the needs identified under subpara-
23 graph (A), including a description of how it
24 will—

1 “(i) ensure that the needs of both
2 rural and urban areas will be recognized,

3 “(ii) give highest priority to localities
4 with the greatest needs, as demonstrated
5 by inadequate school facilities coupled with
6 a low level of resources to meet those
7 needs,

8 “(iii) use its allocation under this sub-
9 section to assist localities that lack the fis-
10 cal capacity to issue bonds on their own,
11 and

12 “(iv) ensure that its allocation under
13 this subsection is used only to supplement,
14 and not supplant, the amount of school
15 construction, rehabilitation, and repair in
16 the State that would have occurred in the
17 absence of such allocation.

18 Any allocation under paragraph (1) by a State shall
19 be binding if such State reasonably determined that
20 the allocation was in accordance with the plan ap-
21 proved under this paragraph.

22 “(e) 40 PERCENT OF LIMITATION ALLOCATED
23 AMONG LARGEST SCHOOL DISTRICTS.—

24 “(1) IN GENERAL.—40 percent of the limitation
25 applicable under subsection (c) for any calendar year

1 shall be allocated under paragraph (2) by the Sec-
2 retary among local educational agencies which are
3 large local educational agencies for such year. No
4 qualified school construction bond may be issued by
5 reason of an allocation to a large local educational
6 agency under the preceding sentence unless such
7 agency has an approved local application.

8 “(2) ALLOCATION FORMULA.—The amount to
9 be allocated under paragraph (1) for any calendar
10 year shall be allocated among large local educational
11 agencies in proportion to the respective amounts
12 each such agency received for Basic Grants under
13 subpart 2 of part A of title I of the Elementary and
14 Secondary Education Act of 1965 (20 U.S.C. 6331
15 et seq.) for the most recent fiscal year ending before
16 such calendar year.

17 “(3) ALLOCATION OF UNUSED LIMITATION TO
18 STATE.—The amount allocated under this subsection
19 to a large local educational agency for any calendar
20 year may be reallocated by such agency to the State
21 in which such agency is located for such calendar
22 year. Any amount reallocated to a State under the
23 preceding sentence may be allocated as provided in
24 subsection (d)(1).

1 “(4) LARGE LOCAL EDUCATIONAL AGENCY.—

2 For purposes of this section, the term ‘large local
3 educational agency’ means, with respect to a cal-
4 endar year, any local educational agency if such
5 agency is—

6 “(A) among the 100 local educational
7 agencies with the largest numbers of children
8 aged 5 through 17 from families living below
9 the poverty level, as determined by the Sec-
10 retary using the most recent data available
11 from the Department of Commerce that are
12 satisfactory to the Secretary, or

13 “(B) 1 of not more than 25 local edu-
14 cational agencies (other than those described in
15 subparagraph (A)) that the Secretary of Edu-
16 cation determines (based on the most recent
17 data available satisfactory to the Secretary) are
18 in particular need of assistance, based on a low
19 level of resources for school construction, a high
20 level of enrollment growth, or such other factors
21 as the Secretary deems appropriate.

22 “(5) APPROVED LOCAL APPLICATION.—For
23 purposes of paragraph (1), the term ‘approved local
24 application’ means an application which is approved
25 by the Secretary of Education and which includes—

1 “(A) the results of a recent publicly-avail-
2 able survey (undertaken by the local educational
3 agency or the State with the involvement of
4 school officials, members of the public, and ex-
5 perts in school construction and management)
6 of such agency’s needs for public school facili-
7 ties, including descriptions of—

8 “(i) the overall condition of the local
9 educational agency’s school facilities, in-
10 cluding health and safety problems,

11 “(ii) the capacity of the agency’s
12 schools to house projected enrollments, and

13 “(iii) the extent to which the agency’s
14 schools offer the physical infrastructure
15 needed to provide a high-quality education
16 to all students,

17 “(B) a description of how the local edu-
18 cational agency will use its allocation under this
19 subsection to address the needs identified under
20 subparagraph (A), and

21 “(C) a description of how the local edu-
22 cational agency will ensure that its allocation
23 under this subsection is used only to supple-
24 ment, and not supplant, the amount of school
25 construction, rehabilitation, or repair in the lo-

1 cality that would have occurred in the absence
2 of such allocation.

3 A rule similar to the rule of the last sentence of sub-
4 section (d)(5) shall apply for purposes of this para-
5 graph.

6 “(f) CARRYOVER OF UNUSED LIMITATION.—If for
7 any calendar year—

8 “(1) the amount allocated under subsection (d)
9 to any State, exceeds

10 “(2) the amount of bonds issued during such
11 year which are designated under subsection (a) pur-
12 suant to such allocation,

13 the limitation amount under such subsection for such
14 State for the following calendar year shall be increased
15 by the amount of such excess. A similar rule shall apply
16 to the amounts allocated under subsection (d)(5) or (e).

17 “(g) SPECIAL RULES RELATING TO ARBITRAGE.—

18 “(1) IN GENERAL.—A bond shall not be treated
19 as failing to meet the requirement of subsection
20 (a)(1) solely by reason of the fact that the proceeds
21 of the issue of which such bond is a part are in-
22 vested for a temporary period (but not more than 36
23 months) until such proceeds are needed for the pur-
24 pose for which such issue was issued.

1 “(2) **BINDING COMMITMENT REQUIREMENT.**—
2 Paragraph (1) shall apply to an issue only if, as of
3 the date of issuance, there is a reasonable expecta-
4 tion that—

5 “(A) at least 10 percent of the proceeds of
6 the issue will be spent within the 6-month pe-
7 riod beginning on such date for the purpose for
8 which such issue was issued, and

9 “(B) the remaining proceeds of the issue
10 will be spent with due diligence for such pur-
11 pose.

12 “(3) **EARNINGS ON PROCEEDS.**—Any earnings
13 on proceeds during the temporary period shall be
14 treated as proceeds of the issue for purposes of ap-
15 plying subsection (a)(1) and paragraph (1) of this
16 subsection.

17 **“SEC. 1400M. QUALIFIED ZONE ACADEMY BONDS.**

18 “(a) **QUALIFIED ZONE ACADEMY BOND.**—For pur-
19 poses of this subchapter—

20 “(1) **IN GENERAL.**—The term ‘qualified zone
21 academy bond’ means any bond issued as part of an
22 issue if—

23 “(A) 95 percent or more of the proceeds of
24 such issue are to be used for a qualified pur-

1 pose with respect to a qualified zone academy
2 established by a local educational agency,

3 “(B) the bond is issued by a State or local
4 government within the jurisdiction of which
5 such academy is located,

6 “(C) the issuer—

7 “(i) designates such bond for purposes
8 of this section,

9 “(ii) certifies that it has written as-
10 surances that the private business con-
11 tribution requirement of paragraph (2) will
12 be met with respect to such academy, and

13 “(iii) certifies that it has the written
14 approval of the local educational agency
15 for such bond issuance, and

16 “(D) the term of each bond which is part
17 of such issue does not exceed 15 years.

18 Rules similar to the rules of section 1400L(g) shall
19 apply for purposes of paragraph (1).

20 “(2) PRIVATE BUSINESS CONTRIBUTION RE-
21 QUIREMENT.—

22 “(A) IN GENERAL.—For purposes of para-
23 graph (1), the private business contribution re-
24 quirement of this paragraph is met with respect
25 to any issue if the local educational agency that

1 established the qualified zone academy has writ-
2 ten commitments from private entities to make
3 qualified contributions having a present value
4 (as of the date of issuance of the issue) of not
5 less than 10 percent of the proceeds of the
6 issue.

7 “(B) QUALIFIED CONTRIBUTIONS.—For
8 purposes of subparagraph (A), the term ‘quali-
9 fied contribution’ means any contribution (of a
10 type and quality acceptable to the local edu-
11 cational agency) of—

12 “(i) equipment for use in the qualified
13 zone academy (including state-of-the-art
14 technology and vocational equipment),

15 “(ii) technical assistance in developing
16 curriculum or in training teachers in order
17 to promote appropriate market driven tech-
18 nology in the classroom,

19 “(iii) services of employees as volun-
20 teer mentors,

21 “(iv) internships, field trips, or other
22 educational opportunities outside the acad-
23 emy for students, or

24 “(v) any other property or service
25 specified by the local educational agency.

1 “(3) QUALIFIED ZONE ACADEMY.—The term
2 ‘qualified zone academy’ means any public school (or
3 academic program within a public school) which is
4 established by and operated under the supervision of
5 a local educational agency to provide education or
6 training below the postsecondary level if—

7 “(A) such public school or program (as the
8 case may be) is designed in cooperation with
9 business to enhance the academic curriculum,
10 increase graduation and employment rates, and
11 better prepare students for the rigors of college
12 and the increasingly complex workforce,

13 “(B) students in such public school or pro-
14 gram (as the case may be) will be subject to the
15 same academic standards and assessments as
16 other students educated by the local educational
17 agency,

18 “(C) the comprehensive education plan of
19 such public school or program is approved by
20 the local educational agency, and

21 “(D)(i) such public school is located in an
22 empowerment zone or enterprise community
23 (including any such zone or community des-
24 ignated after the date of the enactment of this
25 section), or

1 “(ii) there is a reasonable expectation (as
2 of the date of issuance of the bonds) that at
3 least 35 percent of the students attending such
4 school or participating in such program (as the
5 case may be) will be eligible for free or reduced-
6 cost lunches under the school lunch program es-
7 tablished under the National School Lunch Act.

8 “(4) QUALIFIED PURPOSE.—The term ‘quali-
9 fied purpose’ means, with respect to any qualified
10 zone academy—

11 “(A) constructing, rehabilitating, or repair-
12 ing the public school facility in which the acad-
13 emy is established,

14 “(B) acquiring the land on which such fa-
15 cility is to be constructed with part of the pro-
16 ceeds of such issue,

17 “(C) providing equipment for use at such
18 academy,

19 “(D) developing course materials for edu-
20 cation to be provided at such academy, and

21 “(E) training teachers and other school
22 personnel in such academy.

23 “(b) LIMITATIONS ON AMOUNT OF BONDS DES-
24 IGNATED.—

1 “(1) IN GENERAL.—There is a national zone
2 academy bond limitation for each calendar year.

3 Such limitation is—

4 “(A) \$400,000,000 for 1998,

5 “(B) \$400,000,000 for 1999,

6 “(C) \$400,000,000 for 2000,

7 “(D) \$400,000,000 for 2001,

8 “(E) \$1,400,000,000 for 2002,

9 “(F) \$1,400,000,000 for 2003, and

10 “(G) except as provided in paragraph (3),

11 zero after 2003.

12 “(2) ALLOCATION OF LIMITATION.—

13 “(A) ALLOCATION AMONG STATES.—

14 “(i) 1998, 1999, 2000, AND 2001 LIM-
15 TATIONS.—The national zone academy
16 bond limitations for calendar years 1998,
17 1999, 2000, and 2001 shall be allocated by
18 the Secretary among the States on the
19 basis of their respective populations of in-
20 dividuals below the poverty line (as defined
21 by the Office of Management and Budget).

22 “(ii) LIMITATION AFTER 2001.—The
23 national zone academy bond limitation for
24 any calendar year after 2001 shall be allo-
25 cated by the Secretary among the States in

1 proportion to the respective amounts each
2 such State received for Basic Grants under
3 subpart 2 of part A of title I of the Ele-
4 mentary and Secondary Education Act of
5 1965 (20 U.S.C. 6331 et seq.) for the
6 most recent fiscal year ending before such
7 calendar year.

8 “(B) ALLOCATION TO LOCAL EDU-
9 CATIONAL AGENCIES.—The limitation amount
10 allocated to a State under subparagraph (A)
11 shall be allocated by the State to qualified zone
12 academies within such State.

13 “(C) DESIGNATION SUBJECT TO LIMITA-
14 TION AMOUNT.—The maximum aggregate face
15 amount of bonds issued during any calendar
16 year which may be designated under subsection
17 (a) with respect to any qualified zone academy
18 shall not exceed the limitation amount allocated
19 to such academy under subparagraph (B) for
20 such calendar year.

21 “(3) CARRYOVER OF UNUSED LIMITATION.—If
22 for any calendar year—

23 “(A) the limitation amount under this sub-
24 section for any State, exceeds

1 “(B) the amount of bonds issued during
2 such year which are designated under sub-
3 section (a) (or the corresponding provisions of
4 prior law) with respect to qualified zone acad-
5 emies within such State,

6 the limitation amount under this subsection for such
7 State for the following calendar year shall be in-
8 creased by the amount of such excess.”

9 (b) REPORTING.—Subsection (d) of section 6049 of
10 the Internal Revenue Code of 1986 (relating to returns
11 regarding payments of interest) is amended by adding at
12 the end the following:

13 “(8) REPORTING OF CREDIT ON QUALIFIED
14 PUBLIC SCHOOL MODERNIZATION BONDS.—

15 “(A) IN GENERAL.—For purposes of sub-
16 section (a), the term ‘interest’ includes amounts
17 includible in gross income under section
18 1400K(f) and such amounts shall be treated as
19 paid on the credit allowance date (as defined in
20 section 1400K(d)(2)).

21 “(B) REPORTING TO CORPORATIONS,
22 ETC.—Except as otherwise provided in regula-
23 tions, in the case of any interest described in
24 subparagraph (A) of this paragraph, subsection
25 (b)(4) of this section shall be applied without

1 regard to subparagraphs (A), (H), (I), (J), (K),
2 and (L)(i).

3 “(C) REGULATORY AUTHORITY.—The Sec-
4 retary may prescribe such regulations as are
5 necessary or appropriate to carry out the pur-
6 poses of this paragraph, including regulations
7 which require more frequent or more detailed
8 reporting.”

9 (c) CONFORMING AMENDMENTS.—

10 (1) Subchapter U of chapter 1 of the Internal
11 Revenue Code of 1986 is amended by striking part
12 IV, by redesignating part V as part IV, and by re-
13 designating section 1397F as section 1397E.

14 (2) The table of subchapters for chapter 1 of
15 the Internal Revenue Code of 1986 is amended by
16 adding at the end the following:

“Subchapter Y. Public school modernization provisions.”

17 (3) The table of parts of subchapter U of chap-
18 ter 1 of the Internal Revenue Code of 1986 is
19 amended by striking the last 2 items and inserting
20 the following:

“Part IV. Regulations.”

21 (e) EFFECTIVE DATES.—

22 (1) IN GENERAL.—Except as otherwise pro-
23 vided in this subsection, the amendments made by

1 this section shall apply to obligations issued after
2 December 31, 2001.

3 (2) REPEAL OF RESTRICTION ON ZONE ACAD-
4 EMY BOND HOLDERS.—In the case of bonds to
5 which section 1397E of the Internal Revenue Code
6 of 1986 (as in effect before the date of enactment
7 of this Act) applies, the limitation of such section to
8 eligible taxpayers (as defined in subsection (d)(6) of
9 such section) shall not apply after the date of enact-
10 ment of this Act.

11 **SEC. 3503. APPLICATION OF CERTAIN LABOR STANDARDS**
12 **ON CONSTRUCTION PROJECTS FINANCED**
13 **UNDER PUBLIC SCHOOL MODERNIZATION**
14 **PROGRAM.**

15 Section 439 of the General Education Provisions Act
16 (relating to labor standards) (20 U.S.C. 1232b) is
17 amended—

18 (1) by inserting “(a)” before “All laborers and
19 mechanics”; and

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

21 “(b)(1) For purposes of this section, the term ‘appli-
22 cable program’ also includes the qualified zone academy
23 bond provisions enacted by section 226 of the Taxpayer
24 Relief Act of 1997 and the program established by section
25 3502 of the America’s Better Classroom Act of 2001.

1 in ways that reflect new approaches to teaching and
2 learning, and in ways that reflect the fact that learn-
3 ing is a lifelong process for persons of all ages.
4 These schools can make an enduring difference for
5 these communities by affecting not just students but
6 entire neighborhoods for generations.

7 (2) The National Symposium on School Design
8 has recommended that local educational agencies
9 hold community dialogues that discuss the planning
10 and design of their new school buildings. Community
11 partnerships of parents, educators, architects, urban
12 planners, students, and other interested parties can
13 assist local educational agencies to design new
14 schools that better meet the needs of their commu-
15 nities now and in the future.

16 (3) Establishing such community partnerships
17 for the purpose of broadening public participation in
18 the planning and design of schools encourages
19 broader community involvement in the schools, gen-
20 erates creativity in the planning process, and pro-
21 motes savings, cost-sharing, and the most effective
22 use of the school building by the entire community.
23 Such partnerships can help create schools that are
24 centers of teaching and learning for the entire com-
25 munity.

1 **SEC. 3552. PURPOSE.**

2 The purpose of this subchapter is to assist local edu-
3 cational agencies and their communities to increase the
4 involvement of parents, teachers, students, and community
5 groups in the planning and design of new and renovated
6 public elementary school and secondary school buildings
7 that—

- 8 (1) enhance teaching and learning, and accom-
9 modate the needs of all learners;
- 10 (2) serve as a center of the community;
- 11 (3) promote health, safety, and security;
- 12 (4) effectively use all available resources; and
- 13 (5) are flexible and can accommodate changing
14 community needs.

15 **SEC. 3553. PROGRAM AUTHORIZED.**

16 (a) GRANTS AUTHORIZED.—

17 (1) IN GENERAL.—From funds appropriated
18 under section 3556, the Secretary shall award
19 grants to local educational agencies participating in
20 eligible consortia to enable the eligible consortia to
21 support the planning and design of—

22 (A) new elementary school or secondary
23 school buildings; or

24 (B) the renovation of existing elementary
25 school or secondary school buildings.

1 (2) DEFINITION OF ELIGIBLE CONSORTIUM.—

2 In this subchapter, the term “eligible consortium”
3 means a consortium that—

4 (A) shall include at least 1 local edu-
5 cational agency; and

6 (B) may include such organizations and in-
7 dividuals as a State educational agency, a com-
8 munity-based organization, a local government,
9 a business or industry, an architect, a parent,
10 teacher, or senior citizen group, a library, or a
11 museum.

12 (b) REQUIREMENTS.—

13 (1) DURATION.—Grants under this subchapter
14 shall be awarded for not more than 1 year.

15 (2) LIMITATION.—Not more than 1 grant pro-
16 vided under this subchapter may be used to plan or
17 design the same school.

18 (3) MATCHING.—A grant under this subchapter
19 shall not be used to pay for more than 50 percent
20 of the cost of a planning or design project. A recipi-
21 ent of a grant under this subchapter shall provide at
22 least 50 percent of the cost of the planning or design
23 project from non-Federal sources, which may include
24 in-kind contributions, fairly evaluated.

1 (c) GEOGRAPHIC DISTRIBUTION.—In awarding
2 grants under this subchapter, the Secretary is authorized
3 to take such steps as are necessary to ensure an equitable
4 geographic distribution of the grants, including distrib-
5 uting the grants among rural, urban, and suburban local
6 educational agencies.

7 **SEC. 3554. USE OF FUNDS.**

8 A grant under this subchapter shall be used by a local
9 educational agency to support the planning or design of
10 a new school building, or of the renovation of an existing
11 school building, and may be used for activities such as—

12 (1) community outreach activities (including the
13 development and circulation of explanatory materials
14 and the cost of meetings) designed to encourage
15 greater participation by the community;

16 (2) the development, with the involvement of all
17 stakeholders, of a master plan for a school district;
18 and

19 (3) necessary administrative support for the eli-
20 gible consortium.

21 **SEC. 3555. APPLICATIONS.**

22 (a) IN GENERAL.—Each local educational agency de-
23 siring a grant under this subchapter shall submit to the
24 Secretary an application at such time, and containing such
25 information, as the Secretary may require.

1 (b) CONTENTS.—Each application submitted under
2 this subchapter shall describe—

3 (1) the community to be served by the new or
4 renovated school, including the needs of that com-
5 munity with respect to such school;

6 (2) the individuals and groups that compose the
7 eligible consortium and their respective functions;

8 (3) the project activities to be supported by the
9 grant and how the activities will help meet the needs
10 of that community and the purpose of this sub-
11 chapter; and

12 (4) the availability of resources for the project,
13 and how the resources will be obtained.

14 **SEC. 3556. AUTHORIZATION OF APPROPRIATIONS.**

15 There are authorized to be appropriated to carry out
16 this subchapter \$10,000,000 for fiscal year 2002, and
17 such sums as may be necessary for each of the 4 suc-
18 ceeding fiscal years.

19 **Chapter 7—Child Opportunity Zone Family**
20 **Centers**

21 **SEC. 3571. CHILD OPPORTUNITY ZONE FAMILY CENTERS.**

22 Title X of the Elementary and Secondary Education
23 Act of 1965 (20 U.S.C. 8001 et seq.), as amended by sec-
24 tion 3401, is further amended by inserting after part L
25 the following:

1 “(i) at least 1 public elementary
2 school or secondary school that—

3 “(I) receives assistance under
4 title I and for which a measure of
5 poverty determination is made under
6 section 1113(a)(5) with respect to a
7 minimum of 40 percent of the chil-
8 dren in the school; and

9 “(II) demonstrates parent in-
10 volution and parent support for the
11 partnership’s activities;

12 “(ii) a local educational agency;

13 “(iii) a public agency, other than a
14 local educational agency, such as a local or
15 State department of health, mental health,
16 or social services;

17 “(iv) a nonprofit community-based or-
18 ganization, providing health, mental
19 health, or social services;

20 “(v) a local child care resource and re-
21 ferral agency; and

22 “(vi) a local organization representing
23 parents; and

24 “(B) that may contain—

1 “(i) an institution of higher education;
2 and
3 “(ii) other public or private nonprofit
4 entities with experience in providing serv-
5 ices to disadvantaged families.

6 **“SEC. 10997D. GRANTS AUTHORIZED.**

7 “(a) IN GENERAL.—The Secretary may award, on a
8 competitive basis, grants to eligible partnerships to pay
9 for the Federal share of the cost of establishing and ex-
10 panding child opportunity zone family centers.

11 “(b) DURATION.—The Secretary shall award grants
12 under this section for periods of 5 years.

13 **“SEC. 10997E. REQUIRED ACTIVITIES.**

14 “Each eligible partnership receiving a grant under
15 this part shall use the grant funds—

16 “(1) in accordance with the needs assessment
17 described in section 10997F(b)(1), to provide or link
18 children and their families with information, sup-
19 port, activities, or services in core areas such as edu-
20 cation, child care, before- and after-school care and
21 enrichment programs, health services, mental health
22 services, family support, nutrition, literacy services,
23 parenting skills, and drop-out prevention;

24 “(2) to provide intensive, high-quality, research-
25 based programs that—

1 “(A) provide violence prevention education
2 for families and developmentally appropriate in-
3 structional services to children (including chil-
4 dren below the age of compulsory school attend-
5 ance); and

6 “(B) provide effective strategies for nur-
7 turing and supporting the emotional, social, and
8 cognitive growth of children; and

9 “(3) to provide training, information, and sup-
10 port to families to enable the families to participate
11 effectively in their children’s education, and to help
12 their children meet challenging standards, including
13 assisting families to—

14 “(A) understand the applicable account-
15 ability systems, including State and local con-
16 tent standards, performance standards, and as-
17 sessments, their children’s educational perform-
18 ance in comparison to the standards, and the
19 steps the school is taking to address the chil-
20 dren’s needs and to help the children meet the
21 standards; and

22 “(B) communicate effectively with per-
23 sonnel responsible for providing educational
24 services to the families’ children, and to partici-
25 pate in the development and implementation of

1 school-parent compacts, parent involvement
2 policies, and school plans.

3 **“SEC. 10997F. APPLICATIONS.**

4 “(a) IN GENERAL.—Each eligible partnership desir-
5 ing a grant under this part shall submit an application
6 to the Secretary at such time, in such manner, and con-
7 taining such information as the Secretary may require.

8 “(b) CONTENTS.—Each application submitted pursu-
9 ant to subsection (a) shall—

10 “(1) include a needs assessment, including a de-
11 scription of how the partnership will ensure that the
12 activities to be assisted under this part will be tai-
13 lored to meet the specific needs of the children and
14 families to be served;

15 “(2) describe arrangements that have been for-
16 malized between the participating public elementary
17 school or secondary school, and other partnership
18 members;

19 “(3) describe how the partnership will effec-
20 tively coordinate with the centers under section 1118
21 and utilize Federal, State, and local sources of fund-
22 ing that provide assistance to families and their chil-
23 dren;

24 “(4) describe the partnership’s plan to—

1 “(A) develop and carry out the activities
2 assisted under this part with extensive partici-
3 pation of parents, administrators, teachers,
4 pupil services personnel, social and human serv-
5 ice agencies, and community organizations and
6 leaders; and

7 “(B) coordinate the activities assisted
8 under this part with the education reform ef-
9 forts of the participating public elementary
10 school or secondary school, and the partici-
11 pating local educational agency;

12 “(5) describe how the partnership will ensure
13 that underserved populations such as families of stu-
14 dents with limited English proficiency, and families
15 of students with disabilities, are effectively involved,
16 informed, and assisted;

17 “(6) describe how the partnership will collect
18 and analyze data, and will utilize specific perform-
19 ance measures and indicators to—

20 “(A) determine the impact of activities as-
21 sisted under this part as described in section
22 10997I(a); and

23 “(B) improve the activities assisted under
24 this part; and

1 “(7) describe how the partnership will protect
2 the privacy of families and their children partici-
3 pating in the activities assisted under this part.

4 **“SEC. 10997G. FEDERAL SHARE.**

5 “The Federal share of the cost of establishing and
6 expanding child opportunity zone family centers—

7 “(1) for the first year for which an eligible
8 partnership receives assistance under this part shall
9 not exceed 90 percent;

10 “(2) for the second such year, shall not exceed
11 80 percent;

12 “(3) for the third such year, shall not exceed 70
13 percent;

14 “(4) for the fourth such year, shall not exceed
15 60 percent; and

16 “(5) for the fifth such year, shall not exceed 50
17 percent.

18 **“SEC. 10997H. FUNDING.**

19 “(a) CONTINUATION OF FUNDING.—Each eligible
20 partnership that receives a grant under this part shall,
21 after the third year for which the partnership receives
22 funds through the grant, be eligible to continue to receive
23 the funds if the Secretary determines that the partnership
24 has made significant progress in meeting the performance

1 measures used for the partnership's local evaluation under
2 section 10997I(a).

3 “(b) LIMITATION ON USE OF FUNDS TO OFFSET
4 OTHER PROGRAMS.—Notwithstanding any other provision
5 of law, none of the funds received under a grant under
6 this part may be used to pay for expenses related to any
7 other Federal program, including treating such funds as
8 an offset against such a Federal program.

9 **“SEC. 10997I. EVALUATIONS AND REPORTS.**

10 “(a) LOCAL EVALUATIONS.—Each partnership re-
11 ceiving funds under this part shall conduct annual evalua-
12 tions and submit to the Secretary reports containing the
13 results of the evaluations. The reports shall include the
14 results of the partnership's performance assessment effec-
15 tiveness in reaching and meeting the needs of families and
16 children served under this part, including performance
17 measures demonstrating—

18 “(1) improvements in areas such as student
19 achievement, family participation in schools, and ac-
20 cess to health care, mental health care, child care,
21 and family support services, resulting from activities
22 assisted under this part; and

23 “(2) reductions in such areas as violence among
24 youth, truancy, suspension, and dropout rates, re-
25 sulting from activities assisted under this part.

1 “(b) NATIONAL EVALUATIONS.—The Secretary shall
 2 reserve not more than 3 percent of the amount appro-
 3 priated under this part to carry out a national evaluation
 4 of the effectiveness of the activities assisted under this
 5 part. Such evaluation shall be completed not later than
 6 3 years after the date of enactment of the Child Oppor-
 7 tunity Zone Family Center Act of 2001, and every year
 8 thereafter and shall be submitted to Congress.

9 “(c) EXEMPLARY ACTIVITIES.—The Secretary shall
 10 broadly disseminate information on exemplary activities
 11 developed under this part.

12 **“SEC. 10997J. AUTHORIZATION OF APPROPRIATIONS.**

13 “‘There are authorized to be appropriated to carry out
 14 this part \$100,000,000 for fiscal year 2002, and such
 15 sums as may be necessary for each of the fiscal years 2003
 16 through 2005.’”.

17 **TITLE IV—FAIR START—LIFTING**
 18 **CHILDREN OUT OF POVERTY**
 19 **Subtitle A—Expanding the Child**
 20 **Tax Credit**

21 **SEC. 4001. EXPANSION OF CHILD TAX CREDIT; CREDIT**
 22 **MADE PARTIALLY REFUNDABLE.**

23 (a) INCREASE IN AMOUNT ALLOWED.—Subsection
 24 (a) of section 24 of the Internal Revenue Code of 1986

1 (relating to allowance of credit) is amended to read as fol-
 2 lows:

3 “(a) ALLOWANCE OF CREDIT.—

4 “(1) IN GENERAL.—There shall be allowed as a
 5 credit against the tax imposed by this chapter for
 6 the taxable year with respect to each qualifying child
 7 of the taxpayer an amount equal to the applicable
 8 amount.

9 “(2) APPLICABLE AMOUNT.—For purposes of
 10 paragraph (1), the applicable amount shall be deter-
 11 mined as follows:

“In the case of any taxable year beginning in—	The applicable amount is—
2002	\$600
2003	700
2004	800
2005	900
2006 or thereafter	1,000.”.

12 (b) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
 13 IMUM TAX.—

14 (1) IN GENERAL.—Section 24(b) of the Internal
 15 Revenue Code of 1986 (relating to limitation based
 16 on adjusted gross income) is amended by adding at
 17 the end the following new paragraph:

18 “(3) LIMITATION BASED ON AMOUNT OF
 19 TAX.—The credit allowed under subsection (a) for
 20 any taxable year shall not exceed the excess of—

1 “(A) the sum of the regular tax liability
2 (as defined in section 26(b)) plus the tax im-
3 posed by section 55, over

4 “(B) the sum of the credits allowable
5 under this subpart (other than this section) and
6 section 27 for the taxable year.”.

7 (2) CONFORMING AMENDMENTS.—

8 (A) Section 24(d) of such Code is
9 amended—

10 (i) by striking “section 26(a)” each
11 place it appears and inserting “subsection
12 (b)(3)”, and

13 (ii) in paragraph (1)(B) by striking
14 “aggregate amount of credits allowed by
15 this subpart” and inserting “amount of
16 credit allowed by this section”.

17 (B) Paragraph (1) of section 26(a) of such
18 Code is amended by inserting “(other than sec-
19 tion 24)” after “this subpart”.

20 (C) Subsection (c) of section 23 is amend-
21 ed by striking “and section 1400C” and insert-
22 ing “and sections 24 and 1400C”.

23 (D) Subparagraph (C) of section 25(e)(1)
24 is amended by inserting “, 24,” after “sections
25 23”.

1 (E) Section 904(h) of such Code is amend-
2 ed by inserting “(other than section 24)” after
3 “chapter”.

4 (F) Subsection (d) of section 1400C is
5 amended by inserting “and section 24” after
6 “this section”.

7 (G) The heading for section 24(b) of such
8 Code is amended to read as follows: “LIMITA-
9 TIONS.—”.

10 (H) The heading for section 24(b)(1) of
11 such Code is amended to read as follows: “LIM-
12 ITATION BASED ON ADJUSTED GROSS IN-
13 COME.—”.

14 (c) PORTION OF CHILD CREDIT TREATED AS RE-
15 FUNDABLE.—

16 (1) IN GENERAL.—Paragraph (1) of section
17 24(d) of the Internal Revenue Code of 1986 (relat-
18 ing to additional credit for families with 3 or more
19 children), as amended by subsection (b)(2)(A), is
20 amended to read as follows:

21 “(1) IN GENERAL.—The aggregate credits al-
22 lowed to a taxpayer under subpart C shall be in-
23 creased by the sum of the credits allowable under
24 this section for all qualifying children of the tax-
25 payer (determined without regard to this subsection

1 and the limitation under subsection (b)(3)). The
2 amount of the credit allowed under this subsection
3 shall not be treated as a credit allowed under this
4 subpart and shall reduce the amount of credit other-
5 wise allowable under subsection (a) without regard
6 to subsection (b)(3).”.

7 (2) CONFORMING AMENDMENTS.—

8 (A) Section 24(d) of such Code is amended
9 by striking paragraphs (2) and (3).

10 (B) The heading for section 24(d) of such
11 Code is amended to read as follows: “ADDI-
12 TIONAL CREDIT FOR CERTAIN FAMILIES.—”.

13 (C) Section 32 of such Code is amended by
14 striking subsection (m).

15 (d) COORDINATION WITH FEDERAL MEANS-TESTED
16 PROGRAMS.—Section 24(d) of the Internal Revenue Code
17 of 1986 (relating to additional credit for certain families),
18 as amended by subsection (c), is amended by adding at
19 the end the following new paragraph:

20 “(2) COORDINATION WITH MEANS-TESTED PRO-
21 GRAMS.—For purposes of any benefits, assistance,
22 or supportive services under any Federal program or
23 under any State or local program financed, in whole
24 or in part, with Federal funds or with State funds,
25 taken into account under any maintenance of effort

1 requirements, which imposes income limitations on
2 eligibility for such program, any refund made to an
3 individual (or the spouse of an individual) by reason
4 of this subsection shall not be treated as income
5 (and shall not be taken into account in determining
6 resources for the month of its receipt and the fol-
7 lowing month).”.

8 (e) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2001.

11 **Subtitle B—Strengthening the**
12 **Earned Income Tax Credit**

13 **SEC. 4101. SHORT TITLE.**

14 This subtitle may be cited as the “Tax Relief for
15 Working Families Act of 2001”.

16 **SEC. 4102. INCREASED EARNED INCOME TAX CREDIT FOR 2**
17 **OR MORE QUALIFYING CHILDREN.**

18 (a) IN GENERAL.—The table in section 32(b)(1)(A)
19 of the Internal Revenue Code of 1986 (relating to percent-
20 ages) is amended—

21 (1) in the second item—

22 (A) by striking “or more”, and

23 (B) by striking “21.06” and inserting
24 “19.06”, and

1 ruary 8, 1887 (commonly known as the In-
2 dian General Allotment Act) (25 U.S.C.
3 331 et seq.) or from land held under Acts
4 or treaties containing an exception provi-
5 sion similar to the Indian General Allot-
6 ment Act.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to amounts received in taxable
9 years beginning after December 31, 2001.

10 **SEC. 4104. SIMPLIFICATION OF DEFINITION OF CHILD DE-**
11 **PENDENT.**

12 (a) REMOVAL OF SUPPORT TEST FOR CERTAIN INDI-
13 VIDUALS.—Section 152(a) of the Internal Revenue Code
14 of 1986 (relating to general definition) is amended to read
15 as follows:

16 “(a) GENERAL DEFINITION.—For purposes of this
17 subtitle—

18 “(1) DEPENDENT.—The term ‘dependent’
19 means—

20 “(A) any individual described in paragraph
21 (2) over half of whose support, for the calendar
22 year in which the taxable year of the taxpayer
23 begins, was received from the taxpayer (or is
24 treated under subsection (c) as received from
25 the taxpayer), or

1 “(B) any individual described in subsection
2 (f).

3 “(2) INDIVIDUALS.—An individual is described
4 in this paragraph if such individual is—

5 “(A) a brother, sister, stepbrother, or step-
6 sister of the taxpayer,

7 “(B) the father or mother of the taxpayer,
8 or an ancestor of either,

9 “(C) a stepfather or stepmother of the tax-
10 payer,

11 “(D) a son or daughter of a brother or sis-
12 ter of the taxpayer,

13 “(E) a brother or sister of the father or
14 mother of the taxpayer,

15 “(F) a son-in-law, daughter-in-law, father-
16 in-law, mother-in-law, brother-in-law, or sister-
17 in-law of the taxpayer, or

18 “(G) an individual (other than an indi-
19 vidual who at any time during the taxable year
20 was the spouse, determined without regard to
21 section 7703, of the taxpayer) who, for the tax-
22 able year of the taxpayer, has as their principal
23 place of abode the home of the taxpayer and is
24 a member of the taxpayer’s household.”.

1 (b) OTHER MODIFICATIONS.—Section 152 of the In-
2 ternal Revenue Code of 1986 (relating to dependent de-
3 fined) is amended by adding at the end the following:

4 “(f) SUBSECTION (f) DEPENDENTS.—

5 “(1) IN GENERAL.—An individual is described
6 in this subsection for the taxable year if such
7 individual—

8 “(A) bears a relationship to the taxpayer
9 described in paragraph (2),

10 “(B) except in the case of an eligible foster
11 child or as provided in subsection (e), has the
12 same principal place of abode as the taxpayer
13 for more than one-half of such taxable year,
14 and

15 “(C)(i) has not attained the age of 19 at
16 the close of the calendar year in which the tax-
17 able year begins, or

18 “(ii) is a student (within the meaning of
19 section 151(c)(4)) who has not attained the age
20 of 24 at the close of such calendar year.

21 “(2) RELATIONSHIP TEST.—An individual bears
22 a relationship to the taxpayer described in this para-
23 graph if such individual is—

24 “(A) a son or daughter of the taxpayer, or
25 a descendant of either, or

1 “(B) a stepson or stepdaughter of the tax-
2 payer.

3 “(3) SPECIAL RULES.—

4 “(A) 2 OR MORE CLAIMING DEPENDENT.—

5 Except as provided in subparagraph (B), if an
6 individual may be claimed as a dependent by 2
7 or more taxpayers (but for this subparagraph)
8 for a taxable year beginning in the same cal-
9 endar year, only the taxpayer with the highest
10 adjusted gross income for such taxable year
11 shall be allowed the deduction with respect to
12 such individual.

13 “(B) RELEASE OF CLAIM TO EXEMP-
14 TION.—Subparagraph (A) shall not apply with
15 respect to an individual if—

16 “(i) the taxpayer with the highest ad-
17 justed gross income under subparagraph
18 (A), for any calendar year signs a written
19 declaration (in such manner and form as
20 the Secretary may by regulations pre-
21 scribe) that such taxpayer will not claim
22 such individual as a dependent for any tax-
23 able year beginning in such calendar year,

24 “(ii) the other taxpayer provides over
25 half of such individual’s support for the

1 calendar year in which the taxable year of
2 such other taxpayer begins, and

3 “(iii) such other taxpayer attaches
4 such written declaration to such taxpayer’s
5 return for the taxable year beginning dur-
6 ing such calendar year.”.

7 (c) RULES RELATING TO FOSTER CHILD.—Section
8 152(b)(2) of the Internal Revenue Code of 1986 (relating
9 to rules relating to general definition) is amended by strik-
10 ing “a foster child” and all that follows through “indi-
11 vidual)” and inserting “an eligible foster child (as defined
12 in section 32(c)(3)(B)(iii)) of an individual”.

13 (d) EXEMPTION FROM GROSS INCOME TEST.—Sec-
14 tion 151(c)(3) of the Internal Revenue Code of 1986 (re-
15 lating to definition of child) is amended by striking “or
16 stepdaughter” and inserting “stepdaughter, or a descend-
17 ant of such individual”.

18 (e) WAIVER OF DEDUCTION FOR DIVORCED PAR-
19 ENTS.—

20 (1) IN GENERAL.—So much of section 152(e)
21 as precedes paragraph (4) of the Internal Revenue
22 Code of 1986 (relating to support test in case of
23 child of divorced parents, etc.) is amended to read
24 as follows:

1 “(e) SPECIAL RULES FOR CHILD OF DIVORCED PAR-
2 ENTS.—

3 “(1) RELEASE OF CLAIM TO EXEMPTION.—In
4 the case of a child (as defined in section 151(c)(3))
5 of parents—

6 “(A) who are divorced or legally separated
7 under a decree of divorce or separate mainte-
8 nance,

9 “(B) who are separated under a written
10 separation agreement, or

11 “(C) who live apart at all times during the
12 last 6 months of the calendar year,

13 the custodial parent who is entitled to the deduction
14 under section 151 for a taxable year with respect to
15 such child may release such deduction to the non-
16 custodial parent.

17 “(2) PROCEDURE.—The noncustodial parent
18 may claim a child described in paragraph (1) as a
19 dependent for the taxable year if—

20 “(A) the custodial parent signs a written
21 declaration (in such manner and form as the
22 Secretary may by regulations prescribe) that
23 such custodial parent will not claim such child
24 as a dependent for any taxable year beginning
25 in such calendar year,

1 “(B) the custodial parent and the non-
2 custodial parent provide over half of such
3 child’s support for the calendar year in which
4 the taxable years of such parents begin, and

5 “(C) the noncustodial parent attaches such
6 written declaration to such noncustodial par-
7 ent’s return for the taxable year beginning dur-
8 ing such calendar year.

9 “(3) DEFINITIONS.—For purposes of this
10 subsection—

11 “(A) CUSTODIAL PARENT.—The term ‘cus-
12 todial parent’ means, with regard to an indi-
13 vidual, a parent who has custody of such indi-
14 vidual for a greater portion of the calendar year
15 than the noncustodial parent.

16 “(B) NONCUSTODIAL PARENT.—The term
17 ‘noncustodial parent’ means the parent who is
18 not the custodial parent.”.

19 (2) PRE-1985 INSTRUMENTS.—Section
20 152(e)(4)(A) of such Code (relating to exception for
21 certain pre-1985 instruments) is amended by strik-
22 ing “A child” and all that follows through “non-
23 custodial parent” and inserting “A noncustodial par-
24 ent described in paragraph (1) shall be entitled to

1 the deduction under section 151 for a taxable year
2 with respect to a child if”.

3 (f) CONFORMING AMENDMENTS.—

4 (1) Section 1(g)(5)(A) of the Internal Revenue
5 Code of 1986 is amended by inserting “as in effect
6 on the day before the date of the enactment of the
7 Tax Relief for Working Families Act of 2001” after
8 “152(e)”.

9 (2) Section 2(b)(1)(A)(i) of such Code is
10 amended by striking “paragraph (2) or (4) of”.

11 (3) Section 2(b)(3)(B)(i) of such Code is
12 amended by striking “paragraph (9)” and inserting
13 “paragraph (2)(G)”.

14 (4) Section 21(e)(5)(A) of such Code is amend-
15 ed by striking “paragraph (2) or (4) of”.

16 (5) Section 21(e)(5) of such Code is amended
17 in the matter following subclause (B) by inserting
18 “as in effect on the day before the date of the enact-
19 ment of the Tax Relief for Working Families Act of
20 2001” after “152(e)(1)”.

21 (6) Section 32(c)(1)(G) of such Code is amend-
22 ed by striking “(3)(D).” and inserting “(1)(C). An
23 individual whose qualifying child or qualifying chil-
24 dren are not taken into account under subsection (b)
25 solely by reason of paragraph (3)(D) shall be treated

1 as an eligible individual if such individual otherwise
2 meets the requirements of subparagraph (A)(ii).”.

3 (7) Section 32(c)(3)(B)(ii) of such Code is
4 amended by striking “paragraph (2) or (4) of”.

5 (8) Section 51(i)(1)(C) of such Code is amend-
6 ed by striking “152(a)(9)” and inserting
7 “152(a)(2)(G)”.

8 (9) Section 152(b) of such Code is amended by
9 striking “specified in subsection (a)” and inserting
10 “specified in subsection (a)(2) or (f)(2)”.

11 (10) Section 152(c) of such Code is amended by
12 striking “(a)” and inserting “(a)(1)”.

13 (11) Section 7703(b)(1) of such Code is amend-
14 ed by striking “paragraph (2) or (4) of”.

15 (12) The following provisions of such Code are
16 each amended by striking “paragraphs (1) through
17 (8) of section 152(a)” and inserting “subparagraphs
18 (A) through (F) of subsection (a)(2) or subsection
19 (f)(2) of section 152”:

20 (A) Section 170(g)(3).

21 (B) Subparagraphs (A) and (B) of section
22 51(i)(1).

23 (C) The second sentence of section
24 213(d)(11).

25 (D) Section 529(e)(2)(B).

1 (E) Section 7702B(f)(2)(C)(iii).

2 (g) EFFECTIVE DATE.—The amendments made by
3 this section shall apply to taxable years beginning after
4 December 31, 2001.

5 **SEC. 4105. OTHER MODIFICATIONS TO EARNED INCOME**
6 **TAX CREDIT.**

7 (a) MODIFICATION OF JOINT RETURN REQUIRE-
8 MENT.—Section 32(d) of the Internal Revenue Code of
9 1986 (relating to married individuals) is amended to read
10 as follows:

11 “(d) MARRIED INDIVIDUALS.—

12 “(1) IN GENERAL.—If the taxpayer is married
13 at the close of the taxable year, the credit shall be
14 allowed under subsection (a) only if the taxpayer
15 and his spouse file a joint return for the taxable
16 year.

17 “(2) MARITAL STATUS.—For purposes of para-
18 graph (1), an individual legally separated from his
19 spouse under a decree of divorce or of separate
20 maintenance shall not be considered as married.

21 “(3) CERTAIN MARRIED INDIVIDUALS LIVING
22 APART.—For purposes of paragraph (1), if—

23 “(A) an individual—

24 “(i) is married and files a separate re-
25 turn, and

1 “(ii) has a qualifying child who is a
2 son, daughter, stepson, or stepdaughter of
3 such individual, and

4 “(B) during the last 6 months of such tax-
5 able year, such individual and such individual’s
6 spouse do not have the same principal place of
7 abode,

8 such individual shall not be considered as married.”.

9 (b) MODIFICATION OF RULE WHERE THERE ARE 2
10 OR MORE ELIGIBLE INDIVIDUALS.—Subparagraph (C) of
11 section 32(c)(1) of the Internal Revenue Code of 1986 (re-
12 lating to 2 or more eligible individuals) is amended to read
13 as follows:

14 “(C) 2 OR MORE ELIGIBLE INDIVIDUALS.—

15 “(i) IN GENERAL.—Except as pro-
16 vided in clause (ii), if 2 or more individuals
17 would (but for this subparagraph and after
18 application of subparagraph (B)) be treat-
19 ed as eligible individuals with respect to
20 the same qualifying child for taxable years
21 beginning in the same calendar year, only
22 the individual with the highest modified
23 adjusted gross income for such taxable
24 years shall be treated as an eligible indi-

1 vidual with respect to such qualifying
2 child.

3 “(ii) EXCEPTION FOR CERTAIN PAR-
4 ENTS.—An otherwise eligible individual
5 who is not treated under clause (i) as the
6 only eligible individual with respect to any
7 qualifying child shall be treated as an eligi-
8 ble individual with respect to such child
9 if—

10 “(I) such child is the son, daugh-
11 ter, stepson, or stepdaughter of such
12 individual,

13 “(II) such child is not taken into
14 account under subsection (b) by any
15 other individual, and

16 “(III) the limitation under sub-
17 section (a)(2) for the individual who
18 would (but for this clause) be treated
19 under clause (i) as the only eligible in-
20 dividual with respect to such child
21 would be greater than zero (deter-
22 mined as if such individual had 2
23 qualifying children).”.

24 (c) EXPANSION OF MATHEMATICAL ERROR AUTHOR-
25 ITY.—Paragraph (2) of section 6213(g) of the Internal

1 Revenue Code of 1986 (relating to definitions) is amended
2 by striking “and” at the end of subparagraph (K), by
3 striking the period at the end of subparagraph (L) and
4 inserting “, and”, and by inserting after subparagraph (L)
5 the following new subparagraph:

6 “(M) the entry on the return claiming the
7 credit under section 32 with respect to a child
8 if, according to the Federal Case Registry of
9 Child Support Orders established under section
10 453(h) of the Social Security Act, the taxpayer
11 is a noncustodial parent of such child.”.

12 (d) EFFECTIVE DATES.—

13 (1) IN GENERAL.—Except as provided in para-
14 graph (2), the amendments made by this section
15 shall apply to taxable years beginning after Decem-
16 ber 31, 2000.

17 (2) EXPANSION OF MATHEMATICAL ERROR AU-
18 THORITY.—The amendment made by subsection (c)
19 shall apply to taxable years beginning after Decem-
20 ber 31, 2001.

1 **Subtitle C—Marriage Penalty**
2 **Relief**

3 **SEC. 4201. MARRIAGE PENALTY RELIEF FOR EARNED IN-**
4 **COME CREDIT.**

5 (a) **IN GENERAL.**—Paragraph (2) of section 32(b) of
6 the Internal Revenue Code of 1986 (relating to percent-
7 ages and amounts) is amended—

8 (1) by striking “**AMOUNTS.**—The earned” and
9 inserting “**AMOUNTS.**—

10 “(A) **IN GENERAL.**—Subject to subpara-
11 graph (B), the earned”; and

12 (2) by adding at the end the following new sub-
13 paragraph:

14 “(B) **JOINT RETURNS.**—In the case of a
15 joint return, the earned income amount deter-
16 mined under subparagraph (A) shall be 120
17 percent of the otherwise applicable amount. If
18 any amount determined under the preceding
19 sentence is not a multiple of \$10, such amount
20 shall be rounded to the nearest multiple of
21 \$10.”.

22 (b) **EFFECTIVE DATE.**—The amendments made by
23 this section shall apply to taxable years beginning after
24 December 31, 2001.

1 **Subtitle D—Expanding the**
2 **Dependent Care Tax Credit**

3 **SEC. 4301. DEPENDENT CARE TAX CREDIT.**

4 (a) DEPENDENT CARE SERVICES.—Subpart C of
5 part IV of subchapter A of chapter 1 of the Internal Rev-
6 enue Code of 1986 (relating to refundable credits), as
7 amended by section 4001(b)(1), is amended by redesi-
8 gnating section 36 as section 37 and by inserting after sec-
9 tion 35 the following new section:

10 **“SEC. 36. DEPENDENT CARE SERVICES.**

11 “(a) ALLOWANCE OF CREDIT.—

12 “(1) IN GENERAL.—In the case of an individual
13 who maintains a household which includes as a
14 member 1 or more qualifying individuals, there shall
15 be allowed as a credit against the tax imposed by
16 this subtitle for the taxable year an amount equal to
17 the applicable percentage of the sum of—

18 “(A) the employment-related expenses paid
19 by such individual during the taxable year, plus

20 “(B) the respite care expenses paid by
21 such individual during the taxable year.

22 “(2) APPLICABLE PERCENTAGE DEFINED.—

23 “(A) IN GENERAL.—For purposes of para-
24 graph (1), the term ‘applicable percentage’
25 means 50 percent reduced (but not below 20

1 percent) by 1 percentage point for each full
2 \$1,000 amount by which the taxpayer's ad-
3 justed gross income for the taxable year exceeds
4 \$15,000.

5 “(B) COST-OF-LIVING ADJUSTMENT.—

6 “(i) IN GENERAL.—In the case of a
7 taxable year beginning in a calendar year
8 after 2001, subparagraph (A) shall be ap-
9 plied by increasing the \$15,000 amount
10 contained therein by the cost-of-living ad-
11 justment (as defined in section 1(f)(3)) for
12 such calendar year determined by sub-
13 stituting ‘2000’ for ‘1992’ in subparagraph
14 (B) of section 1(f)(3).

15 “(ii) ROUNDING.—If any increase de-
16 termined under clause (i) is not a multiple
17 of \$10, such increase shall be rounded to
18 the nearest multiple of \$10 (or if such in-
19 crease is a multiple of \$5, such increase
20 shall be increased to the next highest mul-
21 tiple of \$10).

22 “(b) EMPLOYMENT-RELATED EXPENSES.—For pur-
23 poses of this section—

24 “(1) DETERMINATION OF ELIGIBLE EX-
25 PENSES.—

1 “(A) IN GENERAL.—The term ‘employ-
2 ment-related expenses’ means amounts paid for
3 the following expenses, but only if such ex-
4 penses are incurred to enable the taxpayer to be
5 gainfully employed for any period for which
6 there are 1 or more qualifying individuals with
7 respect to the taxpayer:

8 “(i) expenses for household services,
9 and

10 “(ii) expenses for the care of a quali-
11 fying individual.

12 Such term shall not include any amount paid
13 for services outside the taxpayer’s household at
14 a camp where the qualifying individual stays
15 overnight and shall not include any respite care
16 expense taken into account under subsection
17 (a).

18 “(B) EXCEPTION.—Employment-related
19 expenses described in subparagraph (A) which
20 are incurred for services outside the taxpayer’s
21 household shall be taken into account only if in-
22 curred for the care of—

23 “(i) a qualifying individual described
24 in subsection (d)(1), or

1 “(ii) a qualifying individual (not de-
2 scribed in subsection (d)(1)) who regularly
3 spends at least 8 hours each day in the
4 taxpayer’s household.

5 “(C) DEPENDENT CARE CENTERS.—Em-
6 ployment-related expenses described in subpara-
7 graph (A) which are incurred for services pro-
8 vided outside the taxpayer’s household by a de-
9 pendent care center (as defined in subpara-
10 graph (D)) shall be taken into account only if—

11 “(i) such center complies with all ap-
12 plicable laws and regulations of a State or
13 unit of local government, and

14 “(ii) the requirements of subpara-
15 graph (B) are met.

16 “(D) DEPENDENT CARE CENTER DE-
17 FINED.—For purposes of this paragraph, the
18 term ‘dependent care center’ means any facility
19 which—

20 “(i) provides care for more than 6 in-
21 dividuals (other than individuals who re-
22 side at the facility), and

23 “(ii) receives a fee, payment, or grant
24 for providing services for any of the indi-

1 viduals (regardless of whether such facility
2 is operated for profit).

3 “(2) DOLLAR LIMIT ON AMOUNT CRED-
4 ITABLE.—

5 “(A) IN GENERAL.—The amount of the
6 employment-related expenses incurred during
7 any taxable year which may be taken into ac-
8 count under subsection (a) shall not exceed—

9 “(i) \$2,400 if there is 1 qualifying in-
10 dividual with respect to the taxpayer for
11 such taxable year, or

12 “(ii) \$4,800 if there are 2 or more
13 qualifying individuals with respect to the
14 taxpayer for such taxable year.

15 The amount determined under clause (i) or (ii)
16 (whichever is applicable) shall be reduced by the
17 aggregate amount excludable from gross income
18 under section 129 for the taxable year.

19 “(B) REDUCTION IN LIMIT FOR AMOUNT
20 OF RESPITE CARE EXPENSES.—The limitation
21 of subparagraph (A) shall be reduced by the
22 amount of the respite care expenses taken into
23 account by the taxpayer under subsection (a)
24 for the taxable year.

25 “(3) EARNED INCOME LIMITATION.—

1 “(A) IN GENERAL.—Except as otherwise
2 provided in this paragraph, the amount of the
3 employment-related expenses incurred during
4 any taxable year which may be taken into ac-
5 count under subsection (a) shall not exceed—

6 “(i) in the case of an individual who
7 is not married at the close of such year,
8 such individual’s earned income for such
9 year, or

10 “(ii) in the case of an individual who
11 is married at the close of such year, the
12 lesser of such individual’s earned income or
13 the earned income of his spouse for such
14 year.

15 “(B) SPECIAL RULE FOR SPOUSE WHO IS
16 A STUDENT OR INCAPABLE OF CARING FOR
17 HIMSELF.—In the case of a spouse who is a
18 student or a qualified individual described in
19 subsection (d)(3), for purposes of subparagraph
20 (A), such spouse shall be deemed for each
21 month during which such spouse is a full-time
22 student at an educational institution, or is such
23 a qualifying individual, to be gainfully employed
24 and to have earned income of not less than—

1 “(i) \$200 if paragraph (2)(A)(i) ap-
2 plies for the taxable year, or

3 “(ii) \$400 if paragraph (2)(A)(ii) ap-
4 plies for the taxable year.

5 In the case of any husband and wife, this sub-
6 paragraph shall apply with respect to only one
7 spouse for any one month.

8 “(c) RESPITE CARE EXPENSES.—For purposes of
9 this section—

10 “(1) IN GENERAL.—The term ‘respite care ex-
11 penses’ means expenses paid (whether or not to en-
12 able the taxpayer to be gainfully employed) for—

13 “(A) the care of a qualifying individual—

14 “(i) who has attained the age of 13,
15 or

16 “(ii) who is under the age of 13 but
17 has a physical or mental impairment which
18 results in the individual being incapable of
19 caring for himself,

20 during any period when such individual regu-
21 larly spends at least 8 hours each day in the
22 taxpayer’s household, or

23 “(B) the care (for not more than 14 days
24 during the calendar year) of a qualifying indi-
25 vidual described in subparagraph (A) during

1 any period during which the individual does not
2 regularly spend at least 8 hours each day in the
3 taxpayer's household.

4 “(2) DOLLAR LIMIT.—The amount of the res-
5 pite care expenses incurred during any taxable year
6 which may be taken into account under subsection
7 (a) shall not exceed—

8 “(A) \$1,200 if such expenses are incurred
9 with respect to only 1 qualifying individual for
10 the taxable year, or

11 “(B) \$2,400 if such expenses are incurred
12 for 2 or more qualifying individuals for such
13 taxable year.

14 “(d) QUALIFYING INDIVIDUAL.—For purposes of this
15 section, the term ‘qualifying individual’ means—

16 “(1) a dependent of the taxpayer who is under
17 the age of 13 and with respect to whom the taxpayer
18 is entitled to a deduction under section 151(e),

19 “(2) a dependent of the taxpayer who is phys-
20 ically or mentally incapable of caring for himself, or

21 “(3) the spouse of the taxpayer, if he is phys-
22 ically or mentally incapable of caring for himself.

23 “(e) SPECIAL RULES.—For purposes of this
24 section—

1 “(1) MAINTAINING HOUSEHOLD.—An indi-
2 vidual shall be treated as maintaining a household
3 for any period only if over half the cost of maintain-
4 ing the household for such period is furnished by
5 such individual (or, if such individual is married
6 during such period, is furnished by such individual
7 and his spouse).

8 “(2) MARRIED COUPLES MUST FILE JOINT RE-
9 TURN.—If the taxpayer is married at the close of
10 the taxable year, the credit shall be allowed under
11 subsection (a) only if the taxpayer and his spouse
12 file a joint return for the taxable year.

13 “(3) MARITAL STATUS.—An individual legally
14 separated from his spouse under a decree of divorce
15 or of separate maintenance shall not be considered
16 as married.

17 “(4) CERTAIN MARRIED INDIVIDUALS LIVING
18 APART.—If—

19 “(A) an individual who is married and who
20 files a separate return—

21 “(i) maintains as his home a house-
22 hold that constitutes for more than one-
23 half of the taxable year the principal place
24 of abode of a qualifying individual, and

1 “(ii) furnishes over half the cost of
2 maintaining such household during the
3 taxable year, and

4 “(B) during the last 6 months of such tax-
5 able year such individual’s spouse is not a mem-
6 ber of such household,

7 such individual shall not be considered as married.

8 “(5) SPECIAL DEPENDENCY TEST IN CASE OF
9 DIVORCED PARENTS, ETC.—If—

10 “(A) paragraph (2) or (4) of section
11 152(e) applies to any child with respect to any
12 calendar year, and

13 “(B) such child is under the age of 13 or
14 is physically or mentally incapable of caring for
15 himself,

16 in the case of any taxable year beginning in such
17 calendar year, such child shall be treated as a quali-
18 fying individual with respect to the custodial parent
19 (within the meaning of section 152(e)(1)), and shall
20 not be treated as a qualifying individual with respect
21 to the noncustodial parent.

22 “(6) PAYMENTS TO RELATED INDIVIDUALS.—
23 No credit shall be allowed under subsection (a) for
24 any amount paid by the taxpayer to an individual—

1 “(A) with respect to whom, for the taxable
2 year, a deduction under section 151(c) (relating
3 to deduction for personal exemptions for de-
4 pendents) is allowable either to the taxpayer or
5 his spouse, or

6 “(B) who is a child of the taxpayer (within
7 the meaning of section 151(c)(3)) who has not
8 attained the age of 19 at the close of the tax-
9 able year.

10 For purposes of this paragraph, the term ‘taxable
11 year’ means the taxable year of the taxpayer in
12 which the service is performed.

13 “(7) STUDENT.—The term ‘student’ means an
14 individual who during each of 5 calendar months
15 during the taxable year is a full-time student at an
16 educational organization.

17 “(8) EDUCATIONAL ORGANIZATION.—The term
18 ‘educational organization’ means an educational or-
19 ganization described in section 170(b)(1)(A)(ii).

20 “(9) IDENTIFYING INFORMATION REQUIRED
21 WITH RESPECT TO SERVICE PROVIDER.—No credit
22 shall be allowed under subsection (a) for any amount
23 paid to any person unless—

1 “(A) the name, address, and taxpayer
2 identification number of such person are in-
3 cluded on the return claiming the credit, or

4 “(B) if such person is an organization de-
5 scribed in section 501(c)(3) and exempt from
6 tax under section 501(a), the name and address
7 of such person are included on the return
8 claiming the credit.

9 In the case of a failure to provide the information
10 required under the preceding sentence, the preceding
11 sentence shall not apply if it is shown that the tax-
12 payer exercised due diligence in attempting to pro-
13 vide the information so required.

14 “(f) REGULATIONS.—The Secretary shall prescribe
15 such regulations as may be necessary to carry out the pur-
16 poses of this section.”.

17 (b) CONFORMING AMENDMENTS.—

18 (1) Section 21 of such Code is repealed.

19 (2) Section 23(f)(1) of such Code and section
20 129(a)(2)(C) of such Code are each amended by
21 striking “section 21(e)” and inserting “section
22 36(e)”.

23 (3) Section 129(b)(2) of such Code is amended
24 by striking “section 21(d)(2)” and inserting “section
25 36(b)(3)(B)”.

1 (4) Section 129(e)(1) of such Code is amended
2 by striking “under section 21(b)(2) (relating to ex-
3 penses for household and dependent care services
4 necessary for gainful employment)” and inserting
5 “or respite care services under section 36 (relating
6 to dependent care services)”.

7 (5) Section 213(e) of such Code is amended by
8 striking “section 21” and inserting “section 36”.

9 (6) Section 6213(g)(2)(H) of such Code is
10 amended by striking “section 21 (related to expenses
11 for household and dependent care services necessary
12 for gainful employment)” and inserting “section 36
13 (relating to dependent care services)”.

14 (c) TECHNICAL AMENDMENTS.—(1) The table of sec-
15 tions for subpart C of part IV of subchapter A of chapter
16 1 of such Code is amended by striking the item relating
17 to section 36 and inserting the following:

 “Sec. 36. Dependent care services.

 “Sec. 37. Overpayments of tax.”.

18 (2) The table of sections for subpart A of such part
19 IV is amended by striking the item relating to section 21.

20 (d) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years beginning after
22 December 31, 2000.

1 **TITLE V—FAIR START—SUPPORT**
2 **TO PROMOTE WORK AND RE-**
3 **DUCE POVERTY**

4 **Subtitle A—Gateways Grant**
5 **Program**

6 **SEC. 5001. GATEWAYS GRANT PROGRAM.**

7 (a) **PURPOSES.**—The purposes of this section are
8 to—

9 (1) inform low-income families with children
10 about programs available to families leaving welfare
11 and other programs to support low-income families
12 with children;

13 (2) provide incentives to States and counties to
14 improve and coordinate application and renewal pro-
15 cedures for low-income family with children support
16 programs; and

17 (3) track the extent to which low-income fami-
18 lies with children receive the benefits and services
19 for which they are eligible.

20 (b) **DEFINITIONS.**—In this section:

21 (1) **LOCALITY.**—The term locality means a mu-
22 nicipality that does not administer a temporary as-
23 sistance for needy families program funded under
24 part A of title IV of the Social Security Act (42

1 U.S.C. 601 et seq.) (in this section referred to as
2 “TANF”).

3 (2) LOW-INCOME FAMILY WITH CHILDREN SUP-
4 PORT PROGRAM.—The term “low-income family with
5 children support program” means a program de-
6 signed to provide low-income families with assistance
7 or benefits to enable the family to become self-suffi-
8 cient and includes—

9 (A) TANF;

10 (B) the food stamp program established
11 under the Food Stamp Act of 1977 (7 U.S.C.
12 2011 et seq.) (in this section referred to as
13 “food stamps”);

14 (C) the medicaid program funded under
15 title XIX of the Social Security Act (42 U.S.C.
16 1396 et seq.);

17 (D) the State children’s health insurance
18 program (SCHIP) funded under title XXI of
19 the Social Security Act (42 U.S.C. 1397aa et
20 seq.);

21 (E) the child care program funded under
22 the Child Care Development Block Grant Act of
23 1990 (42 U.S.C. 9858 et seq.);

1 (F) the child support program funded
2 under part D of title IV of the Social Security
3 Act (42 U.S.C. 651 et seq.);

4 (G) the earned income tax credit under
5 section 32 of the Internal Revenue Code of
6 1986;

7 (H) the low-income home energy assistance
8 program (LIHEAP) established under the Low-
9 Income Home Energy Assistance Act of 1981
10 (42 U.S.C 8621 et seq.);

11 (I) the special supplemental nutrition pro-
12 gram for women, infants, and children (WIC)
13 established under section 17 of the Child Nutri-
14 tion Act of 1966 (42 U.S.C. 1786);

15 (J) programs under the Workforce Invest-
16 ment Act of 1998 (29 U.S.C. 2801 et seq.); and

17 (K) any other Federal or State funded pro-
18 gram designed to provide family and work sup-
19 port to low-income families with children.

20 (3) NONPROFIT.—The term “nonprofit”, as ap-
21 plied to a school, agency, organization, or institution
22 means a school, agency, organization, or institution
23 owned and operated by 1 or more nonprofit corpora-
24 tions or associations, no part of the net earnings of

1 which inures, or may lawfully inure, to the benefit
2 of any private shareholder or individual.

3 (4) SECRETARY.—The term “Secretary” means
4 the Secretary of Health and Human Services.

5 (5) STATE.—The term “State” means each of
6 the several States of the United States, the District
7 of Columbia, the Commonwealth of Puerto Rico,
8 American Samoa, Guam, and the United States Vir-
9 gin Islands.

10 (c) AUTHORIZATION OF GRANTS.—

11 (1) STATES AND COUNTIES.—

12 (A) IN GENERAL.—The Secretary is au-
13 thorized to award grants to States and counties
14 to pay the Federal share of the costs involved
15 in improving the administration of low-income
16 family with children support programs, includ-
17 ing simplifying application, recertification, re-
18 porting, and verification rules.

19 (B) FEDERAL SHARE.—The Federal share
20 shall be 80 percent.

21 (2) NONPROFITS AND LOCALITIES.—The Sec-
22 retary is authorized to award grants to nonprofits
23 and localities to distribute information about and de-
24 velop service centers for low-income family with chil-
25 dren support programs.

1 (d) GRANT APPROVAL CRITERIA.—

2 (1) IN GENERAL.—The Secretary, in consulta-
3 tion with the Secretary of Agriculture, shall establish
4 criteria for approval of an application for a grant
5 under this section that include consideration of—

6 (A) an applicant’s record of serving low-in-
7 come populations;

8 (B) an applicant’s ability to reach hard-to-
9 serve populations;

10 (C) the level of innovation in the appli-
11 cant’s grant proposal; and

12 (D) any partnerships between the public
13 and private sector in the applicant’s grant pro-
14 posal.

15 (2) SEPARATE CRITERIA.—Separate criteria
16 shall be established for the grants authorized under
17 paragraphs (1) and (2) of subsection (c).

18 (e) USES OF FUNDS.—

19 (1) STATES AND COUNTIES.—

20 (A) IMPROVEMENTS IN PROGRAMS.—
21 Grants awarded to States and counties under
22 subsection (c)(1) shall be used to—

23 (i) simplify low-income family with
24 children support program application, re-

1 certification, reporting, and verification
2 rules;

3 (ii) create uniformity in eligibility cri-
4 teria for low-income family with children
5 support programs;

6 (iii) develop options for families to
7 apply for low-income family with children
8 support programs through the telephone,
9 mail, facsimile, Internet, or electronic mail,
10 and submit any recertifications or reports
11 required for such families through these
12 options;

13 (iv) co-locate eligibility workers for
14 various low-income family with children
15 support programs at strategically located
16 sites; and

17 (v) develop or enhance one-stop serv-
18 ice centers for low-income family with chil-
19 dren support programs, including estab-
20 lishing evening and weekend hours at these
21 centers.

22 (B) CUSTOMER SURVEYS.—

23 (i) IN GENERAL.—A grant awarded to
24 a State or county under subsection (c)(1)

1 shall be used to carry out a customer sur-
2 vey.

3 (ii) MODEL SURVEYS.—The customer
4 survey under clause (i) shall be modeled
5 after a form developed by the Secretary
6 under subsection (g).

7 (iii) REPORTS TO SECRETARY.—Not
8 later than 1 year after a State or county
9 is awarded a grant under subsection (c)(1),
10 and annually thereafter, the State or coun-
11 ty shall submit a report to the Secretary
12 detailing the results of the customer survey
13 carried out under clause (i).

14 (iv) REPORTS TO PUBLIC.—A State or
15 county receiving a grant under subsection
16 (c)(1) and the Secretary shall make the re-
17 port required under clause (iii) available to
18 the public.

19 (v) PUBLIC COMMENT.—A State or
20 county receiving a grant under subsection
21 (c)(1) shall accept public comments and
22 hold public hearings on the report made
23 available under clause (iv).

24 (C) TRACKING SYSTEMS.—

1 (i) IN GENERAL.—A grant awarded to
2 a State or county under subsection (c)(1)
3 shall be used to implement a tracking sys-
4 tem to determine the level of participation
5 in low-income family with children support
6 programs of the eligible population.

7 (ii) REPORTS.—Not later than 1 year
8 after a State or county is awarded a grant
9 under subsection (c)(1), and annually
10 thereafter, the State or county shall submit
11 a report to the Secretary detailing the ef-
12 fectiveness of the tracking system imple-
13 mented under clause (i).

14 (D) REPORTING.—A State or county
15 awarded a grant under subsection (c)(1) shall
16 adopt the most favorable options available
17 under Federal law to reduce or eliminate re-
18 quirements for low-income families receiving as-
19 sistance under TANF or food stamps to report
20 changes in income, residence, or employment,
21 including such requirements as they relate to
22 the determination of State expenditures to meet
23 TANF maintenance of effort requirements.

1 (E) IN-PERSON INTERVIEWS.—A State or
2 county awarded a grant under subsection
3 (c)(1)—

4 (i) may expend funds made available
5 under the grant to provide for reporting
6 and recertification procedures through the
7 telephone, mail, facsimile, Internet, or elec-
8 tronic mail; and

9 (ii) shall adopt the most favorable op-
10 tions available under Federal law to reduce
11 or eliminate requirements for in-person
12 interviews for redeterminations of eligi-
13 bility for TANF or food stamps.

14 (F) SHARING DOCUMENTATION AND
15 VERIFICATION INFORMATION.—A grant award-
16 ed to a State or county under subsection (c)(1)
17 shall be used to develop procedures by which—

18 (i) a low-income family is relieved of
19 the requirement to present documentation
20 to establish eligibility for various low-in-
21 come family with children support pro-
22 grams where information concerning the
23 family's income exists in State databases
24 and the family is provided adequate oppor-

1 tunity to review, correct, and contest such
2 information;

3 (ii) a low-income family is given the
4 option to present the same documentation
5 to establish eligibility for various low-in-
6 come family with children support pro-
7 grams; and

8 (iii) verification of the documentation
9 presented under clause (ii) is shared
10 among agencies with responsibility for the
11 administration of low-income family with
12 children support programs.

13 (G) JURISDICTION-WIDE IMPLEMENTA-
14 TION.—

15 (i) IN GENERAL.—A grant awarded to
16 a State or county under subsection (c)(1)
17 shall be used for activities throughout the
18 jurisdiction.

19 (ii) EXCEPTION.—A State or county
20 awarded a grant under subsection (c)(1)
21 may use grant funds to develop one-stop
22 service centers and telephone, mail, fac-
23 simile, Internet, or electronic mail applica-
24 tion and renewal procedures for low-income
25 family with children support programs

1 without regard to the requirements of
2 clause (i).

3 (H) SUPPLEMENT NOT SUPPLANT.—Funds
4 provided to a State or county under a grant
5 awarded under subsection (c)(1) shall be used
6 to supplement and not supplant other State or
7 county public funds expended to provide sup-
8 port services for low-income families.

9 (2) NONPROFITS AND LOCALITIES.—A grant
10 awarded to a nonprofit or locality under subsection
11 (c)(2) shall be used to—

12 (A) develop one-stop service centers for
13 low-income family with children support pro-
14 grams in cooperation with States and counties;
15 and

16 (B) provide information about and refer-
17 rals to low-income family with children support
18 programs through the dissemination of mate-
19 rials at strategic locations, including schools,
20 clinics, and shopping locations.

21 (f) APPLICATION.—

22 (1) IN GENERAL.—Each applicant desiring a
23 grant under paragraph (1) or (2) of subsection (c)
24 shall submit an application to the Secretary at such

1 time, in such manner, and accompanied by such in-
2 formation as the Secretary may reasonably require.

3 (2) STATES AND COUNTIES.—

4 (A) NON-FEDERAL SHARE.—Each State or
5 county applicant shall provide assurances that
6 the applicant will pay the non-Federal share of
7 the activities for which a grant is sought.

8 (B) CERTIFICATION PERIODS.—

9 (i) IN GENERAL.—In order to receive
10 a grant under subsection (c)(1), each State
11 or county applicant shall provide assur-
12 ances that the applicant will establish cer-
13 tification periods of at least 1 year for
14 TANF and food stamps.

15 (ii) EXCEPTION.—The certification
16 period under clause (i) may be extended to
17 2 years for households in which all mem-
18 bers of the household are elderly or dis-
19 abled.

20 (C) PARTNERSHIPS.—Each State or coun-
21 ty applicant shall submit a memorandum of un-
22 derstanding demonstrating that the applicant
23 has entered into a partnership to coordinate its
24 efforts under the grant with the efforts of other
25 State and county agencies that have responsi-

1 bility for providing low-income families with as-
2 sistance or benefits.

3 (g) DUTIES OF THE SECRETARY.—

4 (1) SURVEY FORM.—The Secretary, in coopera-
5 tion with other relevant agencies, shall develop a
6 customer survey form to determine whether low-in-
7 come families—

8 (A) encounter any impediments in applying
9 for or renewing their participation in low-in-
10 come family with children support programs;
11 and

12 (B) are unaware of low-income family with
13 children support programs for which they are
14 eligible.

15 (2) REPORTS.—

16 (A) ANNUAL REPORTS.—Not later than 1
17 year after the date of enactment of this Act,
18 and annually thereafter, the Secretary shall
19 submit a report to Congress describing the uses
20 of grant funds awarded under this section.

21 (B) RESULTS OF TRACKING SYSTEMS AND
22 SURVEYS.—The Secretary shall submit a report
23 to Congress detailing the results of the tracking
24 systems implemented and customer surveys car-
25 ried out by States and counties under sub-

1 section (e) as the information becomes avail-
2 able.

3 (h) MISCELLANEOUS.—

4 (1) MATCHING FUNDS.—

5 (A) IN GENERAL.—Matching funds re-
6 quired from a State or county awarded a grant
7 under subsection (c)(1) may—

8 (i) include in-kind services and ex-
9 penditures by municipalities and private
10 entities; and

11 (ii) be considered a qualified State ex-
12 penditure for purposes of determining
13 whether the State has satisfied the mainte-
14 nance of effort requirements of the tem-
15 porary assistance for needy families pro-
16 gram under section 409(a)(7) of the Social
17 Security Act (42 U.S.C. 609(a)(7)).

18 (B) CONFORMING AMENDMENT.—Section
19 409(a)(7)(B)(iv) of the Social Security Act (42
20 U.S.C. 609(a)(7)(B)(iv)) is amended by striking
21 “title.” and inserting “title, and also includes
22 State funds which are expended as a condition
23 of receiving Federal funds under a grant made
24 under section 5001 of the Leave No Child Be-
25 hind Act.”.

1 (2) LIMITATION ON EXPENDITURES.—

2 (A) IN GENERAL.—Subject to paragraph
3 3—

4 (i) not more than 20 percent of a
5 grant awarded under subsection (c) shall
6 be expended on customer surveys or track-
7 ing systems; and

8 (ii) except as provided in subpara-
9 graph (B), not more than 15 percent of a
10 grant awarded under subsection (c) shall
11 be expended on administrative costs.

12 (B) AUTOMATION EXCEPTION.—The limi-
13 tation on administrative expenditures under
14 subparagraph (A)(ii) shall not apply to expendi-
15 tures for the acquisition, implementation, or
16 maintenance of information technology, comput-
17 erization, or other automated data processing to
18 accomplish the purposes of a grant awarded
19 under subsection (c).

20 (3) REVERSION OF FUNDS.—Any funds not ex-
21 pended by a grantee within 2 years after awarded a
22 grant shall be available for redistribution among
23 other grantees in such manner and amount as the
24 Secretary may determine, unless the Secretary ex-

1 tends by regulation the 2-year time period to expend
2 funds.

3 (4) NONAPPORTIONMENT.—Notwithstanding
4 any other provision of law, a State, county, locality,
5 or nonprofit awarded a grant under subsection (c) is
6 not required to apportion the costs of providing in-
7 formation about low-income family with children
8 support programs among all low-income family with
9 children support programs.

10 (5) ADMINISTRATIVE COSTS OF THE SEC-
11 RETARY.—Not more than 5 percent of the funds ap-
12 propriated to carry out this section shall be ex-
13 pended on administrative costs of the Secretary.

14 (i) AUTHORIZATION OF APPROPRIATIONS.—There is
15 authorized to be appropriated to carry out this section
16 \$500,000,000 for the period of fiscal years 2002 through
17 2006.

18 **Subtitle B—Support From Both**
19 **Parents**

20 **CHAPTER 1—CHILD SUPPORT**

21 **DISTRIBUTION**

22 **SEC. 5101. SHORT TITLE.**

23 This subtitle may be cited as the “Child Support Dis-
24 tribution Act of 2001”.

1 **Subchapter A—Distribution of Child Support**

2 **SEC. 5111. DISTRIBUTION OF CHILD SUPPORT COLLECTED**

3 **BY STATES ON BEHALF OF CHILDREN RE-**

4 **CEIVING CERTAIN WELFARE BENEFITS.**

5 (a) MODIFICATION OF RULE REQUIRING ASSIGN-
6 MENT OF SUPPORT RIGHTS AS A CONDITION OF RECEIV-
7 ING TANF.—Section 408(a)(3) of the Social Security Act
8 (42 U.S.C. 608(a)(3)) is amended to read as follows:

9 “(3) NO ASSISTANCE FOR FAMILIES NOT AS-
10 SIGNING CERTAIN SUPPORT RIGHTS TO THE
11 STATE.—A State to which a grant is made under
12 section 403 shall require, as a condition of providing
13 assistance to a family under the State program
14 funded under this part, that a member of the family
15 assign to the State any rights the family member
16 may have (on behalf of the family member or of any
17 other person for whom the family member has ap-
18 plied for or is receiving such assistance) to support
19 from any other person, not exceeding the total
20 amount of assistance so provided to the family,
21 which accrues during the period that the family re-
22 ceives assistance under the program.”.

23 (b) INCREASING CHILD SUPPORT PAYMENTS TO
24 FAMILIES AND SIMPLIFYING CHILD SUPPORT DISTRIBU-
25 TION RULES.—

1 (1) DISTRIBUTION RULES.—

2 (A) IN GENERAL.—Section 457(a) of such
3 Act (42 U.S.C. 657(a)) is amended to read as
4 follows:

5 “(a) IN GENERAL.—Subject to subsections (e) and
6 (f), the amounts collected on behalf of a family as support
7 by a State pursuant to a plan approved under this part
8 shall be distributed as follows:

9 “(1) FAMILIES RECEIVING ASSISTANCE.—In the
10 case of a family receiving assistance from the State,
11 the State shall—

12 “(A) pay to the Federal Government the
13 Federal share of the amount collected, subject
14 to paragraph (3)(A);

15 “(B) retain, or pay to the family, the State
16 share of the amount collected, subject to para-
17 graph (3)(B); and

18 “(C) pay to the family any remaining
19 amount.

20 “(2) FAMILIES THAT FORMERLY RECEIVED AS-
21 SISTANCE.—In the case of a family that formerly re-
22 ceived assistance from the State:

23 “(A) CURRENT SUPPORT.—To the extent
24 that the amount collected does not exceed the

1 current support amount, the State shall pay the
2 amount to the family.

3 “(B) ARREARAGES.—To the extent that
4 the amount collected exceeds the current sup-
5 port amount, the State—

6 “(i) shall first pay to the family the
7 excess amount, to the extent necessary to
8 satisfy support arrearages not assigned
9 pursuant to section 408(a)(3);

10 “(ii) if the amount collected exceeds
11 the amount required to be paid to the fam-
12 ily under clause (i), shall—

13 “(I) pay to the Federal Govern-
14 ment, the Federal share of the excess
15 amount described in this clause, sub-
16 ject to paragraph (3)(A); and

17 “(II) retain, or pay to the family,
18 the State share of the excess amount
19 described in this clause, subject to
20 paragraph (3)(B); and

21 “(iii) shall pay to the family any re-
22 maining amount.

23 “(3) LIMITATIONS.—

24 “(A) FEDERAL REIMBURSEMENTS.—The
25 total of the amounts paid by the State to the

1 Federal Government under paragraphs (1) and
2 (2) of this subsection with respect to a family
3 shall not exceed the Federal share of the
4 amount assigned with respect to the family pur-
5 suant to section 408(a)(3).

6 “(B) STATE REIMBURSEMENTS.—The
7 total of the amounts retained by the State
8 under paragraphs (1) and (2) of this subsection
9 with respect to a family shall not exceed the
10 State share of the amount assigned with respect
11 to the family pursuant to section 408(a)(3).

12 “(4) FAMILIES THAT NEVER RECEIVED ASSIST-
13 ANCE.—In the case of any other family, the State
14 shall pay the amount collected to the family.

15 “(5) FAMILIES UNDER CERTAIN AGREE-
16 MENTS.—Notwithstanding paragraphs (1) through
17 (4), in the case of an amount collected for a family
18 in accordance with a cooperative agreement under
19 section 454(33), the State shall distribute the
20 amount collected pursuant to the terms of the agree-
21 ment.

22 “(6) STATE FINANCING OPTIONS.—To the ex-
23 tent that the State share of the amount payable to
24 a family for a month pursuant to paragraph (2)(B)
25 of this subsection exceeds the amount that the State

1 estimates (under procedures approved by the Sec-
2 retary) would have been payable to the family for
3 the month pursuant to former section 457(a)(2) (as
4 in effect for the State immediately before the date
5 this subsection first applies to the State) if such
6 former section had remained in effect, the State may
7 elect to use the grant made to the State under sec-
8 tion 403(a) to pay the amount, or to have the pay-
9 ment considered a qualified State expenditure for
10 purposes of section 409(a)(7), but not both.

11 “(7) STATE OPTION TO PASS THROUGH ADDI-
12 TIONAL SUPPORT WITH FEDERAL FINANCIAL PAR-
13 TICIPATION.—

14 “(A) IN GENERAL.—Notwithstanding
15 paragraphs (1) and (2), a State shall not be re-
16 quired to pay to the Federal Government the
17 Federal share of an amount collected on behalf
18 of a family that is not a recipient of assistance
19 under the State program funded under part A,
20 to the extent that the State pays the amount to
21 the family.

22 “(B) RECIPIENTS OF TANF FOR LESS
23 THAN 5 YEARS.—

24 “(i) IN GENERAL.—Notwithstanding
25 paragraphs (1) and (2), a State shall not

1 be required to pay to the Federal Govern-
2 ment the Federal share of an amount col-
3 lected on behalf of a family that is a recipi-
4 ent of assistance under the State program
5 funded under part A and that has received
6 the assistance for not more than 5 years
7 after the date of enactment of this para-
8 graph, to the extent that—

9 “(I) the State pays the amount
10 to the family; and

11 “(II) subject to clause (ii), the
12 amount is disregarded in determining
13 the amount and type of the assistance
14 provided to the family.

15 “(ii) LIMITATION.—Of the amount
16 disregarded as described in clause (i)(II),
17 the maximum amount that may be taken
18 into account for purposes of clause (i) shall
19 not exceed \$400 per month, except that, in
20 the case of a family that includes 2 or
21 more children, the State may elect to in-
22 crease the maximum amount to not more
23 than \$600 per month.”.

24 (B) APPROVAL OF ESTIMATION PROCE-
25 DURES.—Not later than October 1, 2001, the

1 Secretary of Health and Human Services, in
2 consultation with the States (as defined for
3 purposes of part D of title IV of the Social Se-
4 curity Act), shall establish the procedures to be
5 used to make the estimate described in section
6 457(a)(6) of such Act.

7 (2) CURRENT SUPPORT AMOUNT DEFINED.—
8 Section 457(c) of such Act (42 U.S.C. 657(c)) is
9 amended by adding at the end the following:

10 “(5) CURRENT SUPPORT AMOUNT.—The term
11 ‘current support amount’ means, with respect to
12 amounts collected as support on behalf of a family,
13 the amount designated as the monthly support obli-
14 gation of the noncustodial parent in the order re-
15 quiring the support.”.

16 (c) BAN ON RECOVERY OF MEDICAID COSTS FOR
17 CERTAIN BIRTHS.—Section 454 of such Act (42 U.S.C.
18 654) is amended—

19 (1) by striking “and” at the end of paragraph
20 (32);

21 (2) by striking the period at the end of para-
22 graph (33) and inserting “; and”; and

23 (3) by inserting after paragraph (33) the fol-
24 lowing:

1 “(34) provide that the State shall not use the
2 State program operated under this part to collect
3 any amount owed to the State by reason of costs in-
4 curred under the State plan approved under title
5 XIX for the birth of a child for whom support rights
6 have been assigned pursuant to section 408(a)(3),
7 471(a)(17), or 1912.”.

8 (d) STATE OPTION TO DISCONTINUE CERTAIN SUP-
9 PORT ASSIGNMENTS.—Section 457(b) of such Act (42
10 U.S.C. 657(b)) is amended by striking “shall” and insert-
11 ing “may”.

12 (e) CONFORMING AMENDMENTS.—

13 (1) Section 409(a)(7)(B)(i)(I)(aa) of such Act
14 (42 U.S.C. 609(a)(7)(B)(i)(I)(aa)) is amended by
15 striking “457(a)(1)(B)” and inserting “457(a)(1)”.

16 (2) Section 404(a) of such Act (42 U.S.C.
17 604(a)) is amended—

18 (A) by striking “or” at the end of para-
19 graph (1);

20 (B) by striking the period at the end of
21 paragraph (2) and inserting “; or”; and

22 (C) by adding at the end the following:

23 “(3) to fund payment of an amount pursuant to
24 clause (i) or (ii) of section 457(a)(2)(B), but only to
25 the extent that the State properly elects under sec-

1 tion 457(a)(6) to use the grant to fund the pay-
2 ment.”.

3 (3) Section 409(a)(7)(B)(i) of such Act (42
4 U.S.C. 609(a)(7)(B)(i)) is amended by adding at the
5 end the following:

6 “(V) PORTIONS OF CERTAIN
7 CHILD SUPPORT PAYMENTS COL-
8 LECTED ON BEHALF OF AND DISTRIB-
9 UTED TO FAMILIES NO LONGER RE-
10 CEIVING ASSISTANCE.—Any amount
11 paid by a State pursuant to clause (i)
12 or (ii) of section 457(a)(2)(B), but
13 only to the extent that the State prop-
14 erly elects under section 457(a)(6) to
15 have the payment considered a quali-
16 fied State expenditure.”.

17 (f) EFFECTIVE DATE.—

18 (1) IN GENERAL.—The amendments made by
19 this section shall take effect on October 1, 2006,
20 and shall apply to payments under parts A and D
21 of title IV of the Social Security Act for calendar
22 quarters beginning on or after such date, and with-
23 out regard to whether regulations to implement such
24 amendments (in the case of State programs operated
25 under such part D) are promulgated by such date.

1 (2) STATE OPTION TO ACCELERATE EFFECTIVE
2 DATE.—In addition, a State may elect to have the
3 amendments made by this section apply to the State
4 and to amounts collected by the State, on and after
5 such date as the State may select that is after the
6 date of enactment of this Act and before October 1,
7 2006.

8 **Subchapter B—Review and Adjustment of**
9 **Child Support Orders**

10 **SEC. 5116. MANDATORY REVIEW AND MODIFICATION OF**
11 **CHILD SUPPORT ORDERS FOR TANF RECIPI-**
12 **ENTS.**

13 (a) REVIEW EVERY 3 YEARS.—Section
14 466(a)(10)(A)(i) of the Social Security Act (42 U.S.C.
15 666(a)(10)(A)(i)) is amended in the matter preceding sub-
16 clause (I)—

17 (1) by striking “or,” and inserting “or”; and

18 (2) by striking “upon the request of the State
19 agency under the State plan or of either parent,”.

20 (b) REVIEW UPON LEAVING TANF.—

21 (1) NOTICE OF CERTAIN FAMILIES LEAVING
22 TANF.—Section 402(a) of such Act (42 U.S.C.
23 602(a)) is amended by adding at the end the fol-
24 lowing:

1 “(8) CERTIFICATION THAT THE CHILD SUP-
2 PORT ENFORCEMENT PROGRAM WILL BE PROVIDED
3 NOTICE OF CERTAIN FAMILIES LEAVING TANF PRO-
4 GRAM.—A certification by the chief executive officer
5 of the State that the State has established proce-
6 dures to ensure that the State agency administering
7 the child support enforcement program under the
8 State plan approved under part D will be provided
9 notice of the impending discontinuation of assistance
10 to an individual under the State program funded
11 under this part if the individual has custody of a
12 child whose other parent is alive and not living at
13 home with the child.”.

14 (2) REVIEW.—Section 466(a)(10) of such Act
15 (42 U.S.C. 666(a)(10)) is amended—

16 (A) in the paragraph heading, by striking
17 “UPON REQUEST”;

18 (B) in subparagraph (C), by striking “this
19 paragraph” and inserting “subparagraph (A) or
20 (B)”;

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

22 “(D) REVIEW UPON LEAVING TANF.—On
23 receipt of a notice issued pursuant to section
24 402(a)(8), the State child support enforcement
25 agency shall—

- 1 “(i) examine the case file involved;
- 2 “(ii) determine what actions (if any)
- 3 are needed to locate any noncustodial par-
- 4 ent, establish paternity or a support order,
- 5 or enforce a support order in the case;
- 6 “(iii) immediately take the actions;
- 7 and
- 8 “(iv) if there is a support order in the
- 9 case which the State has not reviewed dur-
- 10 ing the 1-year period ending with receipt
- 11 of the notice, notwithstanding subpara-
- 12 graph (B), review and, if appropriate, ad-
- 13 just the order in accordance with subpara-
- 14 graph (A).”.

15 **Subchapter C—Demonstrations of Expanded**

16 **Information and Enforcement**

17 **SEC. 5121. GUIDELINES FOR INVOLVEMENT OF PUBLIC**

18 **NON-IV-D CHILD SUPPORT ENFORCEMENT**

19 **AGENCIES IN CHILD SUPPORT ENFORCE-**

20 **MENT.**

21 (a) IN GENERAL.—Not later than October 1, 2002,

22 the Secretary, in consultation with States, local govern-

23 ments, and individuals or companies knowledgeable about

24 involving public non-IV–D child support enforcement

25 agencies in child support enforcement, shall develop rec-

1 ommendations which address the participation of public
2 non-IV–D child support enforcement agencies in the es-
3 tablishment and enforcement of child support obligations.
4 The matters addressed by the recommendations shall in-
5 clude substantive and procedural rules which should be
6 followed with respect to privacy safeguards, data security,
7 due process rights, administrative compatibility with Fed-
8 eral and State automated systems, eligibility requirements
9 (such as registration, licensing, and posting of bonds) for
10 access to information and use of enforcement mechanisms,
11 recovery of costs by charging fees, penalties for violations
12 of the rules, treatment of collections for purposes of sec-
13 tion 458 of such Act, and avoidance of duplication of ef-
14 fort.

15 (b) DEFINITIONS.—In this title:

16 (1) CHILD SUPPORT.—The term “child sup-
17 port” has the meaning given in section 459(i)(2) of
18 the Social Security Act.

19 (2) PUBLIC NON-IV–D CHILD SUPPORT EN-
20 FORCEMENT AGENCY.—The term “public non-IV–D
21 child support enforcement agency” means an agency,
22 of a political subdivision of a State, which is prin-
23 cipally responsible for the operation of a child sup-
24 port registry or for the establishment or enforcement
25 of an obligation to pay child support other than pur-

1 suant to the State plan approved under part D of
2 title IV of such Act, or a clerk of court office of a
3 political subdivision of a State.

4 (3) SECRETARY.—The term “Secretary” means
5 the Secretary of Health and Human Services.

6 (4) STATE.—The term “State” shall have the
7 meaning given in section 1101(a)(1) of the Social
8 Security Act for purposes of part D of title IV of
9 such Act.

10 **SEC. 5122. DEMONSTRATIONS INVOLVING ESTABLISHMENT**
11 **AND ENFORCEMENT OF CHILD SUPPORT OB-**
12 **LIGATIONS BY PUBLIC NON-IV-D CHILD SUP-**
13 **PORT ENFORCEMENT AGENCIES.**

14 (a) PURPOSE.—The purpose of this section is to de-
15 termine the extent to which public non-IV–D child support
16 enforcement agencies may contribute effectively to the es-
17 tablishment and enforcement of child support obligations.

18 (b) APPLICATIONS.—

19 (1) CONSIDERATION.—The Secretary shall con-
20 sider all applications received from States desiring to
21 conduct demonstration projects under this section.

22 (2) PREFERENCES.—In considering which ap-
23 plications to approve under this section, the Sec-
24 retary shall give preference to applications submitted

1 by States that had a public non-IV–D child support
2 enforcement agency as of January 1, 2001.

3 (3) APPROVAL.—

4 (A) TIMING; LIMITATION ON NUMBER OF
5 PROJECTS.—On July 1, 2003, the Secretary
6 may approve not more than 10 applications for
7 projects providing for the participation of a
8 public non-IV–D child support enforcement
9 agency in the establishment and enforcement of
10 child support obligations, and, if the Secretary
11 receives at least 5 such applications that meet
12 such requirements as the Secretary may estab-
13 lish, shall approve not less than 5 such applica-
14 tions.

15 (B) REQUIREMENTS.—The Secretary may
16 not approve an application for a project
17 unless—

18 (i) the applicant and the Secretary
19 have entered into a written agreement
20 which addresses at a minimum, privacy
21 safeguards, data security, due process
22 rights, automated systems, liability, over-
23 sight, and fees, and the applicant has
24 made a commitment to conduct the project
25 in accordance with the written agreement

1 and such other requirements as the Sec-
2 retary may establish;

3 (ii) the project includes a research
4 plan (but such plan shall not be required
5 to use random assignment) that is focused
6 on assessing the costs and benefits of the
7 project; and

8 (iii) the project appears likely to con-
9 tribute significantly to the achievement of
10 the purpose of this title.

11 (c) DEMONSTRATION AUTHORITY.—On approval of
12 an application submitted by a State under this section—

13 (1) the State agency responsible for admin-
14 istering the State plan under part D of title IV of
15 the Social Security Act may, subject to the privacy
16 safeguards of section 454(26) of such Act, provide
17 to any public non-IV–D child support enforcement
18 agency participating in the demonstration project all
19 information in the State Directory of New Hires and
20 any information obtained through information com-
21 parisons under section 453(j)(3) of such Act about
22 an individual with respect to whom the public non-
23 IV–D agency is seeking to establish or enforce a
24 child support obligation, if the public non-IV–D
25 agency meets such requirements as the State may

1 establish and has entered into an agreement with
2 the State under which the public non-IV-D agency
3 has made a binding commitment to carry out estab-
4 lishment and enforcement activities with respect to
5 the child support obligation subject to the same data
6 security, privacy protection, and due process require-
7 ments applicable to the State agency and in accord-
8 ance with procedures approved by the head of the
9 State agency;

10 (2) the State agency may charge and collect
11 fees from any such public non-IV-D agency to re-
12 cover costs incurred by the State agency in providing
13 information and services to the public non-IV-D
14 agency under the demonstration project;

15 (3) if a public non-IV-D child support enforce-
16 ment agency has agreed to collect past-due support
17 (as defined in section 464(c) of such Act) owed by
18 a named individual, and the State agency has sub-
19 mitted a notice to the Secretary of the Treasury
20 pursuant to section 464 of such Act on behalf of the
21 public non-IV-D agency, then the Secretary of the
22 Treasury shall consider the State agency to have
23 agreed to collect such support for purposes of such
24 section 464, and the State agency may collect from
25 the public non-IV-D agency any fee which the State

1 is required to pay for the cost of applying the offset
2 procedure in the case;

3 (4) for so long as a public non-IV-D child sup-
4 port enforcement agency is participating in the dem-
5 onstration project, the public non-IV-D agency shall
6 be considered part of the State agency for purposes
7 of section 469A of such Act; and

8 (5) for so long as a public non-IV-D child sup-
9 port enforcement agency is participating in the dem-
10 onstration project, the public non-IV-D agency shall
11 be considered part of the State agency for purposes
12 of section 303(e) of such Act but only with respect
13 to any child support obligation that the public non-
14 IV-D agency has agreed to collect.

15 (d) WAIVER AUTHORITY.—The Secretary may waive
16 or vary the applicability of any provision of sections
17 303(e), 454(31), 464, 466(a)(7), 466(a)(17), and 469A
18 of the Social Security Act to the extent necessary to enable
19 the conduct of demonstration projects under this section,
20 subject to the preservation of the data security, privacy
21 protection, and due process requirements of part D of title
22 IV of such Act.

23 (e) FEDERAL AUDIT.—

24 (1) IN GENERAL.—The Comptroller General of
25 the United States shall conduct an audit of the dem-

1 onstration projects conducted under this section for
2 the purpose of examining and evaluating the manner
3 in which information and enforcement tools are used
4 by the public non-IV-D child support enforcement
5 agencies participating in the projects.

6 (2) REPORT TO CONGRESS.—

7 (A) IN GENERAL.—The Comptroller Gen-
8 eral of the United States shall submit to Con-
9 gress a report on the audit required by para-
10 graph (1).

11 (B) TIMING.—The report required by sub-
12 paragraph (A) shall be so submitted not later
13 than October 1, 2005.

14 (f) SECRETARIAL REPORT TO CONGRESS.—

15 (1) IN GENERAL.—The Secretary shall submit
16 to Congress a report on the demonstration projects
17 conducted under this section, which shall include the
18 results of any research or evaluation conducted pur-
19 suant to this title, and shall include policy rec-
20 ommendations regarding the establishment and en-
21 forcement of child support obligations by the agen-
22 cies involved.

23 (2) TIMING.—The report required by paragraph
24 (1) shall be so submitted not later than October 1,
25 2006.

1 **SEC. 5123. GAO REPORT TO CONGRESS ON PRIVATE CHILD**
2 **SUPPORT ENFORCEMENT AGENCIES.**

3 (a) IN GENERAL.—Not later than October 1, 2002,
4 the Comptroller General of the United States shall submit
5 to Congress a report on the activities of private child sup-
6 port enforcement agencies that shall be designed to help
7 Congress determine whether the agencies are providing a
8 needed service in a fair manner using accepted debt collec-
9 tion practices and at a reasonable fee.

10 (b) MATTERS TO BE ADDRESSED.—Among the mat-
11 ters addressed by the report required by subsection (a)
12 shall be the following:

13 (1) The number of private child support en-
14 forcement agencies.

15 (2) The types of debt collection activities con-
16 ducted by the private agencies.

17 (3) The fees charged by the private agencies.

18 (4) The methods used by the private agencies
19 to collect fees from custodial parents.

20 (5) The nature and degree of cooperation the
21 private agencies receive from State agencies respon-
22 sible for administering State plans under part D of
23 title IV of the Social Security Act.

24 (6) The extent to which the conduct of the pri-
25 vate agencies is subject to Federal or State regula-

1 tion, and if so, the extent to which the regulations
2 are effectively enforced.

3 (7) The amount of child support owed but un-
4 collected and changes in this amount in recent years.

5 (8) The average period of time required for the
6 completion of successful enforcement actions yielding
7 collections of past-due child support by both the
8 child support enforcement programs operated pursu-
9 ant to State plans approved under part D of title IV
10 of the Social Security Act and, to the extent known,
11 by private child support enforcement agencies.

12 (9) The types of Federal and State child sup-
13 port enforcement remedies and resources currently
14 available to private child support enforcement agen-
15 cies, and the types of such remedies and resources
16 now restricted to use by State agencies admin-
17 istering State plans referred to in paragraph (8).

18 (c) PRIVATE CHILD SUPPORT ENFORCEMENT AGEN-
19 CY DEFINED.—In this section, the term “private child
20 support enforcement agency” means a person or any other
21 nonpublic entity which seeks to establish or enforce an ob-
22 ligation to pay child support (as defined in section
23 459(i)(2) of the Social Security Act).

1 **SEC. 5124. EFFECTIVE DATE.**

2 This title shall take effect on the date of enactment
3 of this Act.

4 **Subchapter D—Expanded Enforcement**

5 **SEC. 5126. DECREASE IN AMOUNT OF CHILD SUPPORT AR-**
6 **REARAGE TRIGGERING PASSPORT DENIAL.**

7 Section 452(k) of the Social Security Act (42 U.S.C.
8 652(k)) is amended by striking “\$5,000” and inserting
9 “\$2,500”.

10 **SEC. 5127. USE OF TAX REFUND INTERCEPT PROGRAM TO**
11 **COLLECT PAST-DUE CHILD SUPPORT ON BE-**
12 **HALF OF CHILDREN WHO ARE NOT MINORS.**

13 Section 464 of the Social Security Act (42 U.S.C.
14 664) is amended—

15 (1) in subsection (a)(2)(A), by striking “(as
16 that term is defined for purposes of this paragraph
17 under subsection (c))”; and

18 (2) in subsection (c)—

19 (A) in paragraph (1)—

20 (i) by striking “(1) Except as pro-
21 vided in paragraph (2), as used in” and in-
22 serting “In”; and

23 (ii) by inserting “(whether or not a
24 minor)” after “a child” each place it ap-
25 pears; and

26 (B) by striking paragraphs (2) and (3).

1 **SEC. 5128. GARNISHMENT OF COMPENSATION PAID TO VET-**
2 **ERANS FOR SERVICE-CONNECTED DISABIL-**
3 **ITIES IN ORDER TO ENFORCE CHILD SUP-**
4 **PORT OBLIGATIONS.**

5 Section 459(h) of the Social Security Act (42 U.S.C.
6 659(h)) is amended—

7 (1) in paragraph (1)(A)(ii)(V), by striking all
8 that follows “Armed Forces” and inserting a semi-
9 colon; and

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

11 “(3) LIMITATIONS WITH RESPECT TO COM-
12 PENSATION PAID TO VETERANS FOR SERVICE-CON-
13 NECTED DISABILITIES.—Notwithstanding any other
14 provision of this section:

15 “(A) Compensation described in paragraph
16 (1)(A)(ii)(V) shall not be subject to withholding
17 pursuant to this section—

18 “(i) for payment of alimony; or

19 “(ii) for payment of child support if
20 the individual is fewer than 60 days in ar-
21 rears in payment of the support.

22 “(B) Not more than 50 percent of any
23 payment of compensation described in para-
24 graph (1)(A)(ii)(V) may be withheld pursuant
25 to this section.”.

1 **Subchapter E—Miscellaneous**

2 **SEC. 5131. REPORT ON UNDISTRIBUTED CHILD SUPPORT**
3 **PAYMENTS.**

4 Not later than 6 months after the date of enactment
5 of this Act, the Secretary of Health and Human Services
6 shall submit to the Committee on Ways and Means of the
7 House of Representatives and the Committee on Finance
8 of the Senate a report on the procedures that the States
9 use generally to locate custodial parents for whom child
10 support has been collected but not yet distributed due to
11 a change in address. The report shall include an estimate
12 of the total amount of such undistributed child support
13 and the average length of time it takes for such child sup-
14 port to be distributed. The Secretary shall include in the
15 report recommendations as to whether additional proce-
16 dures should be established at the Federal or State level
17 to expedite the payment of undistributed child support.

18 **SEC. 5132. USE OF NEW HIRE INFORMATION TO ASSIST IN**
19 **ADMINISTRATION OF UNEMPLOYMENT COM-**
20 **PENSATION PROGRAMS.**

21 (a) IN GENERAL.—Section 453(j) of the Social Secu-
22 rity Act (42 U.S.C. 653(j)) is amended by adding at the
23 end the following:

1 “(7) INFORMATION COMPARISONS AND DISCLO-
2 SURE TO ASSIST IN ADMINISTRATION OF UNEMPLOY-
3 MENT COMPENSATION PROGRAMS.—

4 “(A) IN GENERAL.—If a State agency re-
5 sponsible for the administration of an unem-
6 ployment compensation program under Federal
7 or State law transmits to the Secretary the
8 name and social security account number of an
9 individual, the Secretary shall, if the informa-
10 tion in the National Directory of New Hires in-
11 dicates that the individual may be employed,
12 disclose to the State agency the name, address,
13 and employer identification number of any pu-
14 tative employer of the individual, subject to this
15 paragraph.

16 “(B) CONDITION ON DISCLOSURE.—The
17 Secretary shall make a disclosure under sub-
18 paragraph (A) only to the extent that the Sec-
19 retary determines that the disclosure would not
20 interfere with the effective operation of the pro-
21 gram under this part.

22 “(C) USE OF INFORMATION.—A State
23 agency may use information provided under this
24 paragraph only for purposes of administering a
25 program referred to in subparagraph (A).”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall take effect on October 1, 2001.

3 **SEC. 5133. IMMIGRATION PROVISIONS.**

4 (a) NONIMMIGRANT ALIENS INELIGIBLE TO RE-
5 CEIVE VISAS AND EXCLUDED FROM ADMISSION FOR
6 NONPAYMENT OF CHILD SUPPORT.—

7 (1) IN GENERAL.—Section 212(a)(10) of the
8 Immigration and Nationality Act (8 U.S.C.
9 1182(a)(10)) is amended by adding at the end the
10 following:

11 “(F) NONPAYMENT OF CHILD SUPPORT.—

12 “(i) IN GENERAL.—Any non-
13 immigrant alien is inadmissible who is le-
14 gally obligated under a judgment, decree,
15 or order to pay child support (as defined in
16 section 459(i) of the Social Security Act),
17 and whose failure to pay such child sup-
18 port has resulted in an arrearage exceeding
19 \$2,500, until child support payments
20 under the judgment, decree, or order are
21 satisfied or the nonimmigrant alien is in
22 compliance with an approved payment
23 agreement.

24 “(ii) WAIVER AUTHORIZED.—The At-
25 torney General may waive the application

1 of clause (i) in the case of an alien, if the
2 Attorney General—

3 “(I) has received a request for
4 the waiver from the court or adminis-
5 trative agency having jurisdiction over
6 the judgment, decree, or order obli-
7 gating the alien to pay child support
8 that is referred to in such clause; or

9 “(II) determines that there are
10 prevailing humanitarian or public in-
11 terest concerns.”.

12 (2) EFFECTIVE DATE.—The amendment made
13 by this subsection shall take effect 180 days after
14 the date of enactment of this Act.

15 (b) AUTHORIZATION TO SERVE LEGAL PROCESS IN
16 CHILD SUPPORT CASES ON CERTAIN ARRIVING
17 ALIENS.—

18 (1) IN GENERAL.—Section 235(d) of the Immi-
19 gration and Nationality Act (8 U.S.C. 1225(d)) is
20 amended by adding at the end the following:

21 “(5) AUTHORITY TO SERVE PROCESS IN CHILD
22 SUPPORT CASES.—

23 “(A) IN GENERAL.—To the extent con-
24 sistent with State law, immigration officers are
25 authorized to serve on any alien who is an ap-

1 plicant for admission to the United States legal
2 process with respect to any action to enforce or
3 establish a legal obligation of an individual to
4 pay child support (as defined in section 459(i)
5 of the Social Security Act).

6 “(B) DEFINITION.—For purposes of sub-
7 paragraph (A), the term ‘legal process’ means
8 any writ, order, summons, or other similar
9 process, which is issued by—

10 “(i) a court or an administrative
11 agency of competent jurisdiction in any
12 State, territory, or possession of the
13 United States; or

14 “(ii) an authorized official pursuant to
15 an order of such a court or agency or pur-
16 suant to State or local law.”.

17 (2) EFFECTIVE DATE.—The amendment made
18 by this subsection shall apply to aliens applying for
19 admission to the United States on or after 180 days
20 after the date of enactment of this Act.

21 (c) AUTHORIZATION TO SHARE CHILD SUPPORT EN-
22 FORCEMENT INFORMATION TO ENFORCE IMMIGRATION
23 AND NATURALIZATION LAW.—

1 (1) SECRETARIAL RESPONSIBILITY.—Section
2 452 of the Social Security Act (42 U.S.C. 652) is
3 amended by adding at the end the following:

4 “(m) If the Secretary receives a certification by a
5 State agency, in accordance with section 454(35), that an
6 individual who is a nonimmigrant alien (as defined in sec-
7 tion 101(a)(15) of the Immigration and Nationality Act)
8 owes arrearages of child support in an amount exceeding
9 \$2,500, the Secretary may, at the request of the State
10 agency, the Secretary of State, or the Attorney General,
11 or on the Secretary’s own initiative, provide such certifi-
12 cation to the Secretary of State and the Attorney General
13 information in order to enable them to carry out their re-
14 sponsibilities under sections 212(a)(10) and 235(d) of
15 such Act.”.

16 (2) STATE AGENCY RESPONSIBILITY.—Section
17 454 of the Social Security Act (42 U.S.C. 654), as
18 amended by section 5111(c) of this Act, is
19 amended—

20 (A) by striking “and” at the end of para-
21 graph (33);

22 (B) by striking the period at the end of
23 paragraph (34) and inserting “; and”; and

24 (C) by inserting after paragraph (34) the
25 following:

1 “(35) provide that the State agency will have in
2 effect a procedure for certifying to the Secretary, in
3 such format and accompanied by such supporting
4 documentation as the Secretary may require, deter-
5 minations that nonimmigrant aliens owe arrearages
6 of child support in an amount exceeding \$2,500.”.

7 **SEC. 5134. CORRECTION OF ERRORS IN CONFORMING**
8 **AMENDMENTS IN THE WELFARE-TO-WORK**
9 **AND CHILD SUPPORT AMENDMENTS OF 1999.**

10 The amendments made by section 2402 of Public
11 Law 106–246 shall take effect as if included in the enact-
12 ment of section 806 of H.R. 3424 of the 106th Congress
13 by section 1000(a)(4) of Public Law 106–113.

14 **SEC. 5135. INCREASE IN PAYMENT RATE TO STATES FOR**
15 **EXPENDITURES FOR SHORT-TERM TRAINING**
16 **OF STAFF OF CERTAIN CHILD WELFARE**
17 **AGENCIES.**

18 Section 474(a)(3)(B) of the Social Security Act (42
19 U.S.C. 674(a)(3)(B)) is amended by inserting “, or State-
20 licensed or State-approved child welfare agencies providing
21 services,” after “child care institutions”.

22 **SEC. 5136. EFFECTIVE DATE.**

23 (a) IN GENERAL.—Except as otherwise provided in
24 this subtitle and in subsection (b) of this section, this sub-
25 title and the amendments made by this subtitle shall take

1 effect on October 1, 2002, and shall apply to payments
2 under part D of title IV of the Social Security Act for
3 calendar quarters beginning on or after such date, and
4 without regard to whether regulations to implement such
5 amendments are promulgated by such date.

6 (b) DELAY PERMITTED IF STATE LEGISLATION RE-
7 QUIRED.—In the case of a State plan approved under sec-
8 tion 454 of the Social Security Act which requires State
9 legislation (other than legislation appropriating funds) in
10 order for the plan to meet the additional requirements im-
11 posed by the amendments made by this Act, the State plan
12 shall not be regarded as failing to comply with the addi-
13 tional requirements solely on the basis of the failure of
14 the plan to meet the additional requirements before the
15 first day of the first calendar quarter beginning after the
16 close of the first regular session of the State legislature
17 that begins after the date of enactment of this Act. For
18 purposes of the previous sentence, in the case of a State
19 that has a 2-year legislative session, each year of such ses-
20 sion shall be deemed to be a separate regular session of
21 the State legislature.

1 **CHAPTER 2—CHILD SUPPORT**
2 **DEMONSTRATION PROGRAMS**

3 **SEC. 5141. SHORT TITLE.**

4 This chapter may be cited as the “Child Support As-
5 surance Act of 2001”.

6 **SEC. 5142. PURPOSES.**

7 The purposes of this chapter are to enable partici-
8 pating States to establish, expand, or improve child sup-
9 port assurance systems in order to improve the economic
10 circumstances of children who do not receive a minimum
11 level of child support in a given month from the noncusto-
12 dial parents of such children, to strengthen the establish-
13 ment and enforcement of child support awards, and to
14 promote work by custodial and noncustodial parents.

15 **SEC. 5143. DEFINITIONS.**

16 In this chapter:

17 (1) **CHILD.**—The term “child” means an indi-
18 vidual who is of such an age, disability, or edu-
19 cational status as to be eligible for child support as
20 provided for by law.

21 (2) **ELIGIBLE CHILD.**—The term “eligible
22 child” means a child who—

23 (A) is not currently receiving cash assist-
24 ance under the State program funded under

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

3 (B) meets the eligibility requirements es-
4 tablished by the State for participation in a
5 project administered under this section; and

6 (C) is the subject of a support order, as
7 defined in section 453(p) of the Social Security
8 Act (42 U.S.C. 653(p)), or for which good
9 cause exists, as determined by the appropriate
10 State agency under section 454(29)(A) of such
11 Act (42 U.S.C. 654(29)(A)), for not having or
12 pursuing a support order.

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

15 **SEC. 5144. ESTABLISHMENT OF CHILD SUPPORT ASSUR-**
16 **ANCE DEMONSTRATION PROJECTS.**

17 (a) DEMONSTRATIONS AUTHORIZED.—The Secretary
18 shall make grants to not less than 3 and not more than
19 5 States to conduct demonstration projects for the pur-
20 pose of establishing, expanding, or improving a system of
21 an assured minimum child support payment to an eligible
22 child in accordance with this section.

23 (b) APPLICATION AND SELECTION.—

24 (1) APPLICATION REQUIREMENTS.—An applica-
25 tion for a grant under this section shall be sub-

1 mitted by the chief executive officer of a State and
2 shall—

3 (A) contain a description of the proposed
4 child support assurance project to be estab-
5 lished, expanded, or improved using amounts
6 provided under this section, including the level
7 of the assured minimum child support payment
8 to be provided and the agencies that will be in-
9 volved;

10 (B) specify whether the project will be car-
11 ried out throughout the State or in limited
12 areas of the State;

13 (C) specify the level of income, if any, at
14 which a recipient or applicant will be ineligible
15 for an assured minimum child support payment
16 under the project;

17 (D) estimate the number of children who
18 will be eligible for assured minimum child sup-
19 port payments under the project;

20 (E) contain a description of the work re-
21 quirements, if any, for custodial parents whose
22 children are participating in the project;

23 (F) contain a commitment by the State to
24 carry out the project during a period of not less

1 than 3 and not more than 5 consecutive fiscal
2 years beginning with fiscal year 2002; and

3 (G) contain such other information as the
4 Secretary may require by regulation.

5 (2) SELECTION CRITERIA.—The Secretary shall
6 consider—

7 (A) geographic diversity in the selection of
8 States to conduct demonstration projects under
9 this section; and

10 (B) any other criteria that the Secretary
11 determines will contribute to the achievement of
12 the purposes of this title.

13 (c) USE OF FUNDS.—

14 (1) GRANT FUNDS.—A State shall use amounts
15 provided under a grant awarded under this section
16 to carry out a child support assurance project that
17 is designed to provide a minimum monthly child sup-
18 port payment for each eligible child participating in
19 the project to the extent that such minimum child
20 support is not paid in a month by the noncustodial
21 parent.

22 (2) TANF FUNDS.—

23 (A) IN GENERAL.—A State selected to con-
24 duct a demonstration project under this title
25 may use, in addition to the amounts provided

1 under a grant awarded under this section,
2 funds provided under a State family assistance
3 grant under section 403(a)(1) of the Social Se-
4 curity Act (42 U.S.C. 603(a)(1)) for the pur-
5 pose described in paragraph (1).

6 (B) AUTHORITY TO INCLUDE AMOUNTS
7 USED FOR PURPOSES OF TANF MAINTENANCE
8 OF EFFORT REQUIREMENTS.—Section
9 409(a)(7)(B)(i)(I) of the Social Security Act
10 (42 U.S.C. 609(a)(7)(B)(i)(I)) is amended by
11 adding at the end the following:

12 “(ff) Notwithstanding clause
13 (iv), funds provided under a
14 State family assistance grant,
15 under section 403(a)(1) that are
16 used to establish, expand, or im-
17 prove a system of assured min-
18 imum child support payments to
19 eligible children (regardless of
20 whether such children reside with
21 an eligible family, as defined in
22 subclause (IV)) in accordance
23 with the Leave No Child Behind
24 Act of 2001.”.

1 (d) TREATMENT OF CHILD SUPPORT PAYMENT.—

2 Any assured minimum child support payment received by
3 an individual under this title shall be considered child sup-
4 port for purposes of determining the treatment of such
5 payment under—

6 (1) the Internal Revenue Code of 1986; and

7 (2) any eligibility requirements for any means-
8 tested program of assistance.

9 (e) DURATION.—A demonstration project conducted
10 under this section shall commence on October 1, 2003,
11 and shall be conducted for not less than 3 and not more
12 than 5 consecutive fiscal years, except that the Secretary
13 may terminate a project before the end of such period if
14 the Secretary determines that the State conducting the
15 project is not in compliance with the terms of the applica-
16 tion approved by the Secretary under this section.

17 (f) EVALUATIONS AND REPORTS.—

18 (1) STATE EVALUATIONS.—

19 (A) IN GENERAL.—Each State admin-
20 istering a demonstration project under this sec-
21 tion shall—

22 (i) provide for evaluation of the
23 project, meeting such conditions and
24 standards as the Secretary may require;
25 and

1 (ii) submit to the Secretary reports, at
2 the times and in the formats as the Sec-
3 retary may require, and containing any in-
4 formation (in addition to the information
5 required under subparagraph (B)) as the
6 Secretary may require.

7 (B) REQUIRED INFORMATION.—A report
8 submitted under subparagraph (A)(ii) shall in-
9 clude information on and analysis of the effect
10 of the project with respect to—

11 (i) the amount of child support col-
12 lected for project recipients;

13 (ii) the economic circumstances and
14 work efforts of custodial parents;

15 (iii) the work efforts of noncustodial
16 parents;

17 (iv) the rate of compliance by non-
18 custodial parents with support orders;

19 (v) project recipients' need for assist-
20 ance under means-tested assistance pro-
21 grams other than the project administered
22 under this section; and

23 (vi) any other matters that the Sec-
24 retary may specify.

1 (C) METHODODOLOGY.—Information re-
2 quired under this paragraph shall be collected
3 through the use of scientifically acceptable sam-
4 pling methods.

5 (2) REPORTS TO CONGRESS.—The Secretary
6 shall, on the basis of reports received from States
7 administering projects under this section, submit in-
8 terim reports and, not later than 6 months after the
9 conclusion of all projects administered under this
10 section, a final report to Congress. A report sub-
11 mitted under this paragraph shall contain an assess-
12 ment of the effectiveness of the State projects ad-
13 ministered under this section and any recommenda-
14 tions for legislative action that the Secretary con-
15 siders appropriate.

16 (g) FUNDING.—There shall be available to the Sec-
17 retary, from amounts made available to carry out part D
18 of title IV of the Social Security Act, for purposes of car-
19 rying out demonstration projects under this section,
20 amounts not to exceed—

- 21 (1) \$27,000,000 for fiscal year 2004;
22 (2) \$55,000,000 for fiscal year 2005; and
23 (3) \$70,000,000 for each of fiscal years 2006
24 through 2008.

1 **Subtitle C—Fair Wages and**
2 **Unemployment Insurance**
3 **CHAPTER 1—FAIR MINIMUM WAGE**

4 **SEC. 5201. SHORT TITLE.**

5 This chapter may be cited as the “Fair Minimum
6 Wage Act of 2001”.

7 **SEC. 5202. MINIMUM WAGE.**

8 (a) **IN GENERAL.**—Section 6(a)(1) of the Fair Labor
9 Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended
10 to read as follows:

11 “(1) except as otherwise provided in this sec-
12 tion, not less than—

13 “(A) \$5.75 an hour beginning 30 days
14 after the date of enactment of the Fair Min-
15 imum Wage Act of 2001;

16 “(B) \$6.25 an hour during the year begin-
17 ning January 1, 2002; and

18 “(C) \$6.65 an hour beginning January 1,
19 2003;”.

20 (b) **EFFECTIVE DATE.**—The amendment made by
21 subsection (a) shall take effect 30 days after the date of
22 enactment of this Act.

1 **SEC. 5203. APPLICABILITY OF MINIMUM WAGE TO THE**
2 **COMMONWEALTH OF THE NORTHERN MAR-**
3 **IANA ISLANDS.**

4 (a) **IN GENERAL.**—Section 6 of the Fair Labor
5 Standards Act of 1938 (29 U.S.C. 206) shall apply to the
6 Commonwealth of the Northern Mariana Islands.

7 (b) **TRANSITION.**—Notwithstanding subsection (a),
8 the minimum wage applicable to the Commonwealth of the
9 Northern Mariana Islands under section 6(a)(1) of the
10 Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1))
11 shall be—

12 (1) \$3.55 an hour beginning 30 days after the
13 date of enactment of this Act; and

14 (2) increased by \$0.50 an hour (or such lesser
15 amount as may be necessary to equal the minimum
16 wage under section 6(a)(1) of such Act), beginning
17 6 months after the date of enactment of this Act
18 and every 6 months thereafter until the minimum
19 wage applicable to the Commonwealth of the North-
20 ern Mariana Islands under this subsection is equal
21 to the minimum wage set forth in such section.

1 **CHAPTER 2—LIVABLE WAGES FOR EM-**
2 **PLOYEES UNDER FEDERAL CON-**
3 **TRACTS**

4 **SEC. 5211. SHORT TITLE.**

5 This chapter may be cited as the “Federal Living
6 Wage Responsibility Act”.

7 **SEC. 5212. FINDINGS.**

8 The Congress finds the following:

9 (1) American workers are working harder to
10 make ends meet.

11 (2) The wages of many working Americans
12 have not kept pace with the cost of providing for
13 their families.

14 (3) The Federal Government provides billions of
15 dollars in subsidies to businesses each year through
16 both spending programs and the Internal Revenue
17 Code of 1986.

18 (4) Recipients of Federal contracts have bene-
19 fited greatly from the provision of taxpayers’ dollars.

20 (5) The Congressional Budget Office concluded
21 that the Federal Government spends more than \$30
22 billion a year on spending and credit programs.

23 (6) Congress must ensure that Federal dollars
24 are used responsibly to improve the economic secu-
25 rity and well-being of Americans across the country.

1 **SEC. 5213. POVERTY LEVEL WAGE.**

2 (a) REQUIREMENT.—

3 (1) GENERAL RULE.—Except as provided in
4 paragraph (2), any employer under a Federal con-
5 tract for an amount exceeding \$10,000 or a sub-
6 contract under a Federal contract for such an
7 amount shall, except as provided in subsection (b),
8 pay each of the employer's employees working on or
9 hired in conjunction with such contract or
10 subcontract—

11 (A) an hourly wage necessary for such em-
12 ployee to earn, while working 40 hours a week
13 on a full-time basis, the amount of the Federal
14 poverty level for a family of 4 (as published in
15 the Federal Register by the Department of
16 Health and Human Services under the author-
17 ity of section 673(2) of the Omnibus Budget
18 Reconciliation Act of 1981), or

19 (B) \$8.20 an hour,

20 whichever is greater.

21 (2) EXCEPTION.—An employer which is—

22 (A) a small business concern as defined
23 under section 3 of the Small Business Act (15
24 U.S.C. 632), or

25 (B) a nonprofit organization exempt from
26 Federal income tax under section 501(c) of the

1 Internal Revenue Code of 1986 if the ratio of
2 the total compensation of its chief executive of-
3 ficer to the compensation of the full-time equiv-
4 alent of its lowest paid employee is not greater
5 than 25 to 1,

6 shall not be required to pay the wage prescribed by
7 paragraph (1).

8 (3) SCOPE.—An employer may not avoid the re-
9 quirement of paragraph (1) by laying off or other-
10 wise terminating the employment of an employee
11 with the intention of replacing such employee with
12 an employee who, under subsection (b), is not eligi-
13 ble for the subsection (a) wage.

14 (b) EXCEPTION.—An employee who is participating
15 in—

16 (1) an apprenticeship program, or

17 (2) any other training program which does not
18 exceed 6 months in duration and which is offered to
19 an employee while employed in productive work that
20 provides training, technical and other related skills,
21 and personal skills that are essential to the full and
22 adequate performance of the employee's employ-
23 ment,

24 is not eligible for the wage prescribed by subsection (a).

1 (c) CONTRACT REQUIREMENT.—Any contract be-
2 tween the Federal Government and any contractor and
3 any contract between such contractor with a subcontractor
4 to carry out work for the Federal Government shall re-
5 quire the contractor or subcontractor to pay the wage pre-
6 scribed by subsection (a)(1).

7 (d) ENFORCEMENT.—

8 (1) SUSPENSION.—If an employer does not pay
9 the wage required by subsection (a) the Federal con-
10 tract or subcontract under which such employer was
11 employing employees shall be suspended.

12 (2) INELIGIBILITY.—An employer described in
13 paragraph (1) shall not be eligible for any Federal
14 contract or subcontract for a period of 5 years be-
15 ginning on the date the employer does not pay the
16 required wage.

17 (3) RESTITUTION.—An employer who does not
18 pay the wage required by subsection (a) shall be lia-
19 ble to the United States in an amount equal to the
20 unpaid wages and in addition an equal amount as
21 liquidated damages. The Secretary of Labor shall
22 pay to the employees who were not paid such wage
23 the amount recovered by the United States under
24 this paragraph.

1 **SEC. 5214. EFFECTIVE DATE.**

2 This chapter shall take effect with respect to Federal
3 contracts entered into, renewed, or extended after 90 days
4 after the date of enactment of this Act.

5 **CHAPTER 3—UNEMPLOYMENT**

6 **INSURANCE**

7 **SEC. 5221. PARITY FOR PART-TIME WORKERS, FAIR COUNT-**
8 **ING OF WAGES, AND USE OF IMPROVED**
9 **TECHNOLOGY FOR MAKING WAGE DATA**
10 **AVAILABLE.**

11 (a) IN GENERAL.—Subsection (a) of section 3304 of
12 the Internal Revenue Code of 1986 (relating to approval
13 of State unemployment compensation laws) is amended—

14 (1) in paragraph (18), by striking “and” at the
15 end;

16 (2) by redesignating paragraph (19) as para-
17 graph (21); and

18 (3) by inserting after paragraph (18) the fol-
19 lowing new paragraphs:

20 “(19) compensation shall not be denied to an
21 individual solely because such individual is seeking
22 only part-time work, if—

23 “(A) such individual otherwise qualifies for
24 unemployment compensation; and

25 “(B) the part-time work sought by such in-
26 dividual generally requires seeking suitable and

1 comparable part-time work under provisions of
2 State law reasonably implementing this provi-
3 sion;

4 “(20) with respect to each individual who was
5 initially determined ineligible for compensation
6 under provisions of State law relating to base period
7 wages and employment, eligibility for compensation
8 is determined by using wage and employment infor-
9 mation received by the State agency from any em-
10 ployer for the most recently completed calendar
11 quarter, except that nothing in this paragraph shall
12 be construed as prohibiting a State from using any
13 additional wage and employment information consid-
14 ered by such State for monetary eligibility; and”.

15 (b) EFFECTIVE DATES.—

16 (1) IN GENERAL.—Except as provided in sub-
17 section (b), the amendments made by this title shall
18 apply to compensation paid for weeks of unemploy-
19 ment beginning after June 30, 2002.

20 (2) AMENDMENT RELATING TO USE OF RECENT
21 WAGES.—Section 3304(a)(20) of the Internal Rev-
22 enue Code of 1986, as added by subsection (a)(3),
23 shall apply to compensation paid for weeks of unem-
24 ployment beginning after December 31, 2002.

1 **SEC. 5222. ENSURING UNEMPLOYMENT COMPENSATION**
2 **FOR INDIVIDUALS THAT ARE SEPARATED**
3 **FROM EMPLOYMENT DUE TO DOMESTIC VIO-**
4 **LENCE.**

5 (a) UNEMPLOYMENT COMPENSATION.—Section 3304
6 of the Internal Revenue Code of 1986 (relating to approval
7 of State unemployment compensation laws), as amended
8 by section 5221, is amended—

9 (1) in subsection (a)—

10 (A) in paragraph (20), by striking “and”
11 at the end;

12 (B) by redesignating paragraph (21) as
13 paragraph (22); and

14 (C) by inserting after paragraph (20) the
15 following new paragraph:

16 “(21) compensation is to be paid where an indi-
17 vidual is separated from employment due to cir-
18 cumstances directly resulting from domestic violence;
19 and”; and

20 (2) by adding at the end the following new sub-
21 section:

22 “(g) CONSTRUCTION.—

23 “(1) IN GENERAL.—For purposes of subsection
24 (a)(21), an employee’s separation from employment
25 shall be treated as due to circumstances directly re-

1 sulting from domestic violence if the separation re-
2 sulted from—

3 “(A) the employee’s reasonable fear of fu-
4 ture domestic violence at or en route to or from
5 the employee’s place of employment;

6 “(B) the employee’s wish to relocate to an-
7 other geographic area in order to avoid future
8 domestic violence against the employee or the
9 employee’s family;

10 “(C) the employee’s need to recover from
11 traumatic stress resulting from the employee’s
12 experience of domestic violence;

13 “(D) the employer’s denial of the employ-
14 ee’s request for the temporary leave from em-
15 ployment to address domestic violence and its
16 effects; or

17 “(E) any other circumstance in which do-
18 mestic violence causes the employee to reason-
19 ably believe that termination of employment is
20 necessary for the future safety of the employee
21 or the employee’s family.

22 “(2) REASONABLE EFFORTS TO RETAIN EM-
23 PLOYMENT.—For purposes of subsection (a)(21), if
24 State law requires the employee to have made rea-
25 sonable efforts to retain employment as a condition

1 for receiving unemployment compensation, such re-
2 quirement shall be met if the employee—

3 “(A) sought protection from, or assistance
4 in responding to, domestic violence, including
5 calling the police or seeking legal, social work,
6 medical, clergy, or other assistance;

7 “(B) sought safety, including refuge in a
8 shelter or temporary or permanent relocation,
9 whether or not the employee actually obtained
10 such refuge or accomplished such relocation; or

11 “(C) reasonably believed that options such
12 as taking a leave of absence, transferring jobs,
13 or receiving an alternative work schedule would
14 not be sufficient to guarantee the employee or
15 the employee’s family’s safety.

16 “(3) ACTIVE SEARCH FOR EMPLOYMENT.—For
17 purposes of subsection (a)(21), if State law requires
18 the employee to actively search for employment after
19 separation from employment as a condition for re-
20 ceiving unemployment compensation, such require-
21 ment shall be treated as met where the employee is
22 temporarily unable to actively search for employment
23 because the employee is engaged in seeking safety or
24 relief for the employee or the employee’s family from
25 domestic violence, including—

1 “(A) going into hiding or relocating or at-
2 tempting to do so, including activities associ-
3 ated with such hiding or relocation, such as
4 seeking to obtain sufficient shelter, food, school-
5 ing for children, or other necessities of life for
6 the employee or the employee’s family;

7 “(B) actively pursuing legal protection or
8 remedies, including meeting with the police,
9 going to court to make inquiries or file papers,
10 meeting with attorneys, or attending court pro-
11 ceedings; or

12 “(C) participating in psychological, social,
13 or religious counseling or support activities to
14 assist the employee in ending domestic violence.

15 “(4) PROVISION OF INFORMATION TO MEET
16 CERTAIN REQUIREMENTS.—In determining if an em-
17 ployee meets the requirements of paragraphs (1),
18 (2), and (3), the unemployment agency of the State
19 in which an employee is requesting unemployment
20 compensation by reason of subsection (a)(21) may
21 require the employee to provide—

22 “(A) documentation of the domestic vio-
23 lence, such as—

24 “(i) police or court records; or

1 “(ii) documentation from a shelter
2 worker or an employee of a domestic vio-
3 lence program, an attorney, a clergy mem-
4 ber, or a medical or other professional
5 from whom the employee has sought as-
6 sistance in addressing domestic violence
7 and its effects; or

8 “(B) other corroborating evidence, such
9 as—

10 “(i) a statement from any other indi-
11 vidual with knowledge of the circumstances
12 which provide the basis for the claim; or

13 “(ii) physical evidence of domestic vio-
14 lence, such as photographs or torn or
15 bloody clothes.

16 All evidence of domestic violence experienced by an
17 employee, including an employee’s statement, any
18 corroborating evidence, and the fact that an em-
19 ployee has applied for, or inquired about, unemploy-
20 ment compensation available by reason of subsection
21 (a)(21) shall be retained in the strictest confidence
22 by such State unemployment agency, except to the
23 extent consented to by the employee where disclosure
24 is necessary to protect the employee’s safety.

1 “(5) EFFECT OF CLAIMS.—Claims filed for un-
2 employment compensation solely by reason of sub-
3 section (a)(21) shall be disregarded in determining
4 an employer’s State unemployment taxes based on
5 unemployment experience.”.

6 (b) SOCIAL SECURITY PERSONNEL TRAINING.—Sec-
7 tion 303(a) of the Social Security Act (42 U.S.C. 503(a))
8 is amended—

9 (1) by redesignating paragraphs (4) through
10 (10) as paragraphs (5) through (11), respectively;
11 and

12 (2) by inserting after paragraph (3) the fol-
13 lowing new paragraph:

14 “(4) Such methods of administration as will en-
15 sure that claims reviewers and hearing personnel are
16 adequately trained in—

17 “(A) the nature and dynamics of claims
18 for unemployment compensation based on do-
19 mestic violence under section 3304(a)(20) of
20 the Internal Revenue Code of 1986; and

21 “(B) methods of ascertaining and keeping
22 confidential information about possible experi-
23 ences of domestic violence to ensure that—

24 “(i) requests for unemployment com-
25 pensation based on domestic violence are

1 reliably screened, identified, and adju-
2 dicated; and

3 “(ii) complete confidentiality is pro-
4 vided for the employee’s claim and sub-
5 mitted evidence; and”.

6 (c) FUNDING FOR IMPROVED TECHNOLOGY TO AS-
7 SIST IN DETERMINING BENEFIT ELIGIBILITY.—Section
8 901(c) of the Social Security Act (42 U.S.C. 1101(c)) is
9 amended by adding at the end the following new para-
10 graph:

11 “(6) In addition to amounts provided under para-
12 graph (1)(A)(i), there is hereby appropriated out of the
13 employment security administration account \$60,000,000
14 for fiscal year 2001 (which shall remain available for obli-
15 gation to the States through fiscal year 2003) for the pur-
16 pose of assisting States in funding technology and other
17 costs that accelerate access to wage and employment infor-
18 mation in order to determine eligibility for unemployment
19 compensation.”.

20 (d) DEFINITIONS.—Section 3306 of the Internal Rev-
21 enue Code of 1986 (relating to definitions) is amended by
22 adding at the end the following new subsection:

23 “(u) DOMESTIC VIOLENCE.—For purposes of this
24 chapter, the term ‘domestic violence’ has the meaning
25 given such term in section 2003(1) of title I of the Omni-

1 bus Crime Control and Safe Streets Act of 1968 (42
2 U.S.C. 3796gg-2).”.

3 (e) EFFECTIVE DATE.—

4 (1) IN GENERAL.—Except as provided in para-
5 graphs (2) and (3), the amendments made by this
6 section shall take effect on November 1, 2001.

7 (2) FUNDING FOR IMPROVED TECHNOLOGY TO
8 ASSIST IN DETERMINING BENEFIT ELIGIBILITY.—
9 The amendment made by subsection (c) shall take
10 effect on the date of enactment of this Act.

11 (3) EXCEPTION.—In the case of any State the
12 legislature of which has not been in session for at
13 least 30 calendar days (whether or not successive)
14 between the date of enactment of this Act and No-
15 vember 1, 2001, the amendments made by this sec-
16 tion shall take effect 30 calendar days after the first
17 day on which such legislature is in session on or
18 after November 1, 2001.

19 **SEC. 5223. LOSS OF CHILD CARE AS GOOD CAUSE FOR**
20 **LEAVING EMPLOYMENT.**

21 (a) IN GENERAL.—Subsection (a) of section 3304 of
22 the Internal Revenue Code of 1986 (relating to approval
23 of State unemployment compensation laws), as amended
24 by section 5222, is amended—

1 (1) in paragraph (21), by striking “and” at the
2 end;

3 (2) by redesignating paragraph (22) as para-
4 graph (23); and

5 (3) by inserting after paragraph (21) the fol-
6 lowing new paragraph:

7 “(22) if any individual leaves employment be-
8 cause of loss of adequate child care for a dependent
9 child under the age of 12, for purposes of deter-
10 mining such individual’s eligibility for compensation
11 for any subsequent week for which such individual
12 meets the State law requirements relating to avail-
13 ability for work and active search for work—

14 “(A) such individual shall be treated as
15 having left such employment for good cause,
16 and

17 “(B) any failure to return to such employ-
18 ment or to otherwise meet such State law re-
19 quirements, while the lack of such child care
20 continues, shall be disregarded; and”.

21 (b) EFFECTIVE DATE.—

22 (1) IN GENERAL.—Except as provided in para-
23 graph (2), the amendments made by subsection (a)
24 shall take effect on November 1, 2001.

1 this part, the State or tribe shall disregard any
2 month during which the adult is engaged in a
3 work activity described in paragraph (1), (2),
4 (3), (4), (5), (6), (7), (8), or (12) of section
5 407(d) in accordance with the requirements of
6 section 407(c).”.

7 **SEC. 5302. STRENGTHENING TANF EDUCATION AND TRAIN-**
8 **ING REQUIREMENTS.**

9 (a) IN GENERAL.—Section 407(c) of the Social Secu-
10 rity Act (42 U.S.C. 607(c)) is amended—

11 (1) in paragraph (1)(A), by striking “not fewer
12 than 20 hours per week of which are attributable to
13 an activity described in paragraph (1), (2), (3), (4),
14 (5), (6), (7), (8), or (12) of subsection (d),”; and

15 (2) in paragraph (2)(D)—

16 (A) by striking “30 percent” and inserting
17 “50 percent”;

18 (B) by striking “For purposes of” and in-
19 serting the following:

20 “(i) IN GENERAL.—For purposes of”;

21 and

22 (C) by adding at the end the following:

23 “(ii) WAIVER.—The Secretary may
24 waive the requirements of clause (i) with
25 respect to an individual if a State dem-

1 onstrates that the vocational educational
2 training or education described in subpara-
3 graph (C) that the individual is engaged in
4 is part of the individual’s individual re-
5 sponsibility plan developed under section
6 408(b) and is designed to ensure that the
7 individual has a better chance of sus-
8 taining stable employment.”.

9 (b) **ELIMINATION OF 12-MONTH LIMIT ON VOCA-**
10 **TIONAL EDUCATIONAL TRAINING; INCLUSION OF POST-**
11 **SECONDARY EDUCATION.**—Section 407(d) of the Social
12 Security Act (42 U.S.C. 607(d)) is amended—

13 (1) in paragraph (8), by striking “(not to ex-
14 ceed 12 months with respect to any individual)”;

15 (2) in paragraph (11), by striking “and” at the
16 end;

17 (3) by redesignating paragraph (12) as para-
18 graph (13); and

19 (4) by inserting after paragraph (11), the fol-
20 lowing:

21 “(12) post-secondary education related to em-
22 ployment; and”.

1 **SEC. 5303. ADDITION OF POVERTY REDUCTION BONUS TO**
2 **TANF.**

3 Section 403(a) of the Social Security Act (42 U.S.C.
4 603(a)), is amended by adding at the end the following:

5 “(6) BONUS TO REWARD STATES THAT REDUCE
6 POVERTY.—

7 “(A) IN GENERAL.—The Secretary shall
8 make a grant pursuant to this paragraph to
9 each State for each fiscal year beginning with
10 fiscal year 2003 for which the State is a quali-
11 fied poverty reduction State, as determined
12 under subparagraph (C).

13 “(B) AMOUNT OF GRANT.—With respect
14 to a fiscal year, each State that the Secretary
15 determines is a qualified poverty reduction
16 State for that fiscal year shall receive a grant
17 in an amount equal to the ratio of the amount
18 appropriated under subparagraph (D) for that
19 fiscal year to the total number of all such
20 States for that fiscal year.

21 “(C) DETERMINATION OF QUALIFIED POV-
22 ERTY REDUCTION STATES.—For purposes of
23 subparagraph (A), a State shall be considered a
24 qualified poverty reduction State for a fiscal
25 year if the State satisfies the following:

1 “(i) PROVISION OF CERTAIN ASSIST-
2 ANCE.—The State demonstrates to the
3 Secretary that the State program funded
4 under this part provides in each local polit-
5 ical subdivision of the State for at least 3
6 of the following:

7 “(I) A work expense or transpor-
8 tation allowance for any low-income
9 family that is not receiving assistance
10 under the State program.

11 “(II) The use of income dis-
12 regards sufficient to allow a family to
13 remain eligible for at least partial as-
14 sistance under the State program
15 until the sum of the family’s earned
16 income and cash assistance exceed the
17 poverty line applicable to such family.

18 “(III) On-the-job training or
19 work/study programs in occupations
20 likely to provide a livable wage. For
21 purposes of this subclause, the term
22 ‘livable wage’ means such hourly wage
23 as is necessary for an employee to
24 earn, while working 40 hours a week
25 on a full-year basis, an amount equal

1 to the amount of the Federal poverty
2 level for a family of 4 for that year
3 (as published in the Federal Register
4 by the Department of Health and
5 Human Services under the authority
6 of section 673(2) of the Omnibus
7 Budget Reconciliation Act of 1981).

8 “(IV) Temporary subsidized em-
9 ployment that provides at least the
10 minimum wage applicable under sec-
11 tion 6 of the Fair Labor Standards
12 Act for parents or caregivers who are
13 unable to find other employment.

14 “(V) Non-recurrent assistance to
15 help pay for the repair of a vehicle or
16 appliance, past-due rent, a utility or
17 fuel bill, vehicle licensing or insurance
18 costs, or for other purposes deemed
19 necessary by the State to enable eligi-
20 ble families with children to maintain
21 stable work and living situations.

22 “(VI) A minimum monthly child
23 support payment paid by the State to
24 a low-income family with at least 1
25 child support order if the noncustodial

1 parent does not pay the minimum
2 payment required under the order.

3 “(VII) With respect to families
4 that have assigned to the State in ac-
5 cordance with section 408(a)(3) any
6 child support rights a family member
7 may have (on behalf of the family
8 member or of any other person for
9 whom the family member has applied
10 for or is receiving such assistance), a
11 pass through of child support collec-
12 tions to the family, with at least \$100
13 per month of the pass-through pay-
14 ment disregarded for purposes of cal-
15 culating assistance for the family
16 under the State program funded
17 under this part.

18 “(VIII) An increase in the
19 State’s minimum wage to at least
20 \$6.15 per hour or a State minimum
21 wage indexed to inflation.

22 “(ii) DEMONSTRATION OF IMPROVED
23 OUTCOMES FOR CURRENT AND FORMER
24 RECIPIENTS OF ASSISTANCE.—

1 “(I) IN GENERAL.—With respect
2 to a fiscal year, the State is one of the
3 10 States with the greatest year-to-
4 year decline or, in the absence of 10
5 such States, the least year-to-year in-
6 crease, in the child poverty rate ad-
7 justed by the severity of poverty. For
8 purposes of this subclause, the child
9 poverty rate adjusted by the severity
10 of poverty shall be determined with
11 respect to a State for a fiscal year by
12 multiplying the State’s percentage of
13 children with family income below the
14 poverty line for that fiscal year by the
15 average difference per poor child in
16 the State between the child’s family
17 income and the poverty line.

18 “(II) DETERMINATION OF IN-
19 COME.—For purposes of subclause
20 (I), the Secretary shall, to the extent
21 feasible, consider the following in cal-
22 culating a family’s income:

23 “(aa) Cash income, such as
24 earnings, child support received

1 by the family, and government
2 cash payments.

3 “(bb) Benefits received
4 under the Food Stamp Act of
5 1977.

6 “(cc) Federal, State, or local
7 income taxes paid by the family
8 for the preceding taxable year
9 and the refundable portion of any
10 tax credits received.

11 “(D) APPROPRIATION.—Out of any money
12 in the Treasury of the United States not other-
13 wise appropriated, there is appropriated for fis-
14 cal year 2003 and each fiscal year thereafter,
15 \$200,000,000 to make the grants required
16 under this paragraph.”.

17 **SEC. 5304. PARTICIPATION IN WORKFORCE INVESTMENT**
18 **BOARDS.**

19 (a) STATE WORKFORCE INVESTMENT BOARDS.—
20 Section 111(b)(1)(C) of the Workforce Investment Act of
21 1998 (29 U.S.C. 2821(b)(1)(C)) is amended—

22 (1) by redesignating clause (vii) as clause (viii);

23 (2) in clause (vi), by striking “and” at the end;

24 and

25 (3) by inserting after clause (vi) the following:

1 “(vii) a representative of a lead State
2 agency with responsibility for the State
3 program funded under part A of title IV of
4 the Social Security Act (42 U.S.C. 601 et
5 seq.); and”.

6 (b) LOCAL WORKFORCE INVESTMENT BOARDS.—
7 Section 117(b)(2)(A) of the Workforce Investment Act of
8 1998 (29 U.S.C. 2832(b)(2)(A)) is amended—

9 (1) in clause (v), by striking “and” at the end;
10 and

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

12 “(vii) a representative of the local
13 agency, if any, with responsibility for the
14 program funded under part A of title IV of
15 the Social Security Act (42 U.S.C. 601 et
16 seq.); and”.

17 **SEC. 5305. CLARIFICATION OF TANF PURPOSE.**

18 Section 401(a) of the Social Security Act (42 U.S.C.
19 601(a)) is amended—

20 (1) by redesignating paragraphs (3) and (4) as
21 paragraphs (4) and (5), respectively; and

22 (2) by inserting after paragraph (2), the fol-
23 lowing:

24 “(3) reduce poverty among families with chil-
25 dren;”.

1 **SEC. 5306. EFFECTIVE DATE.**

2 The amendments made by this subtitle take effect on
3 October 1, 2001.

4 **Subtitle E—Incentives to Serve**
5 **Families**

6 **SEC. 5401. DEVELOPMENT OF MODEL CASEWORKER TRAIN-**
7 **ING MATERIALS.**

8 (a) DEVELOPMENT OF MODEL CASEWORKER TRAIN-
9 ING MATERIALS.—The Secretary of Health and Human
10 Services shall develop model training materials (including
11 guidebooks and other resources) for caseworkers assigned
12 to administer the provision of assistance to a family under
13 the State program funded under part A of title IV of the
14 Social Security Act (42 U.S.C. 601 et seq.). The model
15 training materials shall be designed to train the case-
16 workers to improve the access of the family to other serv-
17 ices and benefits that the family, or individuals within the
18 family, may be eligible for, including—

19 (1) benefits under the food stamp program, as
20 defined in section 3(h) of the Food Stamp Act of
21 1977 (7 U.S.C. 2012(h));

22 (2) medical assistance under the medicaid pro-
23 gram under title XIX of the Social Security Act (42
24 U.S.C. 1396 et seq.);

1 (3) child health assistance under the State chil-
2 dren's health insurance program under title XXI of
3 the Social Security Act (42 U.S.C. 1397aa et seq.);

4 (4) the special supplemental nutrition program
5 for women, infants, and children (WIC) under sec-
6 tion 17 of the Child Nutrition Act of 1966 (42
7 U.S.C. 1786);

8 (5) child care assistance;

9 (6) transportation assistance;

10 (7) education or training assistance;

11 (8) job placement activities;

12 (9) the earned income tax credit under section
13 32 of the Internal Revenue Code of 1986; and

14 (10) services to treat or alleviate substance
15 abuse, mental illness, or family violence.

16 (b) AUTHORIZATION OF APPROPRIATIONS.—There is
17 authorized to be appropriated to the Secretary of Health
18 and Human Services to carry out this section such sums
19 as may be necessary for fiscal year 2002 and each fiscal
20 year thereafter.

1 **SEC. 5402. EXCEPTION TO LIMIT ON TANF ADMINISTRATIVE**
2 **EXPENDITURES FOR CASEWORKER BONUSES**
3 **AND OTHER STATE INITIATIVES TO ELIMI-**
4 **NATE BARRIERS TO WORK.**

5 Section 404(b)(2) of the Social Security Act (42
6 U.S.C. 604(b)(2)) is amended—

7 (1) in the heading, by striking “EXCEPTION”;
8 and inserting “EXCEPTIONS”;

9 (2) by striking “Paragraph (1)” and inserting
10 the following:

11 “(A) INFORMATION TECHNOLOGY AND
12 COMPUTERIZATION.—Paragraph (1)”;

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

14 “(B) CASEWORKER BONUSES AND OTHER
15 STATE INITIATIVES TO ELIMINATE BARRIERS
16 TO WORK.—

17 “(i) IN GENERAL.—Paragraph (1)
18 shall not apply to the use of a grant to
19 provide a cash bonus to a caseworker for
20 a family receiving assistance under the
21 State program funded under this part
22 based on the number of such families that
23 the State determines the caseworker as-
24 sists achieve a goal described in clause (ii),
25 or for expenditures incurred for other
26 State initiatives designed to eliminate bar-

1 riers to work for families receiving assist-
2 ance under the State program funded
3 under this part.

4 “(ii) CASEWORKER GOALS.—For pur-
5 poses of clause (i), the goals described in
6 this clause are the following:

7 “(I) Obtain employment that
8 provides wages and benefits that en-
9 able the family to have income that
10 exceeds the poverty line applicable to
11 a family of the size involved.

12 “(II) Obtain supportive services
13 and benefits for which the family is el-
14 ible.

15 “(III) With respect to an indi-
16 vidual within a family, overcome a
17 barrier to the individual’s employ-
18 ment, including a barrier resulting
19 from a lack of transportation or child
20 care, a life crisis due to family vio-
21 lence, substance abuse, or a mental or
22 physical disability.

23 “(IV) With respect to an indi-
24 vidual within a family, retain employ-
25 ment for at least 6 months.”.

1 **SEC. 5403. STRENGTHENING OF TANF INDIVIDUAL RESPON-**
2 **SIBILITY PLANS.**

3 Section 408(b) of the Social Security Act (42 U.S.C.
4 608(b)) is amended—

5 (1) in paragraph (2)—

6 (A) in subparagraph (A)—

7 (i) in the matter preceding clause (i),
8 by striking “may” and inserting “shall”;
9 and

10 (ii) in clause (i), by striking “imme-
11 diately into private sector employment”
12 and inserting “into a job leading to stable
13 employment with earnings above the pov-
14 erty line applicable to a family of the size
15 involved (based on 35 hours of work per
16 week) and health care benefits for the em-
17 ployee and the employee’s dependents”;
18 and

19 (B) in subparagraph (B)—

20 (i) in the matter preceding clause (i),
21 by striking “may” and inserting “shall”;

22 (ii) in clause (i), by striking “(or, at
23 the option of the State, 180 days)”;

24 (iii) in clause (ii), by striking “(or, at
25 the option of the State, 90 days)”; and

1 “(vi) \$190,000,000 for fiscal year
2 2004;

3 “(vii) \$200,000,000 for fiscal year
4 2005; and

5 “(viii) \$225,000,000 for fiscal year
6 2006.”;

7 (2) in subparagraph (B), by striking clauses
8 (iv) and (v) and inserting the following:

9 “(iv) \$50,000,000 for each of fiscal
10 years 2002 through 2006.”; and

11 (3) in subparagraph (C)—

12 (A) by inserting “and” after the semicolon
13 in clause (ii);

14 (B) by striking “; and” in clause (iii) and
15 inserting a period; and

16 (C) by striking clause (iv).

17 **SEC. 5502. REQUIREMENT TO IDENTIFY AND PROVIDE**
18 **SERVICES TO ADDRESS BARRIERS TO EM-**
19 **PLOYMENT OF TANF RECIPIENTS.**

20 (a) **REQUIREMENT TO IDENTIFY AS PART OF INDI-**
21 **VIDUAL RESPONSIBILITY PLAN.**—Section 408(b) of the
22 Social Security Act (42 U.S.C. 608(b)), as amended by
23 section 5403, is amended—

24 (1) in paragraph (1), by striking “who—” and
25 all that follows and inserting “has attained 18 years

1 of age, using caseworkers who are trained to utilize
2 assessment methods approved by the State to iden-
3 tify recipients with severe barriers to employment,
4 such as being subjected to domestic violence, having
5 mental health, substance or alcohol abuse problems,
6 homelessness, a physical or mental disability, or illit-
7 eracy problems.”; and

8 (2) in paragraph (2)(A)(iv), by inserting “over-
9 come any severe barriers to employment identified
10 by the State under paragraph (1), and to” after
11 “will be able to”.

12 (b) EXEMPTION FROM WORK REQUIREMENT IF
13 STATE FAILS TO PROVIDE SERVICES.—Section 407(e) of
14 the Social Security Act (42 U.S.C. 607(e)) is amended—

15 (1) in paragraph (1), by striking “paragraph
16 (2)” and inserting “paragraphs (2) and (3)”;

17 (2) in paragraph (2), in the heading, by strik-
18 ing “EXCEPTION”; and inserting “SINGLE CUSTO-
19 DIAL PARENT WITH A YOUNG CHILD”; and

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

21 “(3) INDIVIDUAL WITH A SEVERE BARRIER TO
22 EMPLOYMENT TO WHOM THE STATE FAILS TO PRO-
23 VIDE SERVICES.—Notwithstanding paragraph (1), a
24 State may not reduce assistance under the State
25 program funded under this part based on a refusal

1 of an individual to engage in work required in ac-
 2 cordance with this section if, as part of the assess-
 3 ment required under section 408(b)(1), the indi-
 4 vidual has been identified as having a severe barrier
 5 to employment and the State fails to provide services
 6 necessary to overcome the barrier.”.

7 **SEC. 5503. STATE OPTION TO ESTABLISH EXCEPTIONS**
 8 **FROM TIME LIMIT FOR RECEIPT OF TANF AS-**
 9 **SISTANCE BASED ON SEVERE BARRIERS TO**
 10 **EMPLOYMENT.**

11 Section 408(a)(7)(C) of the Social Security Act (42
 12 U.S.C. 608(a)(7)(C)) is amended—

13 (1) in clause (ii), by striking “The average”
 14 and inserting “Subject to clause (iv), the average”;
 15 and

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

17 “(iv) STATE OPTION FOR EXCEPTIONS
 18 BASED ON SEVERE BARRIERS TO EMPLOY-
 19 MENT.—At State option, the limit de-
 20 scribed in clause (ii) shall not apply with
 21 respect to each category of exception based
 22 on severe barriers to employment as the
 23 State may determine.”.

1 **SEC. 5504. EFFECTIVE DATE.**

2 The amendments made by this subtitle take effect on
3 October 1, 2001.

4 **Subtitle G—Protection for Families**
5 **in Need**

6 **SEC. 5601. EARN-BACK OF MONTHS OF TANF ASSISTANCE.**

7 Section 408(a)(7) of the Social Security Act (42
8 U.S.C. 608(a)(7)), as amended by section 5301, is amend-
9 ed by inserting after subparagraph (E) the following:

10 “(F) **EARN-BACK OF MONTHS OF ASSIST-**
11 **ANCE.**—In determining the number of months
12 for which an adult has received assistance
13 under a State or tribal program funded under
14 this part, the State or tribe shall disregard 1
15 month for every 3 months that the adult is en-
16 gaged in a work activity defined in paragraph
17 (1), (2), or (3) of section 407(d) in accordance
18 with the requirements of section 407(c) and
19 during which the individual is not receiving as-
20 sistance under the State program funded under
21 this part.”.

22 **SEC. 5602. ESTABLISHMENT OF A FAIR CONCILIATION**
23 **PROCESS FOR FAMILIES UNDER TANF.**

24 Section 408 of the Social Security Act (42 U.S.C.
25 608) is amended by adding at the end the following:

26 “(h) **FAIR CONCILIATION PROCEDURES.**—

1 “(1) IN GENERAL.—Any case closed under the
2 State program funded under this part shall be sub-
3 ject to a customer service review in accordance with
4 the requirements of this subsection to ensure that a
5 case is not erroneously terminated and to give a
6 family another opportunity to participate in the pro-
7 gram.

8 “(2) REQUIREMENTS.—

9 “(A) INITIAL REVIEW.—A customer service
10 reviewer shall examine the case record for each
11 case closed to determine—

12 “(i) whether the caseworker respon-
13 sible for the case has attempted to make
14 personal contact with the parent or care-
15 giver before recommending closure of the
16 case; and

17 “(ii) whether sufficient documentation
18 exists in the case record to establish both
19 a factual and policy basis for closure of the
20 case, including documentation of written
21 notice of the closure to the parent or care-
22 giver.

23 “(B) RETURN TO CASEWORKER.—Any
24 case in which a customer service reviewer deter-
25 mines that no personal contact has been at-

1 tempted before closure of the case, or that in-
2 sufficient documentation exists, shall be re-
3 turned to the caseworker for the provision of
4 such attempted contact or documentation.

5 “(C) ADDITIONAL ATTEMPTED PERSONAL
6 CONTACT.—If a case is not returned to a case-
7 worker under subparagraph (A), the customer
8 service reviewer shall attempt to make personal
9 contact with the parent or caregiver involved,
10 including, if 3 attempts are required, an at-
11 tempt outside of normal business hours. A case
12 shall be closed after 3 unsuccessful attempts.

13 “(D) DETERMINATION OF GOOD CAUSE
14 FOR EXCEPTION TO CLOSURE.—

15 “(i) IN GENERAL.—With respect to a
16 case in which a caseworker or a customer
17 service reviewer has made personal contact
18 with the parent or caregiver, the customer
19 service reviewer shall determine whether
20 barriers to participation in the program
21 exist, whether there are grounds for ex-
22 emption from the time limits or any other
23 program requirements, or whether there
24 was an error in the application of the facts
25 or policy.

1 “(ii) MODIFICATION OF INDIVIDUAL
2 RESPONSIBILITY PLAN.—If a customer
3 service reviewer determines under clause
4 (i) that a case should not be closed, the
5 customer service reviewer shall work with
6 the parent or caregiver to modify the par-
7 ent’s or caregiver’s individual responsibility
8 plan developed under subsection (b) as ap-
9 propriate, including with respect to the
10 provision of any additional services needed
11 to assist the individual in becoming work-
12 ready.

13 “(E) PLAN FOR COMPLIANCE.—If a cus-
14 tomer service reviewer determines that subpara-
15 graph (D) does not apply and a parent or care-
16 giver is not subject to the time limit for receipt
17 of assistance under subsection (a)(7), the re-
18 viewer shall ask the parent or caregiver if the
19 parent or caregiver is now willing to comply
20 with program requirements, and establish a
21 plan with the parent or caregiver for compli-
22 ance. If the parent or caregiver does not comply
23 with such plan, the case shall be closed without
24 regard to the preceding subparagraphs of this
25 paragraph.

1 “(F) WRITTEN NOTICE.—With respect to
2 a case closed by a customer service reviewer
3 under this subsection, the reviewer shall send
4 the family involved a final written notice of the
5 case closure that informs the family of—

6 “(i) the specific factual basis of the
7 closure;

8 “(ii) the steps that the family can
9 take to maintain eligibility for assistance
10 under the State program; and

11 “(iii) the procedure for appealing the
12 closure decision.”.

13 **SEC. 5603. EFFECTIVE DATE.**

14 The amendments made by this subtitle take effect on
15 October 1, 2001.

16 **Subtitle H—TANF Reauthorization**

17 **SEC. 5701. REAUTHORIZATION OF TANF STATE FAMILY AS-**
18 **SISTANCE GRANTS.**

19 Section 403(a)(1) of the Social Security Act (42
20 U.S.C. 603(a)(1)) is amended—

21 (1) in subparagraph (A), by striking “fiscal
22 years 1996, 1997, 1998, 1999, 2000, 2001, and
23 2002” and inserting “the fiscal years during the pe-
24 riod beginning with fiscal year 1996 and ending with
25 fiscal year 2007”; and

1 (2) by striking “meals; or” and all that follows
2 and inserting “meals;”.

3 **SEC. 6002. CATEGORICAL ELIGIBILITY REQUIREMENTS.**

4 Section 17(f)(3)(A)(ii) of the Richard B. Russell Na-
5 tional School Lunch Act (42 U.S.C. 1766(f)(3)(A)(ii)) is
6 amended by adding at the end the following:

7 “(V) CATEGORICAL ELIGI-
8 BILITY.—In making a determination
9 of income eligibility under subclauses
10 (I)(cc) and (II), a family or group day
11 care home sponsoring organization
12 may consider a provider participating
13 in or subsidized under, or a provider
14 with a child participating in or sub-
15 sidized under, a federally or State
16 supported child care or other benefit
17 program with an income eligibility
18 limit that does not exceed the eligi-
19 bility standard for free or reduced
20 price meals under section 9 to be a
21 provider whose household meets the
22 income eligibility guidelines under sec-
23 tion 9.”.

1 **SEC. 6003. INCREASE IN ADMINISTRATIVE REIMBURSE-**
2 **MENT RATES.**

3 Section 17(f)(3) of the Richard B. Russell National
4 School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by
5 striking subparagraph (B) and inserting the following:

6 “(B) REIMBURSEMENT FOR ADMINISTRA-
7 TIVE EXPENSES.—

8 “(i) IN GENERAL.—Family or group
9 day care home sponsoring organizations
10 shall also receive reimbursement for ad-
11 ministrative expenses in amounts not ex-
12 ceeding the maximum allowable levels pre-
13 scribed by the Secretary.

14 “(ii) ADJUSTMENT.—The maximum
15 allowable levels prescribed under clause (i)
16 shall be—

17 “(I) adjusted July 1 of each year
18 to reflect changes for the 12-month
19 period ending in the preceding June,
20 in the Consumer Price Index for All
21 Urban Consumers published by the
22 Bureau of Labor Statistics of the De-
23 partment of Labor, rounded to the
24 nearest lower dollar increment; and

25 “(II) in addition to the adjust-
26 ments required under subclause (I),

1 increased by \$2.00 for each level de-
2 scribed in clause (i).”.

3 **SEC. 6004. PROGRAM FOR AT-RISK SCHOOL CHILDREN.**

4 Section 17(r) of the Richard B. Russell National
5 School Lunch Act (42 U.S.C. 1766(r)) is amended—

6 (1) in paragraph (1)(B)—

7 (A) by inserting “(i)” after “(B)”;

8 (B) by striking “in a geographical area”
9 and all that follows through the period and in-
10 sserting the following: “in a geographical area—

11 “(I) that is served by a school in
12 which at least 50 percent of the children
13 are eligible for free or reduced price school
14 meals under this Act or the Child Nutri-
15 tion Act of 1966 (42 U.S.C. 1771 et seq.);
16 or

17 “(II) in which poor economic condi-
18 tions exist, as determined by the Secretary
19 based on—

20 “(aa) information provided from
21 the local department of welfare, zon-
22 ing commission, or census tracts; or

23 “(bb) information from other ap-
24 propriate sources; or”;

25 (C) by adding at the end the following:

1 “(ii) is enrolled in a program authorized
2 under this subsection operated at a site not de-
3 scribed in clause (i).”;

4 (2) in paragraph (4), by striking subparagraphs
5 (B) and (C) and inserting the following:

6 “(B) RATES.—

7 “(i) MEALS.—A meal shall be reim-
8 bursed under this subsection—

9 “(I) for children participating in
10 a program at a site described in para-
11 graph (1)(B)(i), at the rate estab-
12 lished for free meals under subsection
13 (c); and

14 “(II) for children enrolled in a
15 program under paragraph 1(B)(ii), at
16 the applicable rate for meals estab-
17 lished under subsection (c).

18 “(ii) SUPPLEMENTS.—A supplement
19 shall be reimbursed under this
20 subsection—

21 “(I) for children participating in
22 a program at a site described in para-
23 graph (1)(B)(i), at the rate estab-
24 lished for a free supplement under
25 subsection (c)(3); and

1 “(II) for children enrolled in a
2 program under paragraph 1(B)(ii), at
3 the applicable rate for supplements es-
4 tablished under subsection (c)(3).

5 “(C) NO CHARGE.—In the case of at-risk
6 school child participating in a program at a site
7 described in paragraph (1)(B)(i), a meal or
8 supplement provided under this subsection to
9 the child shall be served without charge.”; and
10 (3) by striking paragraph (5).

11 **Subtitle B—Food Stamp Program**

12 **SEC. 6101. RESTORATION OF FOOD STAMP BENEFITS FOR** 13 **QUALIFIED ALIENS.**

14 (a) LIMITED ELIGIBILITY OF QUALIFIED ALIENS 15 FOR CERTAIN FEDERAL PROGRAMS.—

16 (1) IN GENERAL.—Section 402(a) of the Per-
17 sonal Responsibility and Work Opportunity Rec-
18 onciliation Act of 1996 (8 U.S.C. 1612(a)) is
19 amended—

20 (A) in paragraph (2)—

21 (i) in subparagraph (A), by striking
22 “Federal programs” and inserting “Fed-
23 eral program”;

24 (ii) in subparagraph (D)—

25 (I) by striking clause (ii); and

1 (II) in clause (i)—

2 (aa) by striking “(i)
3 SSI.—” and all that follows
4 through “paragraph (3)(A)” and
5 inserting the following:

6 “(i) IN GENERAL.—With respect to
7 the specified Federal program described in
8 paragraph (3)”;

9 (bb) by redesignating sub-
10 clauses (II) through (IV) as
11 clauses (ii) through (iv) and in-
12 denting appropriately;

13 (cc) by striking “subclause
14 (I)” each place it appears and in-
15 serting “clause (i)”;

16 (dd) in clause (iv) (as redesi-
17 gnated by item (bb)), by striking
18 “this clause” and inserting “this
19 subparagraph”;

20 (iii) in subparagraph (E), by striking
21 “paragraph (3)(A) (relating to the supple-
22 mental security income program)” and in-
23 serting “paragraph (3)”;

24 (iv) in subparagraph (F);

- 1 (I) by striking “Federal pro-
2 grams” and inserting “Federal pro-
3 gram”;
- 4 (II) in clause (ii)(I)—
- 5 (aa) by striking “(I) in the
6 case of the specified Federal pro-
7 gram described in paragraph
8 (3)(A),”;
- 9 (bb) by striking “; and” and
10 inserting a period; and
- 11 (III) by striking subclause (II);
- 12 (v) in subparagraph (G), by striking
13 “Federal programs” and inserting “Fed-
14 eral program”;
- 15 (vi) in subparagraph (H), by striking
16 “paragraph (3)(A) (relating to the supple-
17 mental security income program)” and in-
18 serting “paragraph (3)”;
- 19 (vii) by striking subparagraphs (I),
20 (J), and (K); and
- 21 (B) in paragraph (3)—
- 22 (i) by striking “means any” and all
23 that follows through “The supplemental”
24 and inserting “means the supplemental”;
25 and

1 (ii) by striking subparagraph (B).

2 (2) CONFORMING AMENDMENT.—Section
3 402(b)(2)(F) of the Personal Responsibility and
4 Work Opportunity Reconciliation Act of 1996 (8
5 U.S.C. 1612(b)(2)(F)) is amended by striking “sub-
6 section (a)(3)(A)” and inserting “subsection (a)(3)”.

7 (b) FIVE-YEAR LIMITED ELIGIBILITY OF QUALIFIED
8 ALIENS FOR FEDERAL MEANS-TESTED PUBLIC BEN-
9 EFIT.—Section 403 of the Personal Responsibility and
10 Work Opportunity Reconciliation Act of 1996 (8 U.S.C.
11 1613) is amended—

12 (1) in subsection (c)(2), by adding at the end
13 the following:

14 “(L) Assistance or benefits under the Food
15 Stamp Act of 1977 (7 U.S.C. 2011 et seq.)”;

16 and

17 (2) in subsection (d)—

18 (A) by striking “not apply” and all that
19 follows through “(1) an individual” and insert-
20 ing “not apply to an individual”; and

21 (B) by striking “; or” and all that follows
22 through “402(a)(3)(B)”.

23 (c) AUTHORITY FOR STATES TO PROVIDE FOR AT-
24 TRIBUTION OF SPONSOR’S INCOME AND RESOURCES TO
25 THE QUALIFIED ALIEN WITH RESPECT TO STATE PRO-

1 GRAMS.—Section 422(b) of the Personal Responsibility
2 and Work Opportunity Reconciliation Act of 1996 (8
3 U.S.C. 1632(b)) is amended by adding at the end the fol-
4 lowing:

5 “(8) Programs comparable to assistance or ben-
6 efits under the Food Stamp Act of 1977 (7 U.S.C.
7 2011 et seq.).”.

8 (d) REQUIREMENTS FOR SPONSOR’S AFFIDAVIT OF
9 SUPPORT.—Section 423(d) of the Personal Responsibility
10 and Work Opportunity Reconciliation Act of 1996 (8
11 U.S.C. 1183a note; Public Law 104–193) is amended by
12 adding at the end the following:

13 “(12) Benefits under the Food Stamp Act of
14 1977 (7 U.S.C. 2011 et seq.), if a sponsor is unable
15 to make the reimbursement because the sponsor ex-
16 periences hardship (including bankruptcy, disability,
17 and indigence) or if the sponsor experiences severe
18 circumstances beyond the control of the sponsor, as
19 determined by the Secretary of Agriculture.”.

20 (e) DERIVATIVE ELIGIBILITY FOR BENEFITS.—Sec-
21 tion 436 of the Personal Responsibility and Work Oppor-
22 tunity Reconciliation Act of 1996 (8 U.S.C. 1646) is re-
23 pealed.

24 (f) EFFECTIVE DATE.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), this section and the amendments made by
3 this section take effect on April 1, 2002.

4 (2) EXCEPTIONS.—The amendments made by
5 subsections (a) through (d) shall—

6 (A) not apply to a certification period that
7 begins not later than April 1, 2002, and ends
8 not later than October 1, 2002, unless the
9 State agency (as defined in section 3 of the
10 Food Stamp Act of 1977 (7 U.S.C. 2012))
11 elects to make such amendments applicable be-
12 fore the ends of the period, but not before April
13 1, 2002; and

14 (B) apply on October 1, 2002 to a certifi-
15 cation period that begins not later than April 1,
16 2002, and ends after October 1, 2002, unless
17 the State agency elects to make the amend-
18 ments applicable to the certification period on a
19 date before October 1, 2002, but not before
20 April 1, 2002.

21 **SEC. 6102. CONFORMING FOOD STAMP AND MEDICAID IN-**
22 **COME DEFINITIONS; SIMPLIFIED INCOME**
23 **CALCULATIONS.**

24 Section 5(d) of the Food Stamp Act of 1977 (7
25 U.S.C. 2014(d)) is amended—

1 (1) in paragraph (3)—

2 (A) by striking “and (C)” and inserting
3 “(C)”; and

4 (B) by adding at the end the following: “
5 and (D) to the extent that any other edu-
6 cational loans on which payment is deferred,
7 grants, scholarships, fellowships, veterans’ edu-
8 cational benefits, and the like are excluded
9 under Title XIX of the Social Security Act (42
10 U.S.C. 1396 et seq.).”;

11 (2) by striking “ and (15)” and inserting
12 “(15)”; and

13 (3) by inserting before the period at the end the
14 following: “(16) any State complementary assistance
15 program payments that are excluded under sub-
16 sections (a) and (b) of section 1931 of the Social Se-
17 curity Act (42 U.S.C. 1396u–1(a),(b)), and (17) at
18 the option of the State agency, any type of income
19 that the State agency does not consider when deter-
20 mining eligibility for cash assistance under a pro-
21 gram funded under part A of title IV of the Social
22 Security Act (42 U.S.C. 601 et seq.) or medical as-
23 sistance under section 1931 of the Social Security
24 Act (41 U.S.C. 1396u–1): *Provided*, That this para-
25 graph shall not authorize a State agency to exclude

1 earned income, benefits under titles II, IV, or XVI
2 of the Social Security Act (42 U.S.C. 401 et seq.),
3 or other types of income that the Secretary considers
4 necessary for the equitable determinations of eligi-
5 bility and benefit levels”.

6 **SEC. 6103. PREVENTION OF HUNGER AMONG FAMILIES**
7 **WITH CHILDREN.**

8 (a) **STANDARD DEDUCTION.**—Section 5(e) of the
9 Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended
10 by striking paragraph (1) and inserting the following:

11 “(1) **STANDARD DEDUCTION.**—

12 “(A) **IN GENERAL.**—Subject to subpara-
13 graph (B), the Secretary shall allow a standard
14 deduction for each household in the 48 contig-
15 uous States and the District of Columbia, Alas-
16 ka, Hawaii, Guam, and the Virgin Islands of
17 the United States that is equal to the applicable
18 percentage established under subparagraph (C)
19 of the income standard of eligibility under sub-
20 section (e)(1).

21 “(B) **LIMITATIONS.**—The standard deduc-
22 tion for each household in the 48 contiguous
23 States and the District of Columbia, Alaska,
24 Hawaii, Guam, and the Virgin Islands of the

1 United States under subparagraph (A) shall not
2 be—

3 “(i) less than \$134, \$229, \$189,
4 \$269, and \$118, respectively; or

5 “(ii) more than the applicable percent-
6 age specified in subparagraph (C) of the
7 income standard of eligibility established
8 under section (c)(1) for a household of 6
9 members.

10 “(C) APPLICABLE PERCENTAGE.—The ap-
11 plicable percentage referred to in subpara-
12 graphs (A) and (B) shall be—

13 “(i) for fiscal year 2002, 8 percent;

14 “(ii) for fiscal year 2003, 8.5 percent;

15 “(iii) for fiscal year 2004, 9 percent;

16 “(iv) for fiscal year 2005, 9.5 percent;

17 and

18 “(v) for fiscal year 2006 and each
19 subsequent fiscal year, 10 percent.”.

20 (b) APPLICATION DATE.—The amendments made by
21 this section shall apply on the later of—

22 (1) July 1, 2002; or

23 (2) at the option of a State agency of a State
24 (as those terms are defined in section 3 of the Food

1 Stamp Act of 1977 (7 U.S.C. 2012)), October 1,
2 2002.

3 **SEC. 6104. ENCOURAGEMENT OF COLLECTION OF CHILD**
4 **SUPPORT.**

5 (a) IN GENERAL.—Section 5(e)(2) of the Food
6 Stamp Act of 1977 (7 U.S.C. 2014(e)(2)) is amended—

7 (1) by inserting “AND CHILD SUPPORT” after
8 “INCOME”;

9 (2) in subparagraph (A)—

10 (A) by striking “DEFINITION OF” and all
11 that follows through “not include” and insert-
12 ing the following: “LIMITATION ON DEDUC-
13 TION.—A deduction under this paragraph shall
14 not apply to”;

15 (B) in clause (i), by striking “or”;

16 (C) in clause (ii), by striking the period at
17 the end and inserting “; or”; and

18 (D) by adding at the end the following:

19 “(iii) child support received to the ex-
20 tent of any reduction in public assistance
21 to the household as a result of receiving
22 the support.”; and

23 (3) in subparagraph (B)—

24 (A) by striking “with earned income”; and

1 (B) by striking “to compensate” and all
2 that follows through the period and inserting
3 the following: “and child support received from
4 an identified or putative parent of a child in the
5 household if that parent is not a household
6 member.”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section take effect on—

9 (1) July 1, 2002; or

10 (2) at the option of a State agency of a State
11 (as those terms are defined in section 3 of the Food
12 Stamp Act of 1977 (7 U.S.C. 2012)), October 1,
13 2002.

14 **SEC. 6105. ELIMINATION OF EXCESS SHELTER EXPENSE DE-**
15 **DUCTION CAP FOR FAMILIES WITH HIGH**
16 **SHELTER COSTS.**

17 Section 5(e)(7) of the Food Stamp Act of 1977 (7
18 U.S.C. 2014(e)(7)) is amended—

19 (1) by striking subparagraph (B); and

20 (2) by redesignating subparagraph (C) as sub-
21 paragraph (B).

22 **SEC. 6106. PERIODIC REDETERMINATION OF ELIGIBILITY.**

23 (a) IN GENERAL.—Section 11(e) of the Food Stamp
24 Act of 1977 (7 U.S.C. 2020(e)) is amended by striking
25 paragraph (4) and inserting the following:

1 “(4)(A) that the State agency shall periodically
2 require the household to cooperate in a redetermina-
3 tion of eligibility under procedures consistent with
4 paragraph (2); and

5 “(B) that, in carrying out subparagraph (A), a
6 State agency—

7 “(i) shall require a redetermination of eli-
8 gibility at least once—

9 “(I) every 12 months; or

10 “(II) every 24 months, if—

11 “(aa) the State agency has con-
12 tact with the household at least once
13 every 12 months; and

14 “(bb) all adult household mem-
15 bers are elderly or disabled;

16 “(ii) except as provided in clause (iii), shall
17 continue to provide benefits to households dur-
18 ing the redetermination process; and

19 “(iii) shall not provide further allotments
20 to any household that the State agency deter-
21 mines has refused to cooperate in the redeter-
22 mination of eligibility;”.

23 (b) CONFORMING AMENDMENTS—

1 (1) Section 3 of the Food Stamp Act of 1977
2 (7 U.S.C. 2012) is amended by striking subsection
3 (e).

4 (2) Section 5 of the Food Stamp Act of 1977
5 (7 U.S.C. 2014) is amended—

6 (A) in subsection (d)(2), by striking “in
7 the certification period”; and

8 (B) in subsection (e)—

9 (i) in paragraph (6)(B)(ii)(III), by
10 striking “has been anticipated for the cer-
11 tification period” and inserting “was an-
12 ticipated when the household applied for
13 benefits or at the most recent redetermina-
14 tion of eligibility”; and

15 (ii) in paragraph (7)(C)(iii)(II), by
16 striking “the end of a certification period”
17 and inserting “each redetermination of eli-
18 gibility”.

19 (3) Section 6(c)(1)(C)(iv) of the Food Stamp
20 Act of 1977 (7 U.S.C.2015(c)(1)(C)(iv)) is amended
21 by striking “certification period” each place it ap-
22 pears and inserting “interval between required rede-
23 terminations of eligibility”.

24 (4) Section 8(c) of the Food Stamp Act of 1977
25 (7 U.S.C. 2017) is amended—

1 (A) in paragraph (1), by striking “within
2 a certification period”; and

3 (B) in paragraph (2), by striking “expira-
4 tion of” and all that follows through “certifi-
5 cation period,” and inserting “termination of
6 benefits to a household,”.

7 (5) Section 11(e) of the Food Stamp Act of
8 1977 (7 U.S.C. 2020(e) is amended—

9 (A) in paragraph (10)—

10 (i) by striking “within the household’s
11 certification period”; and

12 (ii) by striking “until such time” and
13 all that follows through “occurs earlier”;
14 and

15 (B) in paragraph (16), by striking “recer-
16 tification” and inserting “redetermination of
17 the eligibility of”.

18 **SEC. 6107. TRANSITIONAL BENEFITS OPTION.**

19 (a) IN GENERAL.—Section 11 of the Food Stamp Act
20 of 1977 (7 U.S.C. 2020) is amended by adding at the end
21 the following:

22 “(s) TRANSITIONAL BENEFITS OPTION.—

23 “(1) IN GENERAL.—A State may provide tran-
24 sitional food stamp benefits to a household that is
25 no longer eligible to receive cash assistance under a

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

3 “(2) TRANSITIONAL BENEFITS PERIOD.—Under
4 paragraph (1), a household may continue to receive
5 food stamp benefits for a period of not more than
6 6 months after the date on which cash assistance is
7 terminated.

8 “(3) AMOUNT.—During the transitional bene-
9 fits period under paragraph (2), a household shall
10 receive an amount equal to the allotment received in
11 the month immediately preceding the date on which
12 cash assistance is terminated, adjusted for—

13 “(A) the change in household income as a
14 result of the termination of cash assistance; and

15 “(B) any changes in circumstances that
16 may result in an increase in the food stamp al-
17 lotment of the household and that the house-
18 hold elects to report (as verified in accordance
19 with standards established by the Secretary).

20 “(4) DETERMINATION OF FUTURE ELIGI-
21 BILITY.—In the final month of the transitional bene-
22 fits period under paragraph (2), the State agency
23 may—

24 “(A) require a household to cooperate in a
25 redetermination of eligibility to receive uninter-

1 rupted benefits after the transitional benefits
2 period; and

3 “(B) renew eligibility for a new certifi-
4 cation period for the household without regard
5 to whether the previous certification period has
6 expired.

7 “(5) LIMITATION.—A household sanctioned
8 under section 6 shall not be eligible for transitional
9 benefits under this subsection.”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) Section 11(e)(4)(B) of the Food Stamp Act
12 of 1977 (7 U.S.C. 2020(e)(4)(B)) (as amended by
13 section 6106(a)) is amended—

14 (A) in clause (ii), by striking “and” at the
15 end;

16 (B) in clause (iii), by inserting “and” after
17 the semicolon; and

18 (C) by adding at the end the following:

19 “(iv) may extend the intervals under
20 clause (i) to the end of a transitional bene-
21 fits period established by a State under
22 section 11(s);”.

23 (2) Section 6(c) of the Food Stamp Act of 1977
24 (7 U.S.C. 2015(c)) is amended by striking “No
25 household” and inserting “Except in a case in which

1 a household is receiving transitional benefits during
2 the transitional benefits period under subsection (s),
3 no household”.

4 **SEC. 6108. IMPROVING STATE INCENTIVES TO SERVE**
5 **WORKING FAMILIES.**

6 (a) TARGETED QUALITY CONTROL SYSTEM.—Sec-
7 tion 16(c) of the Food Stamp Act of 1977 (7 U.S.C.
8 2025(c)) is amended—

9 (1) in paragraph (1)—

10 (A) in subparagraph (B), by striking
11 “and” at the end;

12 (B) by striking subparagraph (C) and in-
13 serting the following:

14 “(C) except as provided in subparagraph
15 (D), for any fiscal year in which the Secretary
16 determines that a 95-percent statistical prob-
17 ability exists that the payment error rate of a
18 State agency exceeds the national performance
19 measure for payment error rates under para-
20 graph (6) by more than 1 percentage point,
21 other than for good cause shown, the State
22 agency shall pay to the Secretary an amount, to
23 be determined by the Secretary based on an in-
24 vestigation and finding that the State adminis-
25 tration of the program under this Act was seri-

1 ously negligent, that reflects the extent of neg-
2 ligence, not to exceed 5 percent of the amount
3 provided the State agency under subsection (a);
4 and”;

5 (C) by adding at the end the following:

6 “(D) if, in any 3 consecutive fiscal years,
7 the Secretary determines that a 95-percent sta-
8 tistical probability exists that the payment error
9 rate of a State agency exceeds the national per-
10 formance measure for payment error rates
11 under paragraph (6) by more than 1 percentage
12 point, other than for good cause shown, the
13 agency shall pay to the Secretary an amount
14 equal to the product of—

15 “(i) the value of all allotments issued
16 by the State agency in the fiscal year;
17 times

18 “(ii) the lesser of—

19 “(I) the ratio of—

20 “(aa) the amount by which
21 the payment error rate of the
22 State agency for the fiscal year
23 exceeds by more than 1 percent-
24 age point the national perform-

1 ance measure for the fiscal year;

2 bears to

3 “(bb) 10 percent, or

4 “(II) 1; times

5 “(iii) the amount by which the pay-

6 ment error rate of the State agency for the

7 fiscal year exceeds by more than 1 percent-

8 age point the national performance meas-

9 ure for the fiscal year.”;

10 (2) in paragraph (2)(A), by inserting before the

11 semicolon the following: “, as adjusted downward to

12 eliminate any increases that may result from the

13 State agency serving a higher percentage of

14 households—

15 “(i) with earned income than—

16 “(I) the State agency served in fiscal

17 year 1992; or

18 “(II) the national average for the cur-

19 rent year; and

20 “(ii) containing 1 or more members who

21 are not United States citizens than—

22 “(I) the State agency served in fiscal

23 year 1998; or

24 “(II) the national average for the cur-

25 rent year”;

1 (3) in paragraph (4), by striking the first sen-
2 tence and inserting the following: “The Secretary
3 may require a State agency to report any factors
4 that the Secretary considers necessary to determine
5 a State agency’s payment error rate, enhanced ad-
6 ministrative funding, claim for payment error, or
7 performance under the measures under paragraph
8 (10).”;

9 (4) in paragraph (5), by striking the first sen-
10 tence and inserting the following: “To facilitate the
11 implementation of this subsection each State agency
12 shall expeditiously submit to the Secretary data re-
13 garding its operations in each fiscal year sufficient
14 for the Secretary to comply with paragraph (10) and
15 to establish the payment error rate for the State
16 agency for such fiscal year and determine the
17 amount of either incentive payments under para-
18 graph (1)(A) or claims under subparagraph (C) or
19 (D) of paragraph (1).”; and

20 (5) by inserting at the end the following:

21 “(10)(A) **ADDITIONAL PERFORMANCE MEAS-**
22 **URES.**—In addition to the performance measures
23 under paragraph (1), the Secretary shall measure—

24 “(i) compliance with the deadlines under
25 paragraphs (3) and (9) of section 11(e);

1 “(ii) the percentage of negative eligibility
2 decisions that are made in error; and

3 “(iii) the number of households that
4 have—

5 “(I) incomes less than 130 percent of
6 the poverty rate;

7 “(II) annual earnings equal to at least
8 1000 times the Federal minimum hourly
9 rate under the Fair Labor Standards Act
10 of 1938 (29 U.S.C. 201 et seq.); and

11 “(III) children under age 18;
12 that receive food stamps in the State as a per-
13 centage of the number of the low-income work-
14 ing households with children in the State.

15 “(B) BONUS PAYMENTS.—For each fiscal year,
16 with respect to each of the performance measures in
17 subparagraph (A), the Secretary shall make excel-
18 lence bonus payments of \$1,000,000 to—

19 “(i) each of the 5 States with the highest
20 performance; and

21 “(ii) each of the 5 States with the perform-
22 ance that has most improved during the fiscal
23 year.

24 “(C) INVESTIGATION.—

1 “(1) IN GENERAL.—For any fiscal year in
2 which the Secretary determines that a 95-per-
3 cent statistical probability exists that the per-
4 formance of a State agency with respect to any
5 of the performance measures in subparagraph
6 (A) is substantially worse than a level the Sec-
7 retary determines reasonable, the Secretary
8 shall investigate the State agency.

9 “(2) CORRECTIVE ACTION.—If the Sec-
10 retary determines that the administration by
11 the State agency has been deficient, the Sec-
12 retary shall require the State agency to take
13 prompt corrective action.”.

14 (b) APPLICATION DATE.—

15 (1) IN GENERAL.—Except as provided in para-
16 graph (2), the amendments made by this section
17 shall apply to all fiscal years beginning on or after
18 October 1, 1999.

19 (2) ADDITIONAL PERFORMANCE MEASURES.—
20 The amendments made by subsection (a)(5) shall
21 apply to all fiscal years beginning on or after Octo-
22 ber 1, 2001.

1 **SEC. 6109. AUTHORIZATION OF APPROPRIATIONS FOR AD-**
 2 **DITIONAL COMMODITIES UNDER EMER-**
 3 **GENCY FOOD ASSISTANCE PROGRAM.**

4 Section 214 of the Emergency Food Assistance Act
 5 of 1983 (7 U.S.C. 7515) is amended by adding at the end
 6 the following:

7 “(e) AUTHORIZATION OF APPROPRIATIONS.—

8 “(1) IN GENERAL.—In addition to any other
 9 funds that are made available to carry out this sec-
 10 tion, there are authorized to be appropriated to pur-
 11 chase and make available additional commodities
 12 under this section \$20,000,000 for each of fiscal
 13 years 2002 through 2006.

14 “(2) DIRECT EXPENSES.—Not less than 50
 15 percent of the amount made available under para-
 16 graph (1) shall be used to pay direct expenses (as
 17 defined in section 204(a)(2)) incurred by emergency
 18 feeding organizations to distribute additional com-
 19 modities to needy persons.”.

20 **TITLE VII—FAIR START**
 21 **HOUSING**

22 **Subtitle A—Section 8 Vouchers**

23 **SEC. 7001. RENTAL ASSISTANCE VOUCHER PROGRAM.**

24 (a) IN GENERAL.—The Secretary of Housing and
 25 Urban Development (referred to in this subtitle as the
 26 “Secretary”) shall provide 1,000,000 incremental housing

1 vouchers for rental assistance under section 8(o) of the
2 United States Housing Act of 1937 (42 U.S.C. 1437f(o))
3 during the 10 year period following the date of enactment
4 of this Act.

5 (b) AUTHORIZATION OF APPROPRIATIONS.—There
6 are authorized to be appropriated such sums as necessary
7 to carry out this section.

8 **SEC. 7002. VOUCHER SUCCESS FUND.**

9 (a) VOUCHER SUCCESS FUND.—

10 (1) ESTABLISHMENT.—There is established the
11 Voucher Success Fund (referred to in this section as
12 the “Fund”).

13 (2) PURPOSES.—The purposes of the Fund
14 are—

15 (A) to address barriers that individuals en-
16 counter in successfully utilizing voucher rental
17 assistance provided under section 8(o) of the
18 United States Housing Act of 1937 (42 U.S.C.
19 1437f(o)); and

20 (B) to help improve the operation of that
21 voucher rental assistance program.

22 (3) USES OF ASSISTANCE.—The Secretary shall
23 provide assistance from the Fund to States on a
24 competitive basis, which assistance shall be used—

1 (A) by communities that are determined by
2 an appropriate State agency of the State to be
3 experiencing problems in utilizing voucher rent-
4 al assistance provided under section 8(o) of the
5 United States Housing Act of 1937 (42 U.S.C.
6 1437f(o)), including—

7 (i) difficult market conditions;

8 (i) low rates of success for families at-
9 tempting to use voucher rental assistance
10 provided under that section;

11 (iii) concentrations of assisted families
12 in high poverty neighborhoods; and

13 (iv) other program difficulties; and

14 (B) for activities that include—

15 (i) technical assistance to local public
16 housing authorities or communities to im-
17 prove the success of the voucher rental as-
18 sistance program under section 8(o) of the
19 United States Housing Act (42 U.S.C.
20 1437f(o));

21 (ii) assistance for families in using
22 that assistance, including mobility coun-
23 seling, assistance with security deposits,
24 transportation, and other activities in-
25 tended to increase the likelihood that fami-

1 lies will succeed in leasing units or leasing
2 units outside of areas of concentrated pov-
3 erty; and

4 (iii) outreach to landlords and com-
5 munity groups to encourage participation
6 in that voucher rental assistance program.

7 (4) MONITORING SYSTEMS.—The Secretary
8 may use not more than 1 percent of any amount
9 made available to the Fund under this section to es-
10 tablish monitoring systems for the Fund.

11 (5) REPORT.—Not later than 12 months after
12 the date of enactment of this Act, the Secretary
13 shall—

14 (A) conduct a detailed evaluation of the ef-
15 fect of providing assistance under this section;
16 and

17 (B) submit a report to Congress regarding
18 the evaluation conducted under subparagraph

19 (A).

20 (6) AUTHORIZATION OF APPROPRIATIONS.—
21 There is authorized to be appropriated to the Fund,
22 \$50,000,000 for each of fiscal years 2002 through
23 2011 to carry out the provisions of this section.

1 **Subtitle B—National Affordable**
2 **Housing Trust Fund**

3 **SEC. 7101. PURPOSES.**

4 The purposes of this subtitle are—

5 (1) to fill the growing gap in the national abil-
6 ity to build affordable housing by using profits gen-
7 erated by Federal housing programs to fund addi-
8 tional housing activities, and not supplant existing
9 housing appropriations;

10 (2) to enable rental housing to be built for
11 those families with the greatest need in areas with
12 the greatest opportunities in mixed-income settings;
13 and

14 (3) to promote homeownership for low-income
15 families.

16 **SEC. 7102. NATIONAL AFFORDABLE HOUSING TRUST FUND.**

17 (a) **ESTABLISHMENT OF TRUST FUND.**—There is es-
18 tablished in the Treasury of the United States a trust fund
19 to be known as the “National Affordable Housing Trust
20 Fund” (referred to in this subtitle as the “Trust Fund”)
21 for the purpose of promoting the development of afford-
22 able housing.

23 (b) **DEPOSITS TO THE TRUST FUND.**—For fiscal
24 year 2002 and each fiscal year thereafter, there is author-

1 (1) AFFORDABLE HOUSING.—The term “afford-
2 able housing” means housing for rental that bears
3 rents not greater than the lesser of—

4 (A) the existing fair market rent for com-
5 parable units in the area, as established by the
6 Secretary under section 8 of the United States
7 Housing Act of 1937 (42 U.S.C. 1437f); or

8 (B) a rent that does not exceed 30 percent
9 of the adjusted income of a family whose in-
10 come equals 65 percent of the median income
11 for the area, as determined by the Secretary,
12 with an adjustment for the number of bedrooms
13 in the unit, except that the Secretary may es-
14 tablish income ceilings that are higher or lower
15 than 65 percent of the median for the area if
16 the Secretary finds that such variations are
17 necessary because of prevailing levels of con-
18 struction costs or fair market rents, or unusu-
19 ally high or low family incomes.

20 (2) CONTINUED ASSISTANCE RENTAL SUBSIDY
21 PROGRAM.—The term “continued assistance rental
22 subsidy program” means a program under which—

23 (A) project-based assistance is provided,
24 for not more than 3 years, to a family in an af-
25 fordable housing unit developed with assistance

1 made available under subsection (c) or (d) in a
2 project that partners with a public housing
3 agency, which agency agrees—

4 (i) to provide the assisted family with
5 a priority for the receipt of a voucher
6 under section 8(o) of the United States
7 Housing Act of 1937 (42 U.S.C. 1437f(o))
8 if the family chooses to move after the ini-
9 tial year of occupancy; and

10 (ii) to refer eligible voucher holders to
11 the property when a vacancy occurs; and

12 (B) after 3 years, subject to appropria-
13 tions, continued assistance is provided under
14 section 8(o) of the United States Housing Act
15 of 1937 (42 U.S.C. 1437f(o)), notwithstanding
16 any provision to the contrary in that section,
17 if—

18 (i) the program is administered to
19 provide families with the option of contin-
20 ued assistance with tenant-based vouchers
21 if such a family chooses to move after the
22 initial year of occupancy; and

23 (ii) the public housing agency agrees
24 to refer eligible voucher holders to the
25 property when a vacancy occurs.

1 (3) ELIGIBLE ACTIVITY.—The term “eligible
2 activity” means an activity that relates to the devel-
3 opment of affordable housing, including—

4 (A) the construction of new housing;

5 (B) the acquisition of real property;

6 (C) site preparation and improvement, in-
7 cluding demolition;

8 (D) substantial rehabilitation of existing
9 housing; and

10 (E) rental subsidy for not more than 3
11 years under a continued assistance rental sub-
12 sidy program.

13 (4) ELIGIBLE ENTITY.—The term “eligible enti-
14 ty” includes any public or private nonprofit or for-
15 profit entity, unit of local government, regional plan-
16 ning entity, and any other entity engaged in the de-
17 velopment of affordable housing, as determined by
18 the Secretary.

19 (5) ELIGIBLE INTERMEDIARY.—The term “eli-
20 gible intermediary” means—

21 (A) a nonprofit community development
22 corporation;

23 (B) a community development financial in-
24 stitution (as defined in section 103 of the Com-

1 community Development Banking and Financial In-
2 stitutions Act of 1994 (12 U.S.C. 4702));

3 (C) a State or local trust fund;

4 (D) any entity eligible for assistance under
5 section 4 of the HUD Demonstration Act of
6 1993 (42 U.S.C. 9816 note);

7 (E) a national, regional, or statewide non-
8 profit organization; and

9 (F) any other appropriate nonprofit entity,
10 as determined by the Secretary.

11 (6) EXTREMELY LOW-INCOME FAMILIES.—The
12 term “extremely low-income families” means very
13 low-income families (as defined in section 3(b) of the
14 United States Housing Act of 1937 (42 U.S.C.
15 1437a(b)) whose incomes do not exceed 30 percent
16 of the median family income for the area, as deter-
17 mined by the Secretary with adjustments for smaller
18 and larger families, except that the Secretary may
19 establish income ceilings that are higher or lower
20 than 30 percent of the median for the area if the
21 Secretary finds that such variations are necessary
22 because of unusually high or low family incomes.

23 (7) LOW-INCOME FAMILIES.—The term “low-in-
24 come families” has the same meaning as in section

1 3(b) of the United States Housing Act of 1937 (42
2 U.S.C. 1437a(b)).

3 (8) NON-FEDERAL SOURCES.—Non-Federal
4 sources include—

5 (A) 50 percent of funds allocable to tax
6 credits allocated under section 42 of the Inter-
7 nal Revenue Code of 1986;

8 (B) 50 percent of revenue from mortgage
9 revenue bonds issued under section 143 of that
10 Code; and

11 (C) 50 percent of proceeds from the sale of
12 tax exempt bonds.

13 (9) SECRETARY.—The term “Secretary” means
14 the Secretary of Housing and Urban Development.

15 (10) STATE.—The term “State” has the same
16 meaning as in section 3(b) of the United States
17 Housing Act of 1937 (42 U.S.C. 1437a(b)).

18 (b) ALLOCATION TO STATES AND ELIGIBLE INTER-
19 MEDIARIES.—For fiscal year 2002 and each fiscal year
20 thereafter, of the total amount made available to the Sec-
21 retary from the Trust Fund under section 7102(c)—

22 (1) 75 percent shall be used by the Secretary
23 to award grants to States in accordance with sub-
24 section (c); and

1 (2) 25 percent shall be used by the Secretary
2 to award grants to eligible intermediaries in accord-
3 ance with subsection (d).

4 (c) GRANTS TO STATES.—

5 (1) IN GENERAL.—Subject to paragraph (2),
6 from the amount made available for each fiscal year
7 under subsection (b)(1), the Secretary shall award
8 grants to States, in accordance with an allocation
9 formula established by the Secretary, based on the
10 pro rata share of each State of the total need among
11 all States for an increased supply of affordable hous-
12 ing, as determined on the basis of—

13 (A) the number and percentage of families
14 in the State that live in substandard housing;

15 (B) the number and percentage of families
16 in the State that pay more than 50 percent of
17 their annual income for housing costs;

18 (C) the number and percentage of persons
19 living at or below the poverty level in the State;

20 (D) the cost of developing or carrying out
21 substantial rehabilitation of housing in the
22 State;

23 (E) the age of the multifamily housing
24 stock in the State; and

1 (F) such other factors as the Secretary de-
2 termines to be appropriate.

3 (2) GRANT AMOUNT.—The amount of a grant
4 award to a State under this subsection shall be equal
5 to the lesser of—

6 (A) 4 times the amount of assistance pro-
7 vided by the State from non-Federal sources;
8 and

9 (B) the allocation determined in accord-
10 ance with paragraph (1).

11 (3) AWARD OF STATE ALLOCATION TO CERTAIN
12 ENTITIES.—

13 (A) IN GENERAL.—If the amount provided
14 by a State from non-Federal sources is less
15 than 25 percent of the amount that would be
16 awarded to the State under this subsection
17 based on the allocation formula described in
18 paragraph (1), then not later than 60 days
19 after the date on which the Secretary deter-
20 mines that the State is not eligible for the full
21 allocation determined under paragraph (1), the
22 Secretary shall publish a notice regarding the
23 availability of the funds for which the State is
24 ineligible.

1 (B) APPLICATIONS.—Not later than 9
2 months after the date of publication of a notice
3 of funding availability under subparagraph (A),
4 a nonprofit or public entity (or a consortium
5 thereof, which may include units of local gov-
6 ernment working together on a regional basis)
7 may submit to the Secretary an application for
8 the available assistance or a portion of the
9 available assistance, which application shall
10 include—

11 (i) a certification that the applicant
12 will provide assistance in an amount equal
13 to 25 percent of the amount of assistance
14 made available to the applicant under this
15 paragraph; and

16 (ii) an allocation plan that meets the
17 requirements of paragraph (4)(B) for use
18 or distribution in the State of any assist-
19 ance made available to the applicant under
20 this paragraph and the assistance provided
21 by the applicant for purposes of clause (i).

22 (C) AWARD OF ASSISTANCE.—The Sec-
23 retary shall award the amount that is not
24 awarded to a State by operation of paragraph
25 (2) to 1 or more applicants that meet the re-

1 requirements of subparagraph (B) of this para-
2 graph that are selected by the Secretary based
3 on selection criteria, established by regulation
4 of the Secretary.

5 (4) DISTRIBUTION TO ELIGIBLE ENTITIES.—

6 (A) IN GENERAL.—Of the amount that a
7 State receives under a grant award under this
8 subsection and the assistance provided by the
9 State from non-Federal sources for purposes of
10 paragraph (2)(A) to eligible entities for the pur-
11 pose of assisting those entities in carrying out
12 eligible activities in the State, the State shall
13 distribute—

14 (i) 75 percent to eligible entities for
15 eligible activities relating to the develop-
16 ment of affordable housing for rental by
17 extremely low-income families in the State;
18 and

19 (ii) 25 percent to eligible entities for
20 eligible activities relating to the develop-
21 ment of affordable housing for rental by
22 low-income families in the State, or for
23 homeownership assistance for low-income
24 families in the State.

1 (B) ALLOCATION PLAN.—Each State shall,
2 after giving notice to the public, an opportunity
3 for public comment, and consideration of public
4 comments received, establish an allocation plan
5 for the distribution of assistance under this
6 paragraph, which plan shall be submitted to the
7 Secretary and shall be made available to the
8 public by the State, and which shall include—

9 (i) application requirements for eligi-
10 ble entities seeking to receive assistance
11 under this paragraph, including a require-
12 ment that each application include—

13 (I) a certification by the appli-
14 cant that any housing developed with
15 assistance under this paragraph will
16 remain affordable for extremely low-
17 income families or low-income fami-
18 lies, as applicable, for not less than 40
19 years;

20 (II) a certification by the appli-
21 cant that the tenant contribution to-
22 wards rent for a family that resides in
23 a unit developed with assistance under
24 this paragraph will not exceed 30 per-

1 cent of the adjusted income of that
2 family; and

3 (III) a certification by the appli-
4 cant that the owner of a project in
5 which any housing developed with as-
6 sistance under this paragraph is lo-
7 cated will make a percentage of units
8 in the project available to families as-
9 sisted under the voucher program
10 under section 8(o) of the United
11 States Housing Act of 1937 (42
12 U.S.C. 1437f(o)) on the same basis as
13 other families eligible for the housing
14 (except that only the expected share
15 of rent of the voucher holder shall be
16 considered), which percentage shall
17 not be less than the percentage of the
18 total cost of developing or rehabili-
19 tating the project that is funded with
20 assistance under this paragraph; and

21 (ii) factors for consideration in select-
22 ing among applicants that meet the appli-
23 cation requirements under clause (i), which
24 factors shall give preference to applicants
25 based on—

1 (I) the amount of assistance for
2 the eligible activities leveraged by the
3 applicant from private and other non-
4 Federal sources, including assistance
5 made available under section 8 of the
6 United States Housing Act of 1937
7 (42 U.S.C. 1437f) that is devoted to
8 the project in which the housing to be
9 developed with assistance under this
10 paragraph is located;

11 (II) the extent of local assistance
12 that will be provided in carrying out
13 the eligible activities, including—

14 (aa) financial assistance;
15 and

16 (bb) the extent to which the
17 applicant has worked with the
18 unit of local government in which
19 the housing will be located to ad-
20 dress issues of siting and exclu-
21 sionary zoning or other policies
22 that are barriers to affordable
23 housing;

1 (III) the degree to which the de-
2 velopment in which the housing will
3 be located is mixed-income;

4 (IV) whether the housing will be
5 located in a census tract in which the
6 poverty rate is less than 20 percent;

7 (V) whether the housing will be
8 located in a community undergoing
9 revitalization;

10 (VI) the extent of employment
11 and other opportunities for low-in-
12 come families in the area in which the
13 housing will be located; and

14 (VII) the extent to which the ap-
15 plicant demonstrates the ability to
16 maintain units as affordable for ex-
17 tremely low-income or low-income
18 families, as applicable, through the
19 use of assistance made available under
20 this paragraph, assistance leveraged
21 from non-Federal sources, assistance
22 made available under section 8 of the
23 United States Housing Act of 1937
24 (42 U.S.C. 1437f), State or local as-
25 sistance, programs to increase tenant

1 income, cross-subsidization, and any
2 other resources.

3 (C) FORMS OF ASSISTANCE.—

4 (i) IN GENERAL.—Assistance distrib-
5 uted under this paragraph may be in the
6 form of capital grants, non-interest bearing
7 or low-interest loans or advances, deferred
8 payment loans, guarantees, and any other
9 forms of assistance approved by the Sec-
10 retary.

11 (ii) REPAYMENTS.—If a State awards
12 assistance under this paragraph in the
13 form of a loan or other mechanism by
14 which funds are later repaid to the State,
15 any repayments received by the State shall
16 be distributed by the State in accordance
17 with the allocation plan described in sub-
18 paragraph (B) during the following fiscal
19 year.

20 (D) COORDINATION WITH OTHER ASSIST-
21 ANCE.—In distributing assistance under this
22 paragraph, each State shall, to the maximum
23 extent practicable, coordinate the distribution
24 with the provision of other affordable housing
25 assistance by the State, including—

1 (i) housing credit dollar amounts allo-
2 cated by the State under section 42(h) of
3 the Internal Revenue Code of 1986;

4 (ii) assistance made available under
5 the HOME Investment Partnerships Act
6 (42 U.S.C. 12721 et seq.) or the commu-
7 nity development block grant program; and

8 (iii) private activity bonds.

9 (d) NATIONAL COMPETITION.—

10 (1) IN GENERAL.—From the amount made
11 available for each fiscal year under subsection
12 (b)(2), the Secretary shall award grants on a com-
13 petitive basis to eligible intermediaries, which grants
14 shall be used in accordance with paragraph (3) of
15 this subsection.

16 (2) APPLICATION REQUIREMENTS AND SELEC-
17 TION CRITERIA.—The Secretary, by regulation, shall
18 establish application requirements and selection cri-
19 teria for the award of competitive grants to eligible
20 intermediaries under this subsection, which criteria
21 shall include—

22 (A) the ability of the eligible intermediary
23 to meet housing needs of low-income families on
24 a national or regional scope;

1 (B) the capacity of the eligible inter-
2 mediary to use the grant award in accordance
3 with paragraph (3), based on the past perform-
4 ance and management of the applicant; and

5 (C) the extent to which the eligible inter-
6 mediary has leveraged funding from private and
7 other non-Federal sources for the eligible activi-
8 ties.

9 (3) USE OF GRANT AWARD.—

10 (A) IN GENERAL.—Except as provided in
11 subparagraph (B), of the amount of a grant
12 made available under this subsection, an eligible
13 intermediary shall ensure that—

14 (i) 75 percent shall be used for eligi-
15 ble activities relating to the development of
16 affordable housing for rental by extremely
17 low-income families; and

18 (ii) 25 percent shall be used for eligi-
19 ble activities relating to the development of
20 affordable housing for rental by low-income
21 families, or for homeownership assistance
22 for low-income families.

23 (B) EXCEPTION.—

24 (i) IN GENERAL.—If a grant made
25 available under this subsection is used for

1 a project described in clause (ii), an eligi-
2 ble intermediary may use that amount for
3 eligible activities relating to the develop-
4 ment of housing for rental by families
5 whose incomes are less than 60 percent of
6 the area median income, and for home-
7 ownership activities for families whose in-
8 comes are less than 80 percent of area me-
9 dian income.

10 (ii) PROJECT CONTRIBUTING TO A
11 CONCERTED COMMUNITY REVITALIZATION
12 PLAN.—A project is described in this
13 clause if—

14 (I) it is located in a community
15 undergoing concerted revitalization
16 and is contributing to a community
17 revitalization plan; and

18 (II) it is located in a census tract
19 in which—

20 (aa) the median household
21 income is less than 60 percent of
22 the area median income; or

23 (bb) the rate of poverty is
24 greater than 20 percent.

1 (C) PLAN OF USE.—Each eligible inter-
2 mediary that receives a grant under this sub-
3 section shall establish a plan for the use or dis-
4 tribution of the amount made available under
5 the grant, which plan shall be submitted to the
6 Secretary and shall include information relating
7 to the manner in which the eligible intermediary
8 will either use or distribute that amount,
9 including—

10 (i) a certification that assistance
11 under this subsection will be used to sup-
12 plement assistance leveraged from private
13 and other non-Federal sources, including
14 assistance made available under section 8
15 of the United States Housing Act of 1937
16 (42 U.S.C. 1437f) that is devoted to the
17 project in which the housing to be devel-
18 oped is located;

19 (ii) a certification that local assistance
20 will be provided in carrying out the eligible
21 activities, which may include—

22 (I) financial assistance; and

23 (II) a good faith effort to work
24 with the unit of local government in
25 which the housing will be located to

1 address issues of siting and exclu-
2 sionary zoning or other policies that
3 are barriers to affordable housing;

4 (iii) a certification that any housing
5 developed with assistance under this sub-
6 section will remain affordable for extremely
7 low-income families or low-income families,
8 as applicable, for not less than 40 years;

9 (iv) a certification that any housing
10 developed by the applicant with assistance
11 under this subsection will be located—

12 (I) in a mixed-income develop-
13 ment in a census tract having a pov-
14 erty rate of not more than 20 percent,
15 and near employment and other op-
16 portunities for low-income families; or

17 (II) in a community undergoing
18 revitalization;

19 (v) a certification that the tenant con-
20 tribution toward rent for a family residing
21 in a unit developed with assistance under
22 this paragraph will not exceed 30 percent
23 of the adjusted income of that family; and

24 (vi) a certification by the applicant
25 that the owner of a project in which any

1 housing developed with assistance under
2 this subsection is located will make a per-
3 centage of units in the project available to
4 families assisted under the voucher pro-
5 gram under section 8(o) of the United
6 States Housing Act of 1937 (42 U.S.C.
7 1437f(o)) on the same basis as other fami-
8 lies eligible for the housing (except that
9 only the expected share of rent of the
10 voucher holder shall be considered), which
11 percentage shall not be less than the per-
12 centage of the total cost of developing or
13 rehabilitating the project that is funded
14 with assistance under this subsection.

15 (D) FORMS OF ASSISTANCE.—

16 (i) IN GENERAL.—An eligible inter-
17 mediary may distribute the amount made
18 available under a grant under this sub-
19 section in the form of capital grants, non-
20 interest bearing or low-interest loans or
21 advances, deferred payment loans, guaran-
22 tees, and other forms of assistance.

23 (ii) REPAYMENTS.—If an eligible
24 intermediary awards assistance under this
25 subsection in the form of a loan or other

1 mechanism by which funds are later repaid
2 to the eligible intermediary, any repay-
3 ments received by the eligible intermediary
4 shall be distributed by the eligible inter-
5 mediary in accordance with the plan of use
6 described in subparagraph (C) during the
7 following fiscal year.

8 **SEC. 7104. REGULATIONS.**

9 Not later than 6 months after the date of enactment
10 of this Act, the Secretary of Housing and Urban Develop-
11 ment shall promulgate regulations to carry out this sub-
12 title.

13 **Subtitle C—Housing Preservation**
14 **Matching Grants**

15 **SEC. 7201. SHORT TITLE.**

16 This subtitle may be cited as the “Housing Preserva-
17 tion Matching Grant Act of 2001”.

18 **SEC. 7202. FINDINGS AND PURPOSES.**

19 (a) FINDINGS.—Congress finds that—

20 (1) more than 55,300 affordable housing dwell-
21 ing units in the United States have been lost
22 through termination of low income affordability re-
23 quirements, which usually involves the prepayment
24 of the outstanding principal balance under the mort-
25 gage on the project in which such units are located;

1 (2) more than 265,000 affordable housing
2 dwelling units in the United States are at risk of
3 prepayment;

4 (3) the loss of the privately owned, federally as-
5 sisted affordable housing, which is occurring during
6 a period when rents for unassisted housing are in-
7 creasing and few units of additional affordable hous-
8 ing are being developed, will cause unacceptable
9 harm on current tenants of affordable housing and
10 will precipitate a national crisis in the supply of
11 housing for low-income households;

12 (4) the demand for affordable housing far ex-
13 ceeds the supply of affordable housing, as evidenced
14 by studies in 1998 that found that—

15 (A) 5,300,000 households (one-seventh of
16 all renters in the Nation) have worst-case hous-
17 ing needs; and

18 (B) the number of families with at least
19 one full-time worker and having worst-case
20 housing needs increased from 1991 to 1995 by
21 265,000 to almost 1,400,000 (a 24 percent in-
22 crease);

23 (5) the shortage of affordable housing in the
24 United States reached a record high in 1995, when
25 the number of low-income households exceeded the

1 number of low-cost rental dwelling units by
2 4,400,000;

3 (6) between 1990 and 1995, the shortage of af-
4 fordable housing in the United States increased by
5 1,000,000 dwelling units, as the supply of low-cost
6 units decreased by 100,000 and the number of low-
7 income renter households increased by 900,000;

8 (7) there are nearly 2 low-income renters in the
9 United States for every low-cost rental dwelling unit;

10 (8) 2 of every 3 low-income renters receive no
11 housing assistance, and approximately 2,000,000
12 low-income households remain on waiting lists for
13 affordable housing;

14 (9) the shortage of affordable housing dwelling
15 units results in low-income households that are not
16 able to acquire low-cost rental units paying large
17 proportions of their incomes for rent; and

18 (10) in 1995, 82 percent of low-income renter
19 households were paying more than 30 percent of
20 their incomes for rent and utilities.

21 (b) PURPOSES.—The purposes of this subtitle are—

22 (1) to promote the preservation of affordable
23 housing units by providing matching grants to
24 States that have developed and funded programs for
25 the preservation of privately owned housing that is

1 affordable to low-income families and persons and
2 was produced for such purpose with Federal assist-
3 ance;

4 (2) to minimize the involuntary displacement of
5 tenants who are currently residing in such housing,
6 many of whom are elderly or disabled persons; and

7 (3) to continue the partnerships among the
8 Federal Government, State and local governments,
9 and the private sector in operating and assisting
10 housing that is affordable to low-income Americans.

11 **SEC. 7203. DEFINITIONS.**

12 For purposes of this subtitle, the following definitions
13 shall apply:

14 (1) **LOW-INCOME AFFORDABILITY RESTRIC-**
15 **TION.**—The term “low-income affordability restric-
16 tion” means, with respect to a housing project, any
17 limitation imposed by regulation or regulatory agree-
18 ment on rents for tenants of the project, rent con-
19 tributions for tenants of the project, or income-eli-
20 gibility for occupancy in the project.

21 (2) **PROJECT-BASED ASSISTANCE.**—The term
22 “project-based assistance” has the same meaning as
23 in section 16(c) of the United States Housing Act
24 of 1937 (42 U.S.C. 1437n(c)), except that the term

1 includes assistance under any successor program to
2 any program referred to in that section.

3 (3) SECRETARY.—The term “Secretary” means
4 the Secretary of Housing and Urban Development.

5 (4) STATE.—The term “State” means each of
6 the several States of the United States, the District
7 of Columbia, the Commonwealth of Puerto Rico, the
8 Commonwealth of the Northern Mariana Islands,
9 Guam, the Virgin Islands, American Samoa, and
10 any other territory or possession of the United
11 States.

12 **SEC. 7204. AUTHORITY.**

13 The Secretary shall, to the extent that amounts are
14 made available pursuant to section 7211, make grants
15 under this subtitle to States for low-income housing pres-
16 ervation.

17 **SEC. 7205. APPLICATIONS.**

18 (a) IN GENERAL.—Each State that seeks a grant
19 under this subtitle shall submit an application to the Sec-
20 retary (through an appropriate State agency) at such
21 time, in such manner, and accompanied by such informa-
22 tion as the Secretary may reasonably require.

23 (b) CONTENTS.—Each application submitted pursu-
24 ant to subsection (a) shall contain any information and
25 certifications necessary for the Secretary to determine

1 whether the State is eligible to receive a grant under this
2 subtitle.

3 **SEC. 7206. USE OF GRANTS.**

4 (a) IN GENERAL.—Amounts from grants made under
5 this subtitle may be used by States only for assistance for
6 acquisition, preservation incentives, operating costs, and
7 capital expenditures for a housing project that meets the
8 requirements of subsection (b), (c), or (d).

9 (b) PROJECTS WITH HUD-INSURED MORTGAGES.—
10 A project meets the requirements of this subsection only
11 if—

12 (1) the project is financed by a loan or mort-
13 gage that is—

14 (A) insured or held by the Secretary under
15 section 221(d)(3) of the National Housing Act
16 (12 U.S.C. 1715l(d)(3)) and the project is re-
17 ceiving loan management assistance under sec-
18 tion 8 of the United States Housing Act of
19 1937 (42 U.S.C. 1437f) due to a conversion
20 from section 101 of the Housing and Urban
21 Development Act of 1965 (12 U.S.C. 1701s);

22 (B) insured or held by the Secretary and
23 bears interest at a rate determined under the
24 proviso of section 221(d)(5) of the National
25 Housing Act (12 U.S.C. 1715l(d)(5));

1 (C) insured, assisted, or held by the Sec-
2 retary or a State or State agency under section
3 236 of the National Housing Act (12 U.S.C.
4 1715z-1); or

5 (D) held by the Secretary and formerly in-
6 sured under a program referred to in subpara-
7 graph (A), (B), or (C);

8 (2) with respect to the mortgage referred to in
9 paragraph (1), the project is subject to an uncondi-
10 tional waiver of—

11 (A) all rights to any prepayment of the
12 mortgage; and

13 (B) all rights to any voluntary termination
14 of the mortgage insurance contract for the
15 mortgage; and

16 (3) the owner of the project has entered into
17 binding commitments (applicable to any subsequent
18 owner) to extend all low-income affordability restric-
19 tions for the project, including any such restrictions
20 imposed because of any contract for project-based
21 assistance for the project.

22 (c) PROJECTS WITH SECTION 8 PROJECT-BASED AS-
23 SISTANCE.—A project meets the requirements of this sub-
24 section only if—

1 (1) the project is subject to a contract for
2 project-based assistance; and

3 (2) the owner of the project has entered into
4 binding commitments (applicable to any subsequent
5 owner)—

6 (A) to extend the project-based assistance
7 for the maximum period allowable under law
8 (subject to the availability of amounts for such
9 purpose); and

10 (B) to extend any low-income affordability
11 restrictions applicable to the project in connec-
12 tion with the project-based assistance.

13 (d) PROJECTS PURCHASED BY RESIDENTS.—A
14 project meets the requirements of this subsection only if
15 the project—

16 (1) is or was eligible low-income housing (as de-
17 fined in section 229 of the Low-Income Housing
18 Preservation and Resident Homeownership Act of
19 1990 (12 U.S.C. 4119); and

20 (2) has been purchased by a resident council for
21 the housing, or is approved by the Secretary for
22 such purchase, for conversion to homeownership
23 housing under a resident homeownership program
24 meeting the requirements of section 226 of the Low-

1 Income Housing Preservation and Resident Home-
2 ownership Act of 1990 (12 U.S.C. 4116).

3 (e) COMBINATION OF ASSISTANCE.—Notwith-
4 standing subsection (a), any project that is otherwise eligi-
5 ble for assistance with grant amounts provided under this
6 subtitle because the project meets the requirements under
7 subsection (b) or (c), and that also meets the requirements
8 under paragraph (1) of the other of such subsections, shall
9 be eligible for assistance under this subtitle only if the
10 project complies with all of the requirements under such
11 other subsection.

12 **SEC. 7207. GRANT AMOUNT LIMITATION.**

13 The Secretary shall limit the portion of the aggregate
14 amount of grants under this subtitle made available for
15 any fiscal year that may be provided to a single State
16 based upon the proportion of the need of that State (as
17 determined by the Secretary) for assistance under this
18 subtitle to the aggregate need among all States approved
19 for assistance under this subtitle for that fiscal year.

20 **SEC. 7208. MATCHING REQUIREMENTS.**

21 (a) IN GENERAL.—The Secretary may not make a
22 grant under this subtitle to any State for any fiscal year
23 in an amount that exceeds twice the amount that the State
24 certifies, as the Secretary shall require, that the State will
25 contribute for such fiscal year, or has contributed since

1 January 1, 2001, from non-Federal sources for the pur-
2 poses under section 7206(a).

3 (b) TREATMENT OF PREVIOUS CONTRIBUTIONS.—

4 Any portion of amounts contributed after January 1,
5 2001, that are counted for the purpose of meeting the re-
6 quirement under subsection (a) for a fiscal year may not
7 be counted for such purpose for any subsequent fiscal
8 year.

9 (c) TREATMENT OF TAX CREDITS.—Tax credits pro-
10 vided under section 42 of the Internal Revenue Code of
11 1986, and proceeds from the sale of tax-exempt bonds by
12 any State or local government entity shall not be consid-
13 ered non-Federal sources for purposes of this section.

14 **SEC. 7209. TREATMENT OF SUBSIDY LAYERING REQUIRE-**
15 **MENTS.**

16 Neither section 7208 nor any other provision of this
17 subtitle may be construed to prevent the use of tax credits
18 provided under section 42 of the Internal Revenue Code
19 of 1986, in connection with housing assisted with grant
20 amounts provided under this subtitle, to the extent that
21 such use is in accordance with section 102(d) of the De-
22 partment of Housing and Urban Development Reform Act
23 of 1989 (42 U.S.C. 3545(d)) and section 911 of the Hous-
24 ing and Community Development Act of 1992 (42 U.S.C.
25 3545 note).

1 **SEC. 7210. REGULATIONS.**

2 The Secretary may issue regulations to carry out this
3 subtitle.

4 **SEC. 7211. AUTHORIZATION OF APPROPRIATIONS.**

5 There are authorized to be appropriated for grants
6 under this subtitle such sums as are necessary for each
7 of fiscal years 2002 through 2006.

8 **TITLE VIII—SAFE START**
9 **Subtitle A—Promotion of**
10 **Permanency for Children**

11 **SEC. 8001. REIMBURSEMENT FOR PREVENTIVE, PROTEC-**
12 **TIVE, CRISIS, PERMANENCY, INDEPENDENT**
13 **LIVING, AND POST-PERMANENCY SERVICES**
14 **AND ACTIVITIES.**

15 (a) IN GENERAL.—Part E of title IV of the Social
16 Security Act (42 U.S.C. 670 et seq.) is amended by insert-
17 ing after section 474 the following:

18 **“SEC. 474A. PAYMENTS FOR PREVENTIVE, PROTECTIVE,**
19 **CRISIS, PERMANENCY, INDEPENDENT LIV-**
20 **ING, AND POST-PERMANENCY SERVICES AND**
21 **ACTIVITIES.**

22 “(a) IN GENERAL.—In addition to any other pay-
23 ments made to a State under this title, for each quarter
24 beginning after September 30, 2001, the Secretary shall
25 pay each State which has a plan approved under this part
26 and that opts to receive payments under this section, a

1 payment, subject to subsection (e), equal to the Federal
2 medical assistance percentage of the costs of providing the
3 services and activities described in subsection (b) in order
4 to ensure that the timelines set forth in section 475(5),
5 as added by the Adoption and Safe Families Act of 1997,
6 can be honored and the goals of safety and permanence
7 for children will be realized.

8 “(b) SERVICES AND ACTIVITIES DESCRIBED.—The
9 services and activities described in this subsection are as
10 follows:

11 “(1) PREVENTIVE, PROTECTIVE, AND CRISIS
12 SERVICES.—

13 “(A) IN GENERAL.—Preventive, protective,
14 and crisis services for children and parents who
15 come to the attention of the State or a local
16 agency and whose cases are referred for assess-
17 ment or investigation because of a concern
18 about the risk of abuse or neglect.

19 “(B) REQUIREMENTS.—In the case of
20 services other than investigation and
21 assessment—

22 “(i) the agency and the parents must
23 have agreed to the provision of such serv-
24 ices in the case plan for the family; and

1 “(ii) funding for such services under
2 this part shall be provided for not more
3 than 18 months within a 48 month period,
4 consistent with the exception provided in
5 subsection (c).

6 “(2) PERMANENCY SERVICES.—Permanency
7 services for children and parents to help ensure that
8 when a child is placed in foster care, prompt deci-
9 sions can be made about the appropriate perma-
10 nency plan for the child, but only if the agency and
11 the parents have agreed to the provision of such
12 services to the parents in the case plan for the fam-
13 ily and funding for such services under this part
14 (other than foster care maintenance payments under
15 section 472) will be provided for not more than 18
16 months within a 48 month period, consistent with
17 the exception provided in subsection (c).

18 “(3) POST-PERMANENCY SERVICES.—

19 “(A) IN GENERAL.—Post-permanency
20 services for children and their parents or other
21 caregivers when children have been in foster
22 care funded under this part and are returned to
23 their birth families, are in adoptive families, or
24 are placed permanently with a legal guardian or
25 a fit and willing relative, if the agency and the

1 child’s caregivers have agreed to the provision
2 of such services in the case plan for the family,
3 but only to the extent that—

4 “(i) with respect to such services for
5 children returned to their birth families,
6 such services are provided for not more
7 than 18 months within a 48 month period,
8 consistent with the exception provided in
9 subsection (c); and

10 “(ii) with respect to such services for
11 children who are adopted from foster care
12 or placed permanently with a legal guard-
13 ian or a fit and willing relative, such serv-
14 ices are provided on an as-needed basis
15 consistent with the child and family service
16 plan.

17 “(4) APPLICATION TO CERTAIN CHIL-
18 DREN.—With respect to the services described
19 in paragraph (1), (2), or (3) that are provided
20 to children who have come to the attention of
21 the State or a local agency before the date of
22 enactment of the Leave No Child Behind Act of
23 2001, the 18-month time limit for such services
24 for such children shall commence on a date de-

1 terminated by the State that is not more than
2 180 days after such date of enactment.

3 “(5) INDEPENDENT LIVING SERVICES.—Inde-
4 pendent living services to help children who are like-
5 ly to remain in foster care until attaining 18 years
6 of age and children who are former foster care re-
7 cipients who have not attained 21 years of age make
8 the transition to self-sufficiency by providing services
9 such as assistance in obtaining a high school di-
10 ploma, a General Equivalency Diploma, or post-sec-
11 ondary education or training, career exploration, vo-
12 cational training, job placement and retention, train-
13 ing in daily living skills, budgeting and financial
14 management skills, substance abuse prevention, pre-
15 ventive health activities, financial, housing, coun-
16 seling, personal or emotional support (through inter-
17 action with dedicated adults), and other appropriate
18 support services.

19 “(c) SAFETY EXCEPTION.—

20 “(1) IN GENERAL.—Subject to paragraph (2),
21 beginning with fiscal year 2003, a State may exempt
22 up to the number of children and parents receiving
23 any of the services described in subsection (b) that
24 equals 20 percent of the number of such children
25 and parents who received such services during the

1 preceding fiscal year, from the time limits specified
2 for such services in such subsection in order to help
3 ensure that children will be served safely and appro-
4 priately in accordance with their individual needs.

5 “(2) BIENNIAL REVIEW.—

6 “(A) EXCEPTED CASES.—A State shall bi-
7 ennially review the cases excepted under para-
8 graph (1), in accordance with guidelines devel-
9 oped by the Secretary, to ensure the continued
10 appropriateness of the exceptions and to deter-
11 mine the circumstances under which such ex-
12 ceptions have been made, and shall report the
13 findings of the review to the Secretary. Such re-
14 port shall include a recommendation, if nec-
15 essary, that the Secretary allow the State to ad-
16 just the maximum percentage for such excep-
17 tions to address changed circumstances. A
18 State may proceed in accordance with the rec-
19 ommendation unless the Secretary disapproves
20 the recommendation within 60 days of the re-
21 ceipt of the recommendation.

22 “(B) FOSTER CARE CHILDREN.—In addi-
23 tion to the review required under subparagraph
24 (A), a State shall biennially review, in accord-
25 ance with guidelines developed by the Secretary,

1 the cases of children who have remained in fos-
2 ter care and for which foster care maintenance
3 payments (as defined in section 474(4)) have
4 been made for more than 18 months and sub-
5 mit a report on such review to the Secretary.
6 Such report shall describe, with respect to each
7 such child, the child's age, special needs (if
8 any), type of placement, and the length of time
9 that the child has been in foster care.

10 “(C) REPORT.—Not later than January 1,
11 2006, and January 1 of every other year there-
12 after, the Secretary shall submit a report to
13 Congress on the reviews and recommendations
14 required under subparagraphs (A) and (B) for
15 the preceding fiscal year. Such report shall in-
16 clude a summary of the Secretary's findings on
17 the appropriateness of the safety exceptions and
18 the States' progress in meeting the needs of the
19 children who receive services or foster care for
20 more than 18 months.

21 “(d) NO PAYMENT FOR SERVICES REIMBURSABLE
22 UNDER TITLE XIX.—No payments may be made under
23 this section for any services described in subsection (b)
24 that the State is reimbursed for under title XIX.

1 “(e) MAINTENANCE OF EFFORT.—A State may not
2 receive payments under this section unless, for fiscal year
3 2002 and each fiscal year thereafter, the total State and
4 local expenditures for services and activities described in
5 subsection (b) for that fiscal year equals or exceeds the
6 total of such expenditures for fiscal year 2001.”.

7 (b) STATE PLAN AMENDMENT.—Section 471(a) of
8 such Act (42 U.S.C. 671(a)) is amended—

9 (1) in paragraph (23)(B), by striking “and” at
10 the end;

11 (2) in paragraph (24), by striking the period
12 and inserting “; and”; and

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

14 “(25) provides that the State shall describe—

15 “(A) prior to the beginning of a fiscal year,
16 the types of preventive, protective, crisis, per-
17 manency, independent living, and post-perma-
18 nency services that the State expects to be
19 made available under the plan during that fiscal
20 year;

21 “(B) the populations expected to be pro-
22 vided such services during the fiscal year;

23 “(C) notwithstanding paragraph (3), the
24 geographic areas in the State in which the serv-

1 ices are likely to be available during the fiscal
2 year;

3 “(D) the role of public and nonprofit pri-
4 vate agencies and community-based organiza-
5 tions referred to in section 432(b)(1) in the
6 planning and decisionmaking regarding which
7 such services would be provided during the fis-
8 cal year and how the services to be provided
9 would promote safety and permanence for chil-
10 dren; and

11 “(E) prior to the beginning of the third
12 fiscal year of implementation of such services,
13 and prior to the beginning of each fiscal year
14 thereafter, what the State proposes to do to re-
15 duce the length of time families need to receive
16 services from the State agency.”.

17 **SEC. 8002. CHILD AND FAMILY SERVICE PLAN AND CASE**
18 **REVIEWS.**

19 (a) IN GENERAL.—Section 471(a)(16) of the Social
20 Security Act (42 U.S.C. 671(a)(16)) is amended—

- 21 (1) by inserting “(A)” after “(16)”;
- 22 (2) by adding “and” after the semicolon; and
- 23 (3) by adding at the end the following:

24 “(B)(i) provides for the development of a child
25 and family service plan and for case reviews by a cit-

1 izen review board or an administrative review body
2 no less frequently than once every 6 months for each
3 child and family member receiving preventive, pro-
4 tective, crisis, permanency, independent living, or
5 post-permanency services; and

6 “(ii) provides that each child and family service
7 plan developed under clause (i) shall describe the
8 steps taken to assure the safety of the child, provide
9 the services that are needed and, where applicable,
10 have been agreed to by the agency and the parent,
11 the extent of progress that has been made toward
12 meeting the service needs of the child and the fam-
13 ily, and the continuing necessity for and appro-
14 priateness of the services being provided with respect
15 to—

16 “(I) each child, parent, or caregiver who
17 comes to the attention of the State agency and
18 whose case is referred for assessment or inves-
19 tigation because of a concern about the risk of
20 abuse or neglect, and who receives preventive,
21 protective, crisis, permanency, independent liv-
22 ing, or post-permanency services under this
23 part; and

24 “(II) each child, parent, or caregiver who
25 receives post-permanency services under this

1 part when a child is returned to the birth fam-
2 ily, placed in an adoptive family, or placed per-
3 manently with a legal guardian or a fit and
4 willing relative.”

5 (b) EFFECTIVE DATE.—The amendments made by
6 this section take effect on October 1, 2001.

7 **SEC. 8003. KINSHIP GUARDIANSHIP ASSISTANCE PAY-**
8 **MENTS FOR CHILDREN.**

9 (a) IN GENERAL.—Part E of title IV of the Social
10 Security Act (42 U.S.C. 670 et seq.) is amended by insert-
11 ing after section 472 the following:

12 **“SEC. 472A. KINSHIP GUARDIANSHIP ASSISTANCE PAY-**
13 **MENTS FOR CHILDREN.**

14 “(a) IN GENERAL.—Each State with a plan approved
15 under this part may, at State option, enter into kinship
16 guardianship assistance agreements to provide kinship
17 guardianship assistance payments on behalf of children to
18 grandparents and other relatives who have assumed legal
19 guardianship (as defined in section 475(7)) of the children
20 for whom they have cared as foster parents and for whom
21 they have committed to care for on a permanent basis.

22 “(b) KINSHIP GUARDIANSHIP ASSISTANCE AGREE-
23 MENT.—

24 “(1) IN GENERAL.—In order to receive pay-
25 ments under this section, a State shall—

1 “(A) negotiate and enter into a written,
2 binding, kinship guardianship assistance agree-
3 ment with the prospective relative guardian of
4 a child that meets the requirements of this sub-
5 section; and

6 “(B) provide the prospective relative
7 guardian with a copy of the agreement.

8 “(2) MINIMUM REQUIREMENTS.—The agree-
9 ment shall specify, at a minimum—

10 “(A) the amount of, and manner in which,
11 each kinship guardianship assistance payment
12 will be provided under the agreement;

13 “(B) the additional services and assistance
14 that the child and relative guardian will be eli-
15 gible for under the agreement;

16 “(C) the procedure by which the relative
17 guardian may apply for additional services as
18 needed, provided the agency and relative guard-
19 ian agree on the additional services as specified
20 in the case plan; and

21 “(D) subject to paragraph (3), that the
22 State will pay the total cost of nonrecurring ex-
23 penses associated with obtaining legal guardian-
24 ship of the child.

1 “(2) INTERSTATE APPLICATION.—The agree-
2 ment shall provide—

3 “(A) that the agreement shall remain in
4 effect without regard to the State residency of
5 the kinship guardian; and

6 “(B) for the protection of the interests of
7 the child in any case where the kinship guard-
8 ian and the child move to another State while
9 the agreement is in effect.

10 “(3) NO AFFECT ON FEDERAL REIMBURSE-
11 MENT.—Nothing in paragraph (1)(D) shall be con-
12 strued as affecting the ability of the State to obtain
13 reimbursement from the Federal Government for
14 costs described in that paragraph.

15 “(c) KINSHIP GUARDIANSHIP ASSISTANCE PAY-
16 MENT.—

17 “(1) IN GENERAL.—The kinship guardianship
18 assistance payment shall be based on consideration
19 of the needs of the relative guardian and of the child
20 and shall be at least equal to the amount of the fos-
21 ter care maintenance payment for which the child
22 would have been eligible if the child remained in fos-
23 ter care. The payment may be readjusted periodi-
24 cally based on relevant changes in such needs.

25 “(2) LIMITATION.—

1 “(A) IN GENERAL.—Except as provided in
2 subparagraph (B), no kinship guardianship as-
3 sistance payment may be made to a relative
4 guardian for any child who has attained age 18.

5 “(B) EXCEPTIONS.—A kinship guardian-
6 ship assistance payment may be made to a rel-
7 ative guardian with respect to a child who—

8 “(i) is a full-time student in a sec-
9 ondary school or in the equivalent level of
10 a vocational or technical training program
11 and has not attained age 19; or

12 “(ii) with respect to a child who the
13 State determines has a mental or physical
14 disability that warrants the continuation of
15 assistance to age 21.

16 “(d) CHILD’S ELIGIBILITY FOR A KINSHIP GUARD-
17 IANSHIP ASSISTANCE PAYMENT.—

18 “(1) IN GENERAL.—A child is eligible for a kin-
19 ship guardianship assistance payment under this
20 section if the State agency determines the following:

21 “(A) The child has been—

22 “(i) removed from his or her home
23 pursuant to a voluntary placement agree-
24 ment or as a result of a judicial determina-
25 tion to the effect that continuation in the

1 home would be contrary to the welfare of
2 the child; and

3 “(ii) under the care of the State agen-
4 cy for the 12-month period ending on the
5 date of such agency determination.

6 “(B) Being returned home or adopted are
7 not appropriate permanency options for the
8 child.

9 “(C) The child demonstrates a strong at-
10 tachment to the prospective relative guardian
11 and the relative guardian has a strong commit-
12 ment to caring permanently for the child.

13 “(D) With respect to a child who has at-
14 tained age 14, the child has been consulted re-
15 garding the kinship guardianship arrangement.

16 “(2) TREATMENT OF SIBLINGS.—With respect
17 to a child who is described in paragraph (1) whose
18 sibling or siblings are not so described—

19 “(A) the child and any sibling of the child
20 may be placed in the same kinship guardianship
21 arrangement if the State agency and the rel-
22 ative agree on the appropriateness of the ar-
23 rangement for the siblings; and

1 “(B) kinship guardianship assistance pay-
2 ments may be paid for the child and each sib-
3 ling so placed.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) STATE PLAN REQUIREMENT.—Section
6 471(a)(20) of such Act (42 U.S.C. 671(a)(20) is
7 amended by striking “before the foster or adoptive
8 parent may be finally approved for placement of a
9 child on whose behalf foster care maintenance pay-
10 ments or adoption assistance payments” and insert-
11 ing “or relative guardian before the foster or adop-
12 tive parent or relative guardian may be finally ap-
13 proved for placement of a child on whose behalf fos-
14 ter care maintenance payments, adoption assistance
15 payments, or kinship guardianship assistance pay-
16 ments”.

17 (2) DEFINITIONS.—Section 475(1) of such Act
18 (42 U.S.C. 675(1)) is amended by adding at the end
19 the following:

20 “(F) In the case of a child with respect to
21 whom the permanency plan is placement with a
22 relative and receipt of kinship guardianship as-
23 sistance payments under section 472A, a de-
24 scription of—

1 “(i) the steps that the agency has
2 taken to determine that it is not appro-
3 priate for the child to be returned home or
4 adopted;

5 “(ii) the reasons why a permanent
6 placement with a fit and willing relative
7 through a kinship guardianship assistance
8 arrangement is in the child’s best interests;

9 “(iii) the ways in which the child
10 meets the eligibility requirements for a kin-
11 ship guardianship assistance payment;

12 “(iv) the efforts the agency has made
13 to discuss adoption by the child’s relative
14 foster parent as a more permanent alter-
15 native to legal guardianship and, in the
16 case of a relative foster parent who has
17 chosen not to pursue adoption, documenta-
18 tion of the reasons why; and

19 “(v) the efforts made by the State
20 agency to secure the consent of the child’s
21 parent or parents to the kinship guardian-
22 ship assistance arrangement, or the rea-
23 sons why such efforts were not made.”.

1 **SEC. 8004. ELIMINATION OF FINANCIAL ELIGIBILITY RE-**
2 **QUIREMENT FOR FOSTER CARE MAINTENANCE AND ADOPTION ASSISTANCE PAY-**
3 **NANCE AND ADOPTION ASSISTANCE PAY-**
4 **MENTS.**

5 (a) FOSTER CARE MAINTENANCE PAYMENTS.—Sec-
6 tion 472(a) of the Social Security Act (42 U.S.C. 672(a))
7 is amended—

8 (1) in the matter preceding paragraph (1), by
9 striking “would have met the requirements of sec-
10 tion 406(a) (as so in effect) or of section 407 (as
11 such sections were in effect on July 16, 1996) but
12 for his removal from the home of a relative (speci-
13 fied in section 406(a)),” and inserting “has been re-
14 moved from his or her home”;

15 (2) in paragraph (2), by adding “and” at the
16 end;

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

19 (4) by striking paragraph (4); and

20 (5) by striking the last 2 sentences of that sec-
21 tion.

22 (b) ADOPTION ASSISTANCE PAYMENTS.—Section
23 473(a)(2) of the Social Security Act (42 U.S.C. 673(a)(2))
24 is amended—

25 (1) in subparagraph (A)(i)—

1 (A) by striking “met the requirements of
2 section 406(a) or section 407 (as such sections
3 were in effect on July 16, 1996) or would have
4 met such requirements except for his removal
5 from the home of a relative (specified in section
6 406(a) (as so in effect))” and inserting “has
7 been removed from his or her home”; and

8 (B) by striking “(or 403 (as such section
9 was in effect on July 16, 1996))”;

10 (2) in subparagraph (A)(iii), by adding “and”
11 at the end;

12 (3) by striking subparagraph (B);

13 (4) by redesignating subparagraph (C) as sub-
14 paragraph (B); and

15 (5) by striking “The last sentence of section
16 472(a)” and all that follows and inserting “Any
17 child who meets the requirements of subparagraph
18 (B), who was determined eligible for adoption assist-
19 ance payments under this part with respect to a
20 prior adoption, who is available for adoption because
21 the prior adoption has been dissolved and the paren-
22 tal rights of the adoptive parents have been termi-
23 nated or because the child’s adoptive parents have
24 died, and who fails to meet the requirements of sub-
25 paragraph (A) but would meet such requirements if

1 the child were treated as if the child were in the
2 same circumstances the child was in the last time
3 the child was determined eligible for adoption assist-
4 ance payments under this part and the prior adop-
5 tion were treated as never having occurred, shall be
6 treated as meeting the requirements of this para-
7 graph for purposes of paragraph (1)(B)(ii).”.

8 **SEC. 8005. ESTABLISHMENT OF UNIFORM FEDERAL MATCH-**
9 **ING RATE.**

10 (a) IN GENERAL.—Section 474(a) of the Social Secu-
11 rity Act (42 U.S.C. 674(a)) is amended—

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

13 (A) by striking “of—” and inserting “of
14 the following:”;

15 (B) by striking “(1) an amount” and all
16 that follows through the end of paragraph (3)
17 and inserting the following:

18 “(1) The Federal medical assistance percentage
19 (as defined in section 1905(b)) of each of the fol-
20 lowing:

21 “(A) The total amount expended during
22 such quarter as foster care maintenance pay-
23 ments under section 472 for children in foster
24 family homes or child-care institutions.

1 “(B) The total amount expended during
2 such quarter as kinship guardianship assistance
3 payments under section 472A for children with
4 a kinship guardianship assistance agreement.

5 “(C) The total amount expended during
6 such quarter as adoption assistance payments
7 under section 473 pursuant to adoption assist-
8 ance agreements.

9 “(D) Subject to paragraph (3), the total
10 amount expended during such quarter for pre-
11 ventive, protective, crisis, permanency, inde-
12 pendent living, and post-permanency services
13 and activities under section 474A.

14 “(E) The total amounts expended during
15 such quarter as found necessary by the Sec-
16 retary for the provision of child placement serv-
17 ices and for the proper and efficient administra-
18 tion of the State plan.

19 “(F) The total amounts expended during
20 such quarter as found necessary by the Sec-
21 retary for the training of—

22 “(i) personnel employed or preparing for
23 employment by the State agency or by the local
24 agency administering the plan in the political
25 subdivision (including short- and long-term

1 training at educational institutions through
2 grants to such institutions or by direct financial
3 assistance to students enrolled in such institu-
4 tions);

5 “(ii) current or prospective foster or adop-
6 tive parents and the members of the staff of
7 State-licensed or State-approved child care in-
8 stitutions providing care to foster and adopted
9 children receiving assistance under this part, in
10 ways that increase the ability of such current
11 or prospective parents, staff members, and in-
12 stitutions to provide support and assistance to
13 foster and adopted children, whether incurred
14 directly by the State or by contract but only
15 for such expenditures (including travel and per
16 diem expenses) that are incurred for short-term
17 training;

18 “(iii) the staff of private State licensed or
19 State approved child welfare agencies that pro-
20 vide preventive, crisis, protective permanency,
21 post-permanency, and independent living serv-
22 ices or care to foster and adopted children and
23 children with relative guardians who are eligible
24 for assistance under this part (including joint
25 training and cross training of such staff);

1 “(iv) court staff, including judges, judicial
2 personnel, law enforcement personnel, agency
3 attorneys, attorneys representing parents in
4 proceedings conducted by or under the super-
5 vision of an abuse or neglect court, attorneys
6 representing children in such proceedings,
7 guardian ad litem, volunteers who participate
8 in court-appointed special advocate (CASA)
9 programs, and citizen review board members
10 when under court auspices to keep children safe
11 and provide permanent families for children,
12 but only to the extent that any training offered
13 to judges or any judicial personnel is offered by,
14 or under contract with, the State or local agen-
15 cy in collaboration with the judicial conference
16 or other appropriate judicial governing body op-
17 erating in the State; and

18 “(v) staff employed by State, local, or pri-
19 vate nonprofit substance abuse prevention and
20 treatment agencies, mental health providers, do-
21 mestic violence prevention and treatment pro-
22 viders, health agencies, child care agencies,
23 schools, and community service agencies that
24 are collaborating with the State or local agency
25 administering the State plan under this part to

1 keep children safe and provide permanent fami-
2 lies for children, including adoptive families.

3 “(G) The total amounts expended during
4 such quarter as found necessary by the Sec-
5 retary for the planning, design, development,
6 installation, or operation of statewide mecha-
7 nized data collection and information retrieval
8 systems (including expenditures for hardware
9 components for such systems) but only to the
10 extent that such systems—

11 “(i) meet the requirements imposed
12 by regulations promulgated pursuant to
13 section 479(b)(2);

14 “(ii) to the extent practicable, are ca-
15 pable of interfacing with the State data
16 collection system that collects information
17 relating to child abuse and neglect; and

18 “(iii) are determined by the Secretary
19 to be likely to provide more efficient, eco-
20 nomical, and effective administration of
21 the programs carried out under a State
22 plan approved under part B or this part.”;

23 (2) in paragraph (4)—

24 (A) by striking “the lesser” and inserting
25 “The lesser”; and

1 (B) by redesignating such paragraph as
2 paragraph (2); and

3 (3) by adding at the end the following new
4 paragraph:

5 “(3) With respect to a State that elects to pro-
6 vide preventive, protective, crisis, permanency, inde-
7 pendent living, and post-permanency services and ac-
8 tivities under section 474A, that begins the process
9 for accreditation of the State agency administering
10 the program under this part within 3 years after the
11 date of enactment of the Leave No Child Behind Act
12 of 2001, and that has such State agency accredited
13 by a nationally recognized accrediting agency ap-
14 proved by the Secretary to provide such accredita-
15 tion, the Federal medical assistance percentage for
16 the State shall be increased by 1 percentage point a
17 year for each of the 4 consecutive years in which the
18 agency is so accredited for purposes of making the
19 payments described in paragraph (1)(D), beginning
20 with the first fiscal year quarter that begins after
21 the State submits to the Secretary evidence of such
22 accreditation.”.

23 (b) CONFORMING AMENDMENTS.—

1 (1) Section 473(a)(6)(B) of such Act (42
2 U.S.C. 673(a)(6)(B)) is amended by striking
3 “474(a)(3)(E)” and inserting “474(a)(1)(E)”.

4 (2) Section 477(h) of such Act (42 U.S.C.
5 677(h)) is amended by striking “474(a)(4)” and in-
6 serting “474(a)(2)”.

7 **SEC. 8006. ELIMINATION OF DISINCENTIVE FOR FOSTER**
8 **PARENTS TO ADOPT CHILDREN WITH SPE-**
9 **CIAL NEEDS WHO HAVE BEEN IN THEIR FOS-**
10 **TER CARE.**

11 The last sentence of section 473(a)(3) of the Social
12 Security Act (42 U.S.C 673(a)(3)) is amended to read as
13 follows: “However, an adoptive parent shall be eligible to
14 receive an adoption assistance payment under clause (ii)
15 of paragraph (1)(B) that is at least equal to the foster
16 care maintenance payment which would have been paid
17 during the period if the child with respect to whom the
18 adoption assistance payment is made had been in a foster
19 family home.”.

20 **SEC. 8007. EXTENSION OF ADOPTION ASSISTANCE PAY-**
21 **MENTS.**

22 Section 473(a)(4) of the Social Security Act (42
23 U.S.C. 673(a)(4)) is amended by striking “(or,” and in-
24 serting “(or, in the case of a child who is a full-time stu-
25 dent in a secondary school or in the equivalent educational

1 level of a vocational or technical training program, the age
2 of nineteen, or”.

3 **SEC. 8008. REIMBURSEMENT FOR ROOM AND BOARD IN**
4 **FOSTER FAMILY HOMES, CHILD CARE INSTI-**
5 **TUTIONS, OR SUPERVISED LIVING ARRANGE-**
6 **MENTS FOR YOUNG PEOPLE AGING OUT OF**
7 **FOSTER CARE.**

8 Section 472 of the Social Security Act (42 U.S.C.
9 672) is amended by adding at the end the following:

10 “(i)(1) Notwithstanding any other provision of this
11 part, a State may make foster care maintenance payments
12 (as defined in section 475(4)) under this section on behalf
13 of eligible individuals described in paragraph (2) for reim-
14 bursement of room and board expenses incurred for such
15 individuals in a foster family home, child care institution,
16 or other supervised living arrangement as approved by the
17 State agency, in order to assist such individuals to leave
18 foster care and transition to self-sufficiency.

19 “(2) An eligible individual described in this para-
20 graph is an individual who—

21 “(A) was in foster care on the date that the in-
22 dividual attained age 17 and had been in foster care
23 for at least 1 year prior to that date;

24 “(B) has not attained age 22;

1 “(C) is in the process of completing secondary
2 education, enrolled in an institution that provides
3 postsecondary education or vocational training, or is
4 employed for at least 80 hours per month;

5 “(D) is participating in independent living ac-
6 tivities of the type that may be supported under the
7 John H. Chafee Foster Care Independence Program
8 under section 477; and

9 “(E) has a case plan that includes a specific
10 plan for how the individual will achieve independent
11 living and that provides for the individual to reside
12 in a setting that promotes personal responsibility
13 and encourages self-sufficiency.

14 “(3)(A) A State may not receive payments under sec-
15 tion 474(a)(1)(A) for expenditures under this subsection
16 unless with respect to fiscal year 2002 and each fiscal year
17 thereafter, the total Federal, State, and local expenditures
18 for reimbursements described in paragraph (1) in the
19 State (or for related independent living services) equals
20 or exceeds the total of such expenditures for fiscal year
21 2001.

22 “(B) The amount of total Federal, State, and local
23 expenditures required under subparagraph (A) to be main-
24 tained for a fiscal year may be reduced appropriately if
25 the total Federal expenditures for that fiscal year are less

1 than such the amount of such expenditures for fiscal year
2 2001.

3 “(4) With respect to a fiscal year, a State that makes
4 foster care maintenance payments under this subsection
5 shall submit to the Secretary an annual report that in-
6 cludes the following:

7 “(A) The number of eligible individuals de-
8 scribed in paragraph (2) who received foster care
9 maintenance payments under this subsection and the
10 nature of the settings in which such individuals were
11 housed.

12 “(B) A description of the steps being under-
13 taken in the State to promote housing opportunities
14 for individuals transitioning from foster care after
15 attaining age 18 and for individuals that have al-
16 ready transitioned out of foster care as a result of
17 age.

18 “(C) Recommendations regarding the types of
19 Federal assistance that would assist the State to
20 better meet the housing need of the individuals de-
21 scribed in subparagraph (B).”.

1 **SEC. 8009. FUNDING FOR VOUCHERS TO ASSIST YOUNG**
2 **PEOPLE AGING OUT OF FOSTER CARE MAKE**
3 **THE TRANSITION TO SELF-SUFFICIENCY.**

4 Section 477 of the Social Security Act (42 U.S.C.
5 677) is amended by adding at the end the following:

6 “(i) VOUCHERS TO ASSIST THE TRANSITION TO
7 SELF-SUFFICIENCY.—

8 “(1) GRANTS TO STATES.—

9 “(A) IN GENERAL.—Notwithstanding any
10 other provision of this part, and in addition to
11 payments made to a State under section
12 474(a)(2), the Secretary shall make grants to
13 States for vouchers to help eligible individuals
14 described in paragraph (2) make the transition
15 to self-sufficiency.

16 “(B) APPLICATION.—A State that desires
17 to receive a grant under this subsection shall
18 submit an application to the Secretary at such
19 time, and in such form and manner as the Sec-
20 retary shall require.

21 “(C) COMPETITIVE GRANTS.—The Sec-
22 retary shall award grants to States under this
23 subsection on a competitive basis, based on cri-
24 teria established by the Secretary.

1 “(2) ELIGIBLE INDIVIDUALS DESCRIBED.—An
2 eligible individual described in this paragraph is an
3 individual who—

4 “(A) is described in section 472(i)(2); or

5 “(B) has been adopted from foster care, or
6 placed with a relative with a kinship guardian-
7 ship assistance agreement, on or after the indi-
8 vidual’s 16th birthday and has not yet attained
9 age 22.

10 “(3) VOUCHER REQUIREMENTS.—A State re-
11 ceiving a grant under this subsection shall use the
12 funds provided under the grant to provide a voucher
13 of up to \$5000 per year for the costs incurred by
14 an eligible individual described in paragraph (2) who
15 applies for the voucher of obtaining—

16 “(A) a General Equivalency Diploma (and
17 related supports provided to assist an eligible
18 individual in obtaining such a degree);

19 “(B) a post-secondary education; or

20 “(C) vocational training.

21 “(4) MATCHING REQUIREMENT.—A State may
22 not receive a grant under this subsection unless the
23 State agrees to provide \$1 for every \$3 awarded
24 under the grant.

1 “(5) MAINTENANCE OF EFFORT REQUIRE-
2 MENT.—A State may not receive a grant under this
3 subsection unless with respect to fiscal year 2002
4 and each fiscal year thereafter, the total State, and
5 local expenditures for vouchers described in para-
6 graph (3) in such State (or for similar expenditures)
7 equals or exceeds the total of such expenditures for
8 fiscal year 2001.

9 “(6) ANNUAL REPORT.—Each State that re-
10 ceives a grant under this subsection shall submit an
11 annual report to the Secretary that includes the fol-
12 lowing:

13 “(A) The number of eligible individuals de-
14 scribed in paragraph (2) who received vouchers
15 during the year involved, the nature of the ac-
16 tivities that were supported by the vouchers,
17 and a description of the institutions where the
18 vouchers were used.

19 “(B) The number of individuals who ap-
20 plied for a voucher funded under this section
21 during such year, were determined to be eligible
22 for a voucher, but did not receive a voucher be-
23 cause funding was not available.

24 “(C) A description of other steps being un-
25 dertaken in the State to promote educational

1 and training opportunities for individuals who
2 are in foster care and are about to age out of
3 such care and for individuals who have aged out
4 of foster care.

5 “(D) Recommendations regarding the
6 types of Federal assistance that would assist
7 the State to better meet the educational and
8 training needs of individuals described in sub-
9 paragraph (C).

10 “(7) AUTHORIZATION OF APPROPRIATIONS.—

11 To carry out this section, there are authorized to be
12 appropriated to the Secretary \$120,000,000 for each
13 of fiscal years 2002 through 2006.”.

14 **SEC. 8010. ADDITIONAL ACCOUNTABILITY.**

15 Section 471(a) of the Social Security Act (42 U.S.C.
16 671(a)), as amended by section 8001(b), is amended—

17 (1) in paragraph (24), by striking “and” at the
18 end;

19 (2) in paragraph (25)(E), by striking the period
20 and inserting a semicolon;

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

22 “(26) provides that, beginning with January 1,
23 2004, and each January 1 thereafter, the State
24 agency shall prepare and submit to the Secretary,
25 and make available to the public, including through

1 posting on the State agency’s Internet website, a re-
2 port that, with respect to the 2 preceding fiscal
3 years that are the subject of the report, describes—

4 “(A) how the funding made available
5 under section 474A has been used;

6 “(B) the impact that the services and ac-
7 tivities undertaken with such funding has had
8 on—

9 “(i) preventing the abuse and neglect
10 and repeat abuse and neglect of children;

11 “(ii) preventing the entry and re-entry
12 of children into foster care;

13 “(iii) decreasing the length of stay of
14 children in foster care in the State; and

15 “(iv) promoting permanent place-
16 ments for children;

17 “(C) efforts by the State agency to im-
18 prove the quality and retention of supervisors
19 and staff who are delivering services under the
20 State plan approved under this part, directly or
21 under contract, and to improve the workloads of
22 staff;

23 “(D) efforts by the State agency or local
24 agencies to use community partners to promote

1 safety and permanence for children, including a
2 description of—

3 “(i) collaborative work with substance
4 abuse, mental health, health, or domestic
5 violence agencies or providers to address
6 the needs of the families assisted under
7 this part;

8 “(ii) the involvement of community-
9 based organizations with the State agency;

10 “(iii) how parents are engaged in the
11 delivery of services; and

12 “(iv) efforts to utilize family team
13 meeting, family group decisionmaking, or
14 other activities that build on family
15 strengths and address what families need;

16 “(E) the procedures that are in place to
17 ensure that children who are returned home or
18 placed in other permanent settings receive the
19 support they need to remain home or in such a
20 setting; and

21 “(F) the status of the State’s most recent
22 child and family services review and its pro-
23 gram improvement plan activities, if applicable;
24 and

1 “(27) provides that, beginning on January 1,
2 2004, the independent body charged with reviewing
3 cases of children (such as a court, citizen review
4 board, or independent administrative review body)
5 biannually shall submit a report to the Secretary, in
6 such form and manner as the Secretary shall re-
7 quire, that describes—

8 “(A) the status of children in the State, as
9 reflected in the reviews conducted by such body;

10 “(B) the barriers to moving children in the
11 State in accordance with the permanency plans
12 for such children; and

13 “(C) recommendations for the amount of
14 resources, fiscal and otherwise, that are needed
15 to better meet the goals of safety and perma-
16 nence for children established in the Adoption
17 and Safe Families Act of 1997.”.

18 **SEC. 8011. AUTHORITY OF INDIAN TRIBES TO RECEIVE FED-**
19 **ERAL FUNDS FOR FOSTER CARE AND ADOP-**
20 **TION ASSISTANCE.**

21 (a) CHILDREN PLACED IN TRIBAL CUSTODY ELIGI-
22 BLE FOR FOSTER CARE FUNDING.—Section 472(a)(2) of
23 the Social Security Act (42 U.S.C. 672(a)(2)) is
24 amended—

1 “(1) IN GENERAL.—In the case of an Indian
2 tribe submitting a plan for approval under section
3 471, the plan shall—

4 “(A) in lieu of the requirement of section
5 471(a)(3), identify the service area or areas and
6 population to be served by the Indian tribe; and

7 “(B) in lieu of the requirement of section
8 471(a)(10), provide for the approval of foster
9 homes pursuant to tribal standards and in a
10 manner that ensures the safety of, and account-
11 ability for, children placed in foster care.

12 “(2) DETERMINATION OF FEDERAL SHARE.—

13 “(A) PER CAPITA INCOME.—

14 “(i) IN GENERAL.—For purposes of
15 determining the Federal medical assistance
16 percentage applicable to an Indian tribe el-
17 igible for payments under section 474(a),
18 the calculation of an Indian tribe’s per
19 capita income shall be based upon the serv-
20 ice population of the Indian tribe as de-
21 fined in its plan in accordance with para-
22 graph (1)(A).

23 “(ii) CONSIDERATION OF OTHER IN-
24 FORMATION.—An Indian tribe may submit
25 to the Secretary such information as the

1 Indian tribe considers relevant to the cal-
2 culation of the per capita income of the In-
3 dian tribe, and the Secretary shall consider
4 such information before making the cal-
5 culation.

6 “(B) SOURCES OF NON-FEDERAL
7 SHARE.—An Indian tribe may use Federal or
8 State funds to match payments for which the
9 Indian tribe is eligible under section 474.

10 “(3) MODIFICATION OF OTHER REQUIRE-
11 MENTS.—Upon the request of an Indian tribe or
12 tribes, the Secretary may modify any requirement
13 under this part if, after consulting with the Indian
14 tribe or tribes, the Secretary determines that modi-
15 fication of the requirement would advance the best
16 interests and the safety of children served by the In-
17 dian tribe or tribes.

18 “(4) CONSORTIUM.—The participating Indian
19 tribes of an intertribal consortium may develop and
20 submit a single plan under section 471 that meets
21 the requirements of this section.

22 “(c) COOPERATIVE AGREEMENTS.—An Indian tribe
23 or intertribal consortium and a State may enter into a
24 cooperative agreement for the administration or payment
25 of funds pursuant to this part. In any case where an In-

1 dian tribe or intertribal consortium and a State enter into
2 a cooperative agreement that incorporates any of the pro-
3 visions of this section, those provisions shall be valid and
4 enforceable. Any such cooperative agreement that is in ef-
5 fect as of the date of enactment of this section, shall re-
6 main in full force and effect subject to the right of either
7 party to the agreement to revoke or modify the agreement
8 pursuant to the terms of the agreement.

9 “(d) REGULATIONS.—Not later than 1 year after the
10 date of enactment of this section, the Secretary shall, in
11 full consultation with Indian tribes and tribal organiza-
12 tions, promulgate regulations to carry out this section.

13 “(e) DEFINITIONS OF INDIAN TRIBE; TRIBAL ORGA-
14 NIZATIONS.—In this section, the terms ‘Indian tribe’ and
15 ‘tribal organization’ have the meanings given those terms
16 in subsections (e) and (l) of section 4 of the Indian Self-
17 Determination and Education Assistance Act (25 U.S.C.
18 450b), respectively.”.

19 “(c) EFFECTIVE DATE.—The amendments made by
20 this section take effect on the date of enactment of this
21 Act without regard to regulations to implement such
22 amendments being promulgated by such date.

1 **Subtitle B—Promoting Safe and**
2 **Stable Families**

3 **SEC. 8101. EXPANSION OF THE PROMOTING SAFE AND STA-**
4 **BLE FAMILIES PROGRAM.**

5 (a) REAUTHORIZATION AND INCREASE IN FUND-
6 ING.—Section 430(b) of the Social Security Act (42
7 U.S.C. 629(b)) is amended—

8 (1) in paragraph (7), by striking “and” at the
9 end;

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

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

13 “(9) for each of fiscal years 2002 through
14 2006, \$705,000,000.”.

15 (b) CONTINUATION OF RESERVATION OF FUNDS FOR
16 EVALUATION, RESEARCH, TRAINING, AND TECHNICAL
17 ASSISTANCE.—Section 430(d)(1) of the Social Security
18 Act (42 U.S.C. 629(d)(1)) is amended by striking “, 1996,
19 1997, 1998, 1999, 2000, and 2001” and inserting
20 “through 2006”.

21 (c) INCREASE IN RESERVATION OF FUNDS FOR
22 STATE COURT ASSESSMENTS.—Section 430(d)(2) of the
23 Social Security Act (42 U.S.C. 629(d)(2)) is amended—

24 (1) by striking “and” after “1995,”; and

1 the Reagan Administration converted SSBG into a
2 block grant designed to give maximum flexibility to
3 States to serve these fundamental purposes.

4 (2) Funds provided under the SSBG focus cost-
5 effective support at the community level that pre-
6 vents the need for inappropriate institutional care
7 which is more costly for Federal and State programs
8 such as the medicaid, medicare, and the social secu-
9 rity disability benefits programs.

10 (3) The SSBG helps to further the goals set
11 forth in the Personal Responsibility and Work Op-
12 portunity Reconciliation Act of 1996 (Public Law
13 104–193; 110 Stat. 2105) by supporting the Tem-
14 porary Assistance to Needy Families program
15 (TANF) and support-related programs such as on-
16 the-job training, child care, transportation, coun-
17 seling, and other services that facilitate long-term
18 family stability and economic self-sufficiency.

19 (4) The SSBG provides essential funding to
20 many States for child welfare services that support
21 the goals of the Adoption and Safe Families Act of
22 1997 (Public Law 105–89; 111 Stat. 2115) to pro-
23 mote a safe family environment and encourage adop-
24 tion to move children into stable and permanent
25 families.

1 (5) The SSBG helps promote independent living
2 for vulnerable and low-income elderly individuals by
3 supporting home care services, including home-deliv-
4 ered meals, adult protective services, adult day care,
5 and other essential case management services pro-
6 vided in every State.

7 (6) It is reported that 820,000 older Americans
8 are abused and neglected in this country each year.
9 There are additional concerns about the under re-
10 porting of elderly abuse and neglect. The SSBG sup-
11 ports adult protective services that prevent wide-
12 spread abuse and neglect of older Americans and
13 help more than 651,000 elderly individuals in 31
14 States.

15 (7) More than 570,000 disabled individuals re-
16 ceive a range of community-based services and sup-
17 ports nationwide. The SSBG provides significant re-
18 sources to fill the funding gaps in the developmental
19 disabilities system by supporting such services as
20 early intervention and crisis intervention, adult day
21 care, respite care, transportation, employment train-
22 ing, and independent living services in 38 States.

23 (8) The SSBG supports essential mental health
24 and related services to ensure that vulnerable adults
25 and children receive early intervention to prevent

1 more serious and costly mental health crises in the
2 future. Such services include the provision of coun-
3 seling to almost 400,000 adults and children, case
4 management services for nearly 900,000 families,
5 and the provision of information and referral assist-
6 ance to more than 1,300,000 individuals.

7 (9) There are nearly 3,000,000 reports of child
8 abuse and neglect each year. There are currently
9 over 300,000 children in the American foster care
10 system. The SSBG enables the provision of child
11 protective services to 1,300,000 children, adoption
12 services to over 150,000 children and families, and
13 prevention and intervention services to more than
14 700,000 families.

15 (10) The SSBG has been eroded by more than
16 \$1,000,000,000 over the last 6 years resulting in
17 cuts in services in many States and local commu-
18 nities.

19 (11) Temporary Assistance to Needy Families
20 (TANF) block grants cannot be used to make up
21 cuts to the SSBG because a large percentage of
22 SSBG funds are used for the elderly, disabled, and
23 other populations that are ineligible for TANF
24 funds.

1 (12) The 104th Congress made a commitment
2 to the SSBG in the Personal Responsibility and
3 Work Opportunity Reconciliation Act of 1996 (Pub-
4 lic Law 104–193; 110 Stat. 2105) by authorizing
5 the program at \$2,380,000,000 through fiscal year
6 2002 and returning the authorization for the pro-
7 gram to \$2,800,000,000 in fiscal year 2003 and
8 each succeeding fiscal year.

9 **SEC 8203. RESTORATION OF AUTHORITY TO TRANSFER UP**
10 **TO 10 PERCENT OF TANF FUNDS TO THE SO-**
11 **CIAL SERVICES BLOCK GRANT.**

12 (a) IN GENERAL.—Section 404(d)(2) of the Social
13 Security Act (42 U.S.C. 604(d)(2)) is amended to read
14 as follows:

15 “(2) LIMITATION ON AMOUNT TRANSFERABLE
16 TO TITLE XX PROGRAMS.—A State may use not
17 more than 10 percent of the amount of any grant
18 made to the State under section 403(a) for a fiscal
19 year to carry out State programs pursuant to title
20 XX.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 subsection (a) applies to amounts made available for fiscal
23 year 2002 and each fiscal year thereafter.

1 **SEC. 8204. RESTORATION OF FUNDS FOR THE SOCIAL SERV-**
2 **ICES BLOCK GRANT.**

3 (a) IN GENERAL.—Section 2003(c) of the Social Se-
4 curity Act (42 U.S.C. 1397b(c)) is amended—

5 (1) in paragraph (10), by striking “and” at the
6 end; and

7 (2) by striking paragraph (11) and inserting
8 the following new paragraphs:

9 “(11) \$1,725,000,000 for the fiscal year 2001;
10 and

11 “(12) \$2,380,000,000 for the fiscal year 2002
12 and each fiscal year thereafter.”.

13 (b) EFFECTIVE DATE.—The amendments made by
14 subsection (a) shall take effect as if included in the enact-
15 ment of the Departments of Labor, Health and Human
16 Services, and Education, and Related Agencies Appropria-
17 tions Act, 2001 (as enacted into law by section 1(a)(1)
18 of Public Law 106–554).

19 **SEC. 8205. REQUIREMENT TO SUBMIT ANNUAL REPORT ON**
20 **STATE ACTIVITIES.**

21 (a) IN GENERAL.—Section 2006(c) of the Social Se-
22 curity Act (42 U.S.C. 1397e(c)) is amended by adding at
23 the end the following new sentence: “The Secretary shall
24 compile the information submitted by the States and sub-
25 mit that information to Congress on an annual basis.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) applies to information submitted by States
3 under section 2006 of the Social Security Act (42 U.S.C.
4 1397e) with respect to fiscal year 2001 and each fiscal
5 year thereafter.

6 **Subtitle D—Child Protection and**
7 **Alcohol and Drug Partnerships**

8 **SEC. 8301. SHORT TITLE.**

9 This subtitle may be cited as the “Child Protection/
10 Alcohol and Drug Partnership Act of 2001”.

11 **SEC. 8302. CHILD PROTECTION/ALCOHOL AND DRUG PART-**
12 **NERSHIPS FOR CHILDREN.**

13 Part B of title IV of the Social Security Act (42
14 U.S.C. 620 et seq.) is amended by adding at the end the
15 following:

16 **“Subpart 3—Child Protection/Alcohol and Drug**
17 **Partnerships For Children**

18 **“SEC. 440. DEFINITIONS.**

19 “In this subpart:

20 “(1) ALASKA NATIVE ORGANIZATION.—The
21 term ‘Alaska Native Organization’ means any orga-
22 nized group of Alaska Natives eligible to operate a
23 Federal program under the Indian Self-Determina-
24 tion Act (25 U.S.C. 450f et seq.) or such group’s
25 designee.

1 “(2) ADMINISTRATIVE COSTS.—

2 “(A) IN GENERAL.—The term ‘administra-
3 tive costs’ means the costs for the general ad-
4 ministration of administrative activities, includ-
5 ing contract costs and all overhead costs.

6 “(B) EXCLUSION.—Such term does not in-
7 clude the direct costs of providing services and
8 costs related to case management, training,
9 technical assistance, evaluation, establishment,
10 and operation of information systems, and such
11 other similar costs that are also an integral
12 part of service delivery.

13 “(3) ELIGIBLE STATE.—The term ‘eligible
14 State’ means a State that submits a joint applica-
15 tion from the State agencies that—

16 “(A) includes a plan that meets the re-
17 quirements of section 442; and

18 “(B) is approved by the Secretary for a 5-
19 year period after consultation with the Assist-
20 ant Secretary for the Administration for Chil-
21 dren and Families and the Administrator of the
22 Substance Abuse and Mental Health Services
23 Administration.

24 “(4) INDIAN TRIBE.—The term ‘Indian tribe’
25 means any Indian tribe, band, Nation or other orga-

1 nized group or community of Indians, including any
2 Alaska Native Organization, that is recognized as el-
3 igible for the special programs and services provided
4 by the United States to Indians because of their sta-
5 tus as Indians.

6 “(5) STATE.—

7 “(A) IN GENERAL.—The term ‘State’
8 means each of the 50 States, the District of Co-
9 lumbia, and the territories described in sub-
10 paragraph (B).

11 “(B) TERRITORIES.—

12 “(i) IN GENERAL.—The territories de-
13 scribed in this subparagraph are Puerto
14 Rico, Guam, the United States Virgin Is-
15 lands, American Samoa, and the Northern
16 Mariana Islands.

17 “(ii) AUTHORITY TO MODIFY RE-
18 QUIREMENTS.—The Secretary may modify
19 the requirements of this subpart with re-
20 spect to a territory described in clause (i)
21 to the extent necessary to allow such a ter-
22 ritory to conduct activities through funds
23 provided under a grant made under this
24 subpart.

1 “(1) increase the capacity of both the child wel-
2 fare system and the alcohol and drug abuse preven-
3 tion and treatment system to address comprehen-
4 sively and in a timely manner the needs of such fam-
5 ilies to improve child safety, family stability, and
6 permanence; and

7 “(2) promote recovery from alcohol and drug
8 abuse problems.

9 “(b) NOTIFICATION.—Not later than 60 days after
10 the date a joint application is submitted by the State agen-
11 cies or an application is submitted by an Indian tribe, the
12 Secretary shall notify a State or Indian tribe that the ap-
13 plication has been approved or disapproved.

14 **“SEC. 442. PLAN REQUIREMENTS.**

15 “(a) CONTENTS.—Subject to subsection (c), the plan
16 shall contain the following:

17 “(1) A detailed description of how the State
18 agencies will work jointly to implement a range of
19 activities to meet the alcohol and drug abuse preven-
20 tion and treatment needs of families who come to
21 the attention of the child welfare system and to pro-
22 mote child safety, permanence, and family stability.

23 “(2) An assurance that the heads of the State
24 agencies shall jointly administer the grant program

1 funded under this subpart and a description of how
2 they will do so.

3 “(3) A description of the nature and extent of
4 the problem of alcohol and drug abuse among fami-
5 lies who come to the attention of the child welfare
6 system in the State, and of any plans being imple-
7 mented to further identify and assess the extent of
8 the problem.

9 “(4) A description of any joint activities already
10 being undertaken by the State agencies in the State
11 on behalf of families with alcohol and drug abuse
12 problems who come to the attention of the child wel-
13 fare system (including any existing data on the im-
14 pact of such joint activities) such as activities relat-
15 ing to—

16 “(A) the appropriate screening and assess-
17 ment of cases;

18 “(B) consultation on cases involving alco-
19 hol and drug abuse;

20 “(C) arrangements for addressing con-
21 fidentiality and sharing of information;

22 “(D) cross training of staff;

23 “(E) co-location of services;

24 “(F) support for comprehensive treatment
25 programs for parents and their children; and

1 “(G) establishing priority of child welfare
2 families for assessment or treatment.

3 “(5)(A) A description of the joint activities to
4 be funded in whole or in part with the funds pro-
5 vided under the grant, including the sequencing of
6 the activities proposed to be conducted under the 5-
7 year funding cycle and the goals to be achieved dur-
8 ing such funding cycle. The activities and goals shall
9 be designed to improve the capacity of the State
10 agencies to work jointly to improve child safety, fam-
11 ily stability, and permanence for children whose fam-
12 ilies come to the attention of the child welfare sys-
13 tem and to promote their parents’ recovery from al-
14 cohol and drug abuse.

15 “(B) The description shall include a statement
16 as to why the State agencies chose the specified ac-
17 tivities and goals.

18 “(6) A description as to whether and how the
19 joint activities described in paragraph (5), and other
20 related activities funded with Federal funds, will ad-
21 dress some or all of the following practices and pro-
22 cedures:

23 “(A) Practices and procedures designed to
24 appropriately—

1 “(i) identify alcohol and drug treat-
2 ment needs;

3 “(ii) assess such needs;

4 “(iii) assess risks to the safety of a
5 child and the need for permanency with re-
6 spect to the placement of a child;

7 “(iv) enroll families in appropriate
8 services and treatment in their commu-
9 nities; and

10 “(v) regularly assess the progress of
11 families receiving such treatment.

12 “(B) Practices and procedures designed to
13 provide comprehensive and timely individualized
14 alcohol and drug abuse prevention and treat-
15 ment services for families who come to the at-
16 tention of the child welfare system that include
17 a range of options that are available, accessible,
18 and appropriate, and that may include the fol-
19 lowing components:

20 “(i) Preventive and early intervention
21 services for children of parents with alcohol
22 and drug abuse problems that integrate al-
23 cohol and drug abuse prevention services
24 with mental health and domestic violence
25 services, and that recognize the mental,

1 emotional, and developmental problems the
2 children may experience.

3 “(ii) Prevention and early intervention
4 services for parents at risk for alcohol and
5 drug abuse problems.

6 “(iii) Comprehensive home-based, out-
7 patient, and residential treatment options.

8 “(iv) After-care support (both formal
9 and informal) for families in recovery that
10 promotes child safety and family stability.

11 “(v) Services and supports that focus
12 on parents, parents with their children,
13 parents’ children, other family members,
14 and parent-child interaction.

15 “(C) Elimination of existing barriers to
16 treatment and to child safety and permanence,
17 such as difficulties in sharing information
18 among agencies and differences between the
19 values and treatment protocols of the different
20 agencies.

21 “(D) Effective engagement and retention
22 strategies.

23 “(E) Pre-service and in-service joint train-
24 ing of management and staff of child welfare
25 and alcohol and drug abuse prevention and

1 treatment agencies, and, where appropriate,
2 judges and other court staff, to—

3 “(i) increase such individuals’ aware-
4 ness and understanding of alcohol and
5 drug abuse and related child abuse and ne-
6 glect;

7 “(ii) more accurately identify and
8 screen alcohol and drug abuse and child
9 abuse in families;

10 “(iii) improve assessment skills of
11 both child abuse and alcohol and drug
12 abuse staff, including skills to assess risk
13 to children’s safety;

14 “(iv) increase staff knowledge of the
15 services and resources that are available in
16 such individuals’ communities and appro-
17 priate for such families; and

18 “(v) increase awareness of the impor-
19 tance of permanence for children and the
20 timelines for decisionmaking regarding per-
21 manence in the child welfare system.

22 “(F) Progress in enhancing the abilities of
23 the State agencies to improve the data systems
24 of such agencies in order to monitor the
25 progress of families, evaluate service and treat-

1 ment outcomes, and determine which ap-
2 proaches and activities are most effective.

3 “(G) Evaluation strategies to demonstrate
4 the effectiveness of treatment and identify the
5 aspects of treatment that have the greatest im-
6 pact on families in different circumstances.

7 “(H) Training and technical assistance to
8 increase the capacity within the State to carry
9 out 1 or more of the activities described in this
10 paragraph or related activities that are designed
11 to expand prevention and treatment services
12 for, and staff training to assist families with al-
13 cohol and drug abuse problems who come to the
14 attention of the child welfare system.

15 “(7) A description of the jurisdictions in the
16 State (including whether such jurisdictions are
17 urban, suburban, or rural) where the joint activities
18 will be provided, and the plans for expanding such
19 activities to other parts of the State during the 5-
20 year funding cycle.

21 “(8) A description of the methods to be used in
22 measuring progress toward the goals identified
23 under paragraph (5), including how the State agen-
24 cies will jointly measure their performance in accord-
25 ance with section 445, and how remaining barriers

1 to meeting the needs of families with alcohol or drug
2 abuse problems who come to the attention of the
3 child welfare system will be assessed.

4 “(9) A description of what input was obtained
5 in the development of the plan and the joint applica-
6 tion from each of the following groups of individuals,
7 and the manner in which each will continue to be in-
8 volved in the proposed joint activities:

9 “(A) Staff who provide alcohol and drug
10 abuse prevention and treatment and related
11 services to families who come to the attention
12 of the child welfare system.

13 “(B) Advocates for children and parents
14 who come to the attention of the child welfare
15 and alcohol and drug abuse prevention and
16 treatment systems.

17 “(C) Consumers of both child welfare and
18 alcohol and drug abuse prevention and treat-
19 ment services.

20 “(D) Direct service staff and supervisors
21 from public and private child welfare and alco-
22 hol and drug abuse prevention and treatment
23 agencies.

24 “(E) Judges and court staff.

1 “(F) Representatives of the State agencies
2 and private providers providing health, mental
3 health, domestic violence, housing, education,
4 and employment services.

5 “(G) A representative of the State agency
6 in charge of administering the temporary assist-
7 ance to needy families program funded under
8 part A of this title.

9 “(10) An assurance of the coordination, to the
10 extent feasible and appropriate, of the activities
11 funded under a grant made under this subpart with
12 the services or benefits provided under other Federal
13 or federally assisted programs that serve families
14 with alcohol and drug abuse problems who come to
15 the attention of the child welfare system, including
16 health, mental health, domestic violence, housing,
17 and employment programs, the temporary assistance
18 to needy families program funded under part A of
19 this title, other child welfare and alcohol and drug
20 abuse prevention and treatment programs, and the
21 courts.

22 “(11) An assurance that not more than 10 per-
23 cent of expenditures under the plan for any fiscal
24 year shall be for administrative costs.

1 “(12) An assurance that alcohol and drug
2 treatment services provided at least in part with
3 funds provided under a grant made under this sub-
4 part shall be licensed, certified, or otherwise ap-
5 proved by the appropriate State alcohol and drug
6 abuse agencies, or in the case of an Indian tribe, by
7 a State alcohol and drug abuse agency, the Indian
8 Health Service, or other designated licensing agency.

9 “(13) An assurance that Federal funds pro-
10 vided to the State under a grant made under this
11 subpart will not be used to supplant Federal or non-
12 Federal funds for services and activities provided as
13 of the date of the submission of the plan that assist
14 families with alcohol and drug abuse problems who
15 come to the attention of the child welfare system.

16 “(b) AMENDMENTS.—

17 “(1) IN GENERAL.—An eligible State or Indian
18 tribe may amend, in whole or in part, its plan at any
19 time through transmittal of a plan amendment.

20 “(2) 60-DAY APPROVAL DEADLINE.—A plan
21 amendment is considered approved unless the Sec-
22 retary notifies an eligible State or Indian tribe in
23 writing, within 60 days after receipt of the amend-
24 ment, that the amendment is disapproved (and the

1 reasons for disapproval) or that specified additional
2 information is needed.

3 “(c) REQUIREMENTS FOR APPLICATIONS BY INDIAN
4 TRIBES.—

5 “(1) IN GENERAL.—In order to be eligible for
6 a grant made under this subpart, an Indian tribe
7 shall—

8 “(A) submit a plan to the Secretary that
9 describes—

10 “(i) the activities the tribe will under-
11 take with both child welfare and alcohol
12 and drug agencies that serve the tribe’s
13 children to address the needs of families
14 who come to the attention of the child wel-
15 fare agencies and have alcohol and drug
16 problems; and

17 “(ii) whether and how such activities
18 address any of the practice and policy
19 areas in subsection (a)(6); and

20 “(B) subject to paragraph (2), meet the
21 other requirements of subsection (a) unless,
22 with respect to a specific requirement of such
23 subsection, the Secretary determines that it
24 would be inappropriate to apply such require-
25 ment to an Indian tribe, taking into account the

1 resources, needs, and other circumstances of
2 the Indian tribe.

3 “(2) ADMINISTRATIVE COSTS; USE OF FEDERAL
4 FUNDS.—Paragraphs (11) and (13) of subsection
5 (a) shall not apply to a plan submitted by an Indian
6 tribe. The indirect cost rate agreement in effect for
7 an Indian tribe shall apply with respect to adminis-
8 trative costs under the tribe’s plan.

9 “(3) AUTHORITY FOR INTERTRIBAL CONSOR-
10 TIUM.—The participating Indian tribes of an inter-
11 tribal consortium may develop and submit a single
12 plan that meets the applicable requirements of sub-
13 section (a) (as so determined by the Secretary) and
14 paragraph (1) of this subsection.

15 **“SEC. 443. APPROPRIATION OF FUNDS.**

16 “(a) APPROPRIATIONS.—For the purpose of pro-
17 viding allotments to eligible States and Indian tribes under
18 this subpart and research and training under subsection
19 (b)(3), there is appropriated out of any money in the
20 Treasury not otherwise appropriated—

21 “(1) for fiscal year 2002, \$200,000,000;

22 “(2) for fiscal year 2003, \$275,000,000;

23 “(3) for fiscal year 2004, \$375,000,000;

24 “(4) for fiscal year 2005, \$475,000,000; and

25 “(5) for fiscal year 2006, \$575,000,000.

1 “(b) RESERVATION OF FUNDS.—With respect to a
2 fiscal year:

3 “(1) TERRITORIES.—The Secretary shall re-
4 serve 2 percent of the amount appropriated under
5 subsection (a) for such fiscal year for payments to
6 Puerto Rico, Guam, the United States Virgin Is-
7 lands, American Samoa, and the Northern Mariana
8 Islands.

9 “(2) INDIAN TRIBES.—The Secretary shall re-
10 serve not less than 3 nor more than 5 percent of the
11 amount appropriated under subsection (a) for such
12 fiscal year for direct payments to Indian tribes and
13 Indian tribal organizations for activities intended to
14 increase the capacity of the Indian tribes and tribal
15 organizations to expand treatment, services, and
16 training to assist families with alcohol and drug
17 abuse problems who come to the attention of the
18 child welfare agencies.

19 “(3) RESEARCH AND TRAINING.—

20 “(A) IN GENERAL.—Subject to subpara-
21 graph (B), the Secretary shall reserve 1 percent
22 of the amount appropriated under subsection
23 (a) for such fiscal year for practice-based re-
24 search on the effectiveness of various ap-
25 proaches for the screening, assessment, engage-

1 ment, treatment, retention, and monitoring of
2 families with alcohol and drug abuse problems
3 who come to the attention of the child welfare
4 system, and for training of staff in such areas
5 and shall ensure that a portion of such amount
6 is used for research on the effectiveness of these
7 approaches for Indian children and for the
8 training of staff serving children from the In-
9 dian tribes.

10 “(B) DETERMINATION OF USE OF
11 FUNDS.—Funds reserved under subparagraph
12 (A) may only be used to carry out a research
13 agenda that addresses the areas described in
14 such subparagraph and that is established by
15 the Secretary, together with the Assistant Sec-
16 retary for the Administration for Children and
17 Families and the Administrator of Substance
18 Abuse and Mental Health Services Administra-
19 tion, with input from public and private non-
20 profit providers, consumers, representatives of
21 Indian tribes, and advocates, as well as others
22 with expertise in research in such areas.

23 **“SEC. 444. PAYMENTS TO ELIGIBLE STATES AND INDIAN**
24 **TRIBES.**

25 “(a) AMOUNT OF GRANT.—

1 “(1) ELIGIBLE STATES OTHER THAN TERRI-
2 TORIES.—

3 “(A) IN GENERAL.—From the amount ap-
4 propriated under subsection (a) of section 443
5 for a fiscal year, after the reservation of funds
6 required under subsection (b) of that section for
7 the fiscal year and subject to subparagraphs
8 (B) and (C), the Secretary shall pay to each eli-
9 gible State (after the Secretary has determined
10 that the State has satisfied the matching re-
11 quirement under subsection (b)) an amount
12 that bears the same ratio to such amount for
13 such fiscal year as the number of children
14 under the age of 18 that reside in the eligible
15 State bears to the total number of children
16 under the age of 18 who reside in all such eligi-
17 ble States for such fiscal year.

18 “(B) MINIMUM ALLOTMENT.—In no case
19 shall the amount of a payment to an eligible
20 State for a fiscal year be less than an amount
21 equal to 0.5 percent of the amount appropriated
22 under subsection (a) of section 443 for the fis-
23 cal year, after the reservation of funds required
24 under subsection (b) of that section.

1 “(C) PRO RATA REDUCTIONS.—The Sec-
2 retary shall make pro rata reductions in the
3 amounts of the allotments determined under
4 subparagraph (A) for a fiscal year to the extent
5 necessary to comply with subparagraph (B).

6 “(2) TERRITORIES.—From the amounts re-
7 served under section 443(b)(1) for a fiscal year, the
8 Secretary shall pay to each territory described in
9 section 440(5)(B) with an approved plan that meets
10 the requirements of section 442 (after the Secretary
11 has determined that the territory has satisfied the
12 matching requirement under subsection (b)) an
13 amount that bears the same ratio to such amount
14 for such fiscal year as the number of children under
15 the age of 18 that reside in the territory bears to
16 the total number of children under the age of 18
17 who reside in all such territories for such fiscal year.

18 “(3) INDIAN TRIBES OR TRIBAL ORGANIZA-
19 TIONS.—From the amount reserved under section
20 443(b)(2) for a fiscal year, the Secretary shall pay
21 to each Indian tribe with an approved plan that
22 meets the requirements of section 442(c) (after the
23 Secretary has determined that the Indian tribe has
24 satisfied the matching requirement under subsection
25 (b)) an amount that bears the same ratio to such re-

1 served amount for such fiscal year as the number of
2 children under the age of 18 in the Indian tribe
3 bears to the total number of children under the age
4 of 18 in all Indian tribes with plans so approved for
5 such fiscal year, as determined by the Secretary on
6 the basis of the most current and reliable informa-
7 tion available to the Secretary. For purposes of mak-
8 ing the allocations required under the preceding sen-
9 tence, an Indian tribe may submit data and other in-
10 formation that it has on the number of Indian chil-
11 dren under the age of 18 for consideration by the
12 Secretary.

13 “(b) MATCHING REQUIREMENT.—

14 “(1) IN GENERAL.—In order to receive a grant
15 under this subpart for a fiscal year, an eligible State
16 or Indian tribe shall provide through non-Federal
17 contributions the applicable percentage determined
18 under paragraph (2) for such fiscal year of the costs
19 of conducting activities funded in whole or in part
20 with funds provided under the grant. Such contribu-
21 tions shall be paid jointly by the State agencies, in
22 the case of an eligible State, or by an Indian tribe.

23 “(2) APPLICABLE PERCENTAGE.—For purposes
24 of paragraph (1), the applicable percentage for an
25 eligible State or Indian tribe for a fiscal year is—

1 “(A) 15 percent, in the case of fiscal years
2 2002 and 2003;

3 “(B) 20 percent, in the case of fiscal years
4 2004 and 2005; and

5 “(C) 25 percent, in the case of fiscal year
6 2006.

7 “(3) SOURCE OF MATCH.—

8 “(A) ELIGIBLE STATES.—The non-Federal
9 contributions required of an eligible State under
10 this subsection may be in cash or in kind, fairly
11 evaluated, including plant, equipment, or serv-
12 ices. The contributions may be made directly or
13 through donations from public or private enti-
14 ties. Amounts provided by the Federal Govern-
15 ment, or services assisted or subsidized to any
16 significant extent by the Federal Government
17 may not be included in determining whether an
18 eligible State has provided the applicable per-
19 centage of such contributions for a fiscal year.

20 “(B) INDIAN TRIBES.—With respect to an
21 Indian tribe, such contributions may be made in
22 cash, through donated funds, through non-pub-
23 lic third party in kind contributions, or from
24 Federal funds received under any of the fol-
25 lowing provisions of law:

1 “(i) The Indian Child Welfare Act of
2 1978 (25 U.S.C. 1901 et seq.).

3 “(ii) The Indian Self-Determination
4 and Education Assistance Act (25 U.S.C.
5 450b et seq.).

6 “(iii) Title I of the Housing and Com-
7 munity Development Act of 1974 (42
8 U.S.C. 5301 et seq.).

9 “(4) WAIVER.—

10 “(A) ELIGIBLE STATES.—In the case of an
11 eligible State, the Secretary, after consultation
12 with the Assistant Secretary for the Adminis-
13 tration for Children and Families and the Ad-
14 ministrator of the Substance Abuse and Mental
15 Health Services Administration, may modify the
16 applicable percentage determined under para-
17 graph (2) for matching funds if the Secretary
18 determines that economic conditions in the eli-
19 gible State justify making such modification.

20 “(B) INDIAN TRIBES.—In the case of an
21 Indian tribe, the Secretary may modify the ap-
22 plicable percentage determined under such
23 paragraph if the Secretary determines that it
24 would be inappropriate to apply to the Indian
25 tribe, taking into the resources and needs of the

1 tribe and the amount of funds the tribe would
2 receive under a grant made under this section.

3 “(c) USE OF FUNDS.—Funds provided under a grant
4 made under this subpart may only be used to carry out
5 activities specified in the plan, as approved by the Sec-
6 retary.

7 “(d) DEADLINE FOR REQUEST FOR PAYMENT.—An
8 eligible State or Indian tribe shall apply to be paid funds
9 under a grant made under this subpart not later than the
10 beginning of the fourth quarter of a fiscal year or such
11 funds shall be reallocated under subsection (f).

12 “(e) CARRYOVER OF FUNDS.—Funds paid to an eli-
13 gible State or Indian tribe under a grant made under this
14 subpart for a fiscal year may be expended in that fiscal
15 year or the succeeding fiscal year.

16 “(f) REALLOTMENT OF FUNDS.—

17 “(1) ELIGIBLE STATES.—In the case of an eli-
18 gible State that does not apply for funds allotted to
19 the eligible State under a grant made under this
20 subpart for a fiscal year within the time provided
21 under subsection (d), or that does not expend such
22 funds during the time provided under subsection (e),
23 the funds which the eligible State would have been
24 entitled to for such fiscal year shall be reallocated to
25 1 or more other eligible States on the basis of each

1 such State's relative need for additional payments,
2 as determined by the Secretary, after consultation
3 with the Assistant Secretary for the Administration
4 for Children and Families and the Administrator of
5 the Substance Abuse and Mental Health Services
6 Administration.

7 “(2) INDIAN TRIBES.—In the case of an Indian
8 tribe that does not expend funds allotted to the tribe
9 during the time provided under subsection (e), the
10 funds to which the Indian tribe would have been en-
11 titled to for such fiscal year shall be reallocated to the
12 remaining Indian tribes that are implementing ap-
13 proved plans in amounts that are proportional to the
14 percentage of Indian children under the age of 18 in
15 each such tribe.

16 **“SEC. 445. PERFORMANCE ACCOUNTABILITY; REPORTS**
17 **AND EVALUATIONS.**

18 “(a) PERFORMANCE MEASUREMENT.—

19 “(1) ESTABLISHMENT OF INDICATORS.—The
20 Secretary, in consultation with the Assistant Sec-
21 retary for the Administration for Children and Fam-
22 ilies, the Administrator of the Substance Abuse and
23 Mental Health Services Administration, Chief Exec-
24 utive Officers of a State or Territory, State legisla-
25 tors, State and local public officials responsible for

1 administering child welfare and alcohol and drug
2 abuse prevention and treatment programs, court
3 staff, consumers of the services, and advocates for
4 children and parents who come to the attention of
5 the child welfare system, shall, within 12 months of
6 the date of enactment of the Child Protection/Alco-
7 hol and Drug Partnership Act of 2001, establish in-
8 dicators that will be used to assess periodically the
9 performance of eligible States and Indian tribes in
10 using grant funds provided under this subpart to
11 promote child safety, permanence, and well-being
12 and recovery in families who come to the attention
13 of the child welfare system.

14 “(2) COORDINATION.—The indicators estab-
15 lished under paragraph (1) shall be based on and co-
16 ordinated with the performance outcomes established
17 for the child welfare system pursuant to section
18 203(b) of the Adoption and Safe Families Act of
19 1997 and the performance measures developed
20 under subpart II of part B of title XIX of the Public
21 Health Service Act (relating to the substance abuse
22 prevention and treatment block grant).

23 “(3) PURPOSE.—The indicators will be used to
24 measure periodically the progress made by the State
25 agencies and by child welfare and alcohol and drug

1 abuse prevention and treatment agencies serving
2 children in Indian tribes in the activities that such
3 agencies jointly engage in with such grant funds. An
4 eligible State or Indian tribe will be measured
5 against itself, assessing progress over time against
6 a baseline established at the time the grant activities
7 were undertaken.

8 “(4) ILLUSTRATIVE EXAMPLES.—The indica-
9 tors developed should address the range of activities
10 that eligible States and Indian tribes have the option
11 of engaging in with such grant funds. Examples of
12 the types of progress to be measured in the different
13 areas of activity include the following:

14 “(A) Improving the screening and assess-
15 ment of families who come to the attention of
16 the child welfare system with alcohol and drug
17 problems, so such families can be promptly re-
18 ferred for appropriate treatment when nec-
19 essary.

20 “(B) Increasing the availability of com-
21 prehensive and timely individualized treatment
22 for families with alcohol and drug problems who
23 come to the attention of the child welfare sys-
24 tem.

1 “(C) Increasing the number or proportion
2 of families who, when they come to the atten-
3 tion of the child welfare system with alcohol
4 and drug problems, promptly enter appropriate
5 treatment.

6 “(D) Increasing the engagement and re-
7 tention in treatment of families with alcohol
8 and drug problems who come to the attention
9 of the child welfare system.

10 “(E) Decreasing the number of children
11 who re-enter foster care after being returned to
12 families who had alcohol or drug problems when
13 the children entered foster care.

14 “(F) Increasing the number or proportion
15 of staff in both the public child welfare and al-
16 cohol and drug abuse prevention and treatment
17 agencies who have received training on the
18 needs of families that come to the attention of
19 the child welfare and alcohol and drug abuse
20 prevention and treatment systems for help, and
21 the help that can be provided to such families.

22 “(G) Increasing the proportion of parents
23 who complete treatment for alcohol or drug
24 abuse and show improvement in their pre-em-
25 ployment or employment status.

1 “(5) DETERMINATION OF PROGRESS.—

2 “(A) INITIAL REPORT.—Not later than the
3 end of the first fiscal year in which funds are
4 received under a grant made under this sub-
5 part, the State agencies in each eligible State
6 that receives such funds, and the Indian tribes
7 that receive such funds, shall submit to the Sec-
8 retary a report on the activities carried out dur-
9 ing the fiscal year with such funds. The report
10 shall contain such information as the Secretary
11 determines is necessary to provide an accurate
12 description of the activities conducted with such
13 funds and of any changes in the use of such
14 funds that are planned for the succeeding fiscal
15 year.

16 “(B) USE OF INDICATORS.—As soon as
17 possible after the establishment of indicators
18 under paragraph (1), the State agencies and In-
19 dian tribes shall conduct evaluations, directly or
20 under contract, of their progress with respect to
21 such indicators that are directly related to ac-
22 tivities the eligible State or Indian tribe is en-
23 gaging in with such grant funds and include in-
24 formation on the evaluation in the reports to
25 the Secretary required under subparagraphs

1 (C) and (D). After the third year in which such
2 activities are conducted, an eligible State or In-
3 dian tribe shall include in the evaluation at
4 least some indicators that address improve-
5 ments in treatment for families with alcohol
6 and drug problems who come to the attention
7 of the child welfare system.

8 “(C) SUBSEQUENT REPORTS.—After the
9 initial report is submitted under subparagraph
10 (A), an eligible State or Indian tribe shall sub-
11 mit to the Secretary, not later than June 30 of
12 each fiscal year thereafter in which the State or
13 tribe carries out activities with grant funds pro-
14 vided under this subpart, a report on the appli-
15 cation of the indicators established under para-
16 graph (1) to such activities. The reports shall
17 include an explanation regarding why the spe-
18 cific indicators used were chosen, how such in-
19 dicators are expected to impact a child’s safety,
20 permanence, well-being, and parental recovery,
21 and the results (as of the date of submission of
22 the report) of the evaluation conducted under
23 subparagraph (B).

24 “(D) FINAL REPORT.—Not later than Sep-
25 tember 30, 2006, each eligible State and Indian

1 tribe with an approved plan under this part
2 shall submit a final report on the evaluations
3 conducted under subparagraph (B) and the
4 progress made in achieving the goals specified
5 in the plan of the State or Indian tribe.

6 “(E) FAILURE TO REPORT.—

7 “(i) IN GENERAL.—Subject to clause
8 (ii), an eligible State or Indian tribe that
9 fails to submit the reports required under
10 this paragraph or to conduct the evalua-
11 tion required under subparagraph (B) shall
12 not be eligible to receive grant funds pro-
13 vided under this subpart for the fiscal year
14 following the fiscal year in which such
15 State or Indian tribe failed to submit such
16 report or conduct such evaluation.

17 “(ii) CORRECTIVE ACTION.—An eligi-
18 ble State or Indian tribe to which clause
19 (i) applies may, notwithstanding such
20 clause, receive grant funds under this sub-
21 part for a succeeding fiscal year if prior to
22 September 30 of the fiscal year in which
23 such failure occurred, the State agencies of
24 the eligible State, or the Indian tribe, sub-
25 mit to the Secretary a plan to monitor and

1 evaluate in a timely manner the activities
2 conducted with such funds, and such plan
3 is approved in a timely manner by the Sec-
4 retary, after consultation with the Admin-
5 istration for Children and Families and the
6 Substance Abuse and Mental Health Serv-
7 ices Administration.

8 “(b) SECRETARIAL REPORTS AND EVALUATIONS.—

9 “(1) ANNUAL REPORTS.—On the basis of re-
10 ports submitted under subsection (a), the Secretary,
11 in consultation with the Assistant Secretary for the
12 Administration for Children and Families and the
13 Administrator of the Substance Abuse and Mental
14 Health Services Administration, shall report annu-
15 ally, beginning on October 1, 2003, to the Com-
16 mittee on Ways and Means of the House of Rep-
17 resentatives and the Committee on Finance of the
18 Senate on the joint activities conducted with funds
19 provided under grants made under this subpart, the
20 indicators that have been established, and the
21 progress that has been made in addressing the needs
22 of families with alcohol and drug abuse problems
23 who come to the attention of the child welfare sys-
24 tem and in achieving the goals of child safety, per-
25 manence, and family stability.

1 “(A) with responsibility for administering
2 the program authorized by subpart 1 of part B
3 and the program authorized under this part;
4 and

5 “(B) that submits an application in ac-
6 cordance with the requirements of subsection
7 (c).

8 “(2) WAITING CHILDREN.—The term ‘waiting
9 children’ means the children described in subsection
10 (b)(2).

11 “(b) AUTHORITY TO AWARD GRANTS.—The Sec-
12 retary shall award a one-time grant to each qualified State
13 agency for the purposes of—

14 “(1) promoting the permanency goals of the
15 Adoption and Safe Families Act of 1997; and

16 “(2) enabling the agency to reduce existing
17 backlogs of children with permanent placement plans
18 pursuant to that Act who, as of the date of enact-
19 ment of that Act, were waiting to be placed in per-
20 manent homes, through return to their families,
21 placement in adoptive homes, or placement with a
22 legal guardian or a fit or willing relative.

23 “(c) APPLICATION.—A State agency desiring a grant
24 under this section shall submit an application for a grant,

1 in such form and manner as the Secretary shall require,
2 that contains a description of the following:

3 “(1) The barriers to achieving the permanency
4 goals established in the Adoption and Safe Families
5 Act of 1997.

6 “(2) The results of the review of the perma-
7 nency plans for children in foster care on November
8 19, 1997 (the date of enactment of that Act),
9 including—

10 “(A) the number of children who have per-
11 manency plans;

12 “(B) a description of the permanency goals
13 for such children;

14 “(C) the age of such children;

15 “(D) the current placements and special
16 needs of such children; and

17 “(E) the number of such children who
18 have and the number of such children who have
19 not yet been placed in accordance with those
20 plans.

21 “(3) The activities the agency proposes, includ-
22 ing a specific plan and timetable, to—

23 “(A) move the waiting children to perma-
24 nent homes; and

1 “(B) reduce the backlog of waiting chil-
2 dren.

3 “(4) How the grant funds will be used to
4 help secure permanent homes for waiting chil-
5 dren.

6 “(5) Subject to subsection (e), the infor-
7 mation described in that subsection.

8 “(c) USE OF FUNDS.—Funds provided under a grant
9 made under this section may be used for any purpose that
10 the Secretary determines will assist the State agency to
11 secure permanent homes for waiting children.

12 “(d) AVAILABILITY OF FUNDS.—Funds awarded
13 under a grant made under this section shall remain avail-
14 able for expenditure by a qualified State agency through
15 the end of the second succeeding fiscal year.

16 “(e) COORDINATION WITH GRANTS TO COURTS TO
17 REDUCE BACKLOGS.—If a qualified State agency receiv-
18 ing a grant under this section is in a State where the State
19 or local courts are recipients of grants pursuant to the
20 Strengthening Abuse and Neglect Courts Act of 2000 to
21 reduce pending backlogs of abuse and neglect cases and
22 promote permanency, the application submitted under
23 subsection (b) shall include a description of how the pro-
24 posed backlog reduction activities undertaken with funds
25 provided under a grant under this section will be coordi-

1 nated with the activities undertaken by the State or local
2 courts with funds provided under that Act.

3 “(f) PRIORITY OF AWARDS.—In awarding grants
4 under this section, the Secretary shall give priority to
5 qualified State agencies that can demonstrate that they
6 already have taken steps to move waiting children to per-
7 manent homes.

8 “(g) REPORT.—Not later than 60 days after the end
9 of each fiscal year for which a qualified State agency ex-
10 pends funds under a grant made under this section, and
11 90 days after the date of the final expenditure of such
12 funds, the agency shall submit a report to the Secretary
13 that includes any information that the Secretary deter-
14 mines would assist other jurisdictions in achieving the per-
15 manency goals of the Adoption and Safe Families Act of
16 1997, including the following:

17 “(1) The barriers to permanence that are being
18 or were addressed with grant funds.

19 “(2) The most effective strategies used to re-
20 duce the backlog of waiting children.

21 “(3) The activities funded under the grant that
22 helped to reduce such backlog.

23 “(4) The numbers of waiting children who were
24 moved to permanent homes, including the ages of

1 such children, any special needs of such children,
2 and a description of the children's placements.

3 “(5) The efforts being made to ensure that the
4 placements continue to be permanent.

5 “(6) The number of waiting children who re-
6 main in care without permanent families.

7 “(h) FUNDING.—There is appropriated, out of any
8 money in the Treasury not otherwise appropriated,
9 \$200,000,000 for each of fiscal years 2002 and 2003 for
10 the purpose of making grants under this section.”.

11 **Subtitle F—Addressing the Needs**
12 **of Children Exposed to Domes-**
13 **tic Violence**

14 **SEC. 8501. PURPOSES.**

15 The purposes of this subtitle are—

16 (1) to expand programs, and create new inter-
17 ventions, services, and treatment options, for chil-
18 dren who are exposed to domestic violence that take
19 into consideration the needs of both child and adult
20 victims of domestic violence and emphasize account-
21 ability for the perpetrators of domestic violence;

22 (2) to improve training concerning domestic vio-
23 lence, and the impact of domestic violence on chil-
24 dren, for child welfare and domestic violence profes-
25 sionals, other providers of services for children, child

1 educators and counselors, and law enforcement per-
2 sonnel and judges;

3 (3) to educate children in elementary schools
4 and secondary schools about domestic violence and
5 expand the interventions that are available to chil-
6 dren who are exposed to domestic violence; and

7 (4) to expand research and data collection con-
8 cerning the impact of domestic violence on children
9 in order to better meet the service and therapeutic
10 needs of children exposed to domestic violence.

11 **SEC. 8502. DEFINITIONS.**

12 In this subtitle:

13 (1) DOMESTIC VIOLENCE.—The term “domestic
14 violence” includes—

15 (A) an act or threat of violence, not includ-
16 ing an act of self defense, committed by—

17 (i) a current or former spouse of the
18 victim;

19 (ii) a person with whom the victim
20 shares a child in common;

21 (iii) a person who is cohabiting with
22 or has cohabited with the victim;

23 (iv) a person who is or has been in a
24 social relationship of a romantic or inti-
25 mate nature with the victim;

1 (v) a person similarly situated to a
2 spouse of the victim under the domestic or
3 family violence laws of the jurisdiction of
4 the victim; or

5 (vi) any other person against a victim
6 who is protected from that person's act
7 under the domestic or family violence laws
8 of the jurisdiction; and

9 (B) sexual assault.

10 (2) EXPOSED TO DOMESTIC VIOLENCE.—

11 (A) IN GENERAL.—The term “exposed to
12 domestic violence” means exposed to—

13 (i) an act of domestic violence that
14 constitutes actual or attempted physical
15 assault; or

16 (ii) a threat or other action that
17 places the victim in fear of domestic vio-
18 lence.

19 (B) EXPOSED TO.—In subparagraph (A),
20 the term “exposed to” means—

21 (i) directly observing an act, threat, or
22 action described in subparagraph (A), or
23 the aftermath of that act, threat, or action;
24 or

1 (ii) being within earshot of an act,
2 threat, or action described in subparagraph
3 (A), or the aftermath of that act, threat,
4 or action.”.

5 **SEC. 8503. GRANTS TO ADDRESS THE NEEDS OF CHILDREN**
6 **WHO ARE EXPOSED TO DOMESTIC VIOLENCE.**

7 (a) IN GENERAL.—The Family Violence Prevention
8 and Services Act (42 U.S.C. 10401 et seq.), as amended
9 by section 1203 of the Violence Against Women Act of
10 2000, is further amended by adding at the end the fol-
11 lowing:

12 **“SEC. 320. MULTISYSTEM INTERVENTIONS FOR CHILDREN**
13 **WHO ARE EXPOSED TO DOMESTIC VIOLENCE.**

14 “(a) GRANTS AUTHORIZED.—

15 “(1) AUTHORITY.—The Secretary, acting
16 through the Director of Community Services, in the
17 Administration for Children and Families, is author-
18 ized to award grants to eligible entities to conduct
19 programs to encourage the use of domestic violence
20 intervention models using multisystem partnerships
21 to address the assessed needs of children who are ex-
22 posed to domestic violence.

23 “(2) TERM AND AMOUNT.—Each grant award-
24 ed under this section shall be awarded for a term of

1 3 years and in an amount of not more than
2 \$500,000 for each such year.

3 “(3) ELIGIBLE ENTITIES.—To be eligible to re-
4 ceive a grant under this section, an entity shall—

5 “(A) be a nonprofit private organization;

6 “(B)(i) demonstrate recognized expertise
7 in the area of domestic violence on children; or

8 “(ii) enter into a memorandum of under-
9 standing regarding the intervention program
10 that—

11 “(I) is entered into with the State or
12 tribal domestic violence coalition and enti-
13 ties carrying out domestic violence pro-
14 grams that provide shelter or related as-
15 sistance in the locality in which the inter-
16 vention program will be operated; and

17 “(II) demonstrates collaboration on
18 the intervention program with the coalition
19 and entities and the support of the coal-
20 ition and entities for the intervention pro-
21 gram; and

22 “(C) demonstrate a history of providing
23 advocacy, health care, mental health, or other
24 crisis-related services to children.

1 “(b) USE OF FUNDS.—An entity that receives a
2 grant under this section shall use amounts provided
3 through the grant to conduct a program to design or rep-
4 licate, and implement, domestic violence intervention mod-
5 els that use multisystem partners to respond to the needs
6 of children who are exposed to domestic violence. Such a
7 program shall—

8 “(1)(A) involve collaborative partnerships
9 with—

10 “(i) local entities carrying out domestic vi-
11 olence programs that provide shelter or related
12 assistance; and

13 “(ii) partners that are courts, schools, so-
14 cial service providers, health care providers, po-
15 lice, early childhood agencies, entities carrying
16 out Head Start programs under the Head Start
17 Act (42 U.S.C. 9831 et seq.), or entities car-
18 rying out child protection, welfare, job training,
19 housing, battered women’s service, or children’s
20 mental health programs; and

21 “(B) be carried out to design and implement
22 protocols and systems to identify, refer, and appro-
23 priately respond to the needs of, children who are
24 exposed to domestic violence and who participate in
25 programs administered by the partners;

1 “(2) include guidelines to evaluate the needs of
2 a child and make appropriate intervention rec-
3 ommendations;

4 “(3) include guidelines that respond appro-
5 priately to the overlapping needs of children who are
6 exposed to domestic violence and who are also being
7 abused or neglected;

8 “(4) include institutionalized procedures to en-
9 hance or ensure the safety and security (including
10 economic security) of a battered parent, and as a re-
11 sult, the child of the parent;

12 “(5) provide direct counseling and advocacy for
13 adult victims of domestic violence and their children
14 who are exposed to domestic violence, including pro-
15 viding an evaluation of the specific needs of each
16 such child and of the nature of the treatment needed
17 by the child;

18 “(6) include the development or replication of a
19 mental health treatment model to meet the needs of
20 children for whom such treatment has been identi-
21 fied as appropriate;

22 “(7) include policies and protocols for maintain-
23 ing the confidentiality of the battered parent and
24 child;

1 “(8) provide community outreach and training
2 to enhance the capacity of professionals who work
3 with children to appropriately identify and respond
4 to the needs of children who are exposed to domestic
5 violence;

6 “(9) include procedures for documenting inter-
7 ventions used for each child and family served under
8 the program carried out under the grant; and

9 “(10) include plans to perform a systematic
10 outcome evaluation to evaluate the effectiveness of
11 the interventions.

12 “(c) APPLICATION.—To be eligible to receive a grant
13 under this section, an entity shall prepare and submit to
14 the Secretary an application at such time, in such manner,
15 and containing such information as the Secretary may re-
16 quire.

17 “(d) TECHNICAL ASSISTANCE.—Not later than 90
18 days after the date of enactment of this section, the Sec-
19 retary shall identify successful programs providing multi-
20 system and mental health interventions to address the
21 needs of children who are exposed to domestic violence.
22 Not later than 60 days before the Secretary solicits appli-
23 cations for grants under this section, the Secretary shall
24 enter into an agreement with 1 or more entities carrying
25 out the identified programs to provide technical assistance

1 to the applicants and recipients of the grants. The Sec-
2 retary may use not more than 5 percent of the amount
3 appropriated for a fiscal year under subsection (e) to pro-
4 vide the technical assistance.

5 “(e) AUTHORIZATION OF APPROPRIATIONS.—

6 “(1) IN GENERAL.—There are authorized to be
7 appropriated to carry out this section \$5,000,000 for
8 each of fiscal years 2002 through 2004 and
9 \$10,000,000 for each of fiscal years 2005 and 2006.

10 “(2) AVAILABILITY.—Amounts appropriated
11 under paragraph (1) shall remain available until ex-
12 pended.

13 “(f) DEFINITIONS.—In this section, the terms ‘do-
14 mestic violence’ and ‘exposed to domestic violence’ have
15 the meanings given the terms in section 8502 of the Leave
16 No Child Behind Act of 2001.”.

17 (b) ADMINISTRATION.—Section 305(a) of the Family
18 Violence Prevention and Services Act (42 U.S.C.
19 10404(a)) is amended—

20 (1) by striking “an employee” and inserting “1
21 or more employees”; and

22 (2) by striking “The individual” and inserting
23 “Each individual”.

1 **SEC. 8504. TRAINING AND COORDINATION OF CHILD WEL-**
2 **FARE AGENCIES AND DOMESTIC VIOLENCE**
3 **SERVICE PROVIDERS.**

4 The Family Violence Prevention and Services Act (42
5 U.S.C. 10401 et seq.), as amended by section 8503, is fur-
6 ther amended by adding at the end the following:

7 **“SEC. 321. TRAINING AND COORDINATION OF CHILD WEL-**
8 **FARE AGENCIES AND DOMESTIC VIOLENCE**
9 **SERVICE PROVIDERS.**

10 “(a) PURPOSE.—The purpose of this section is to en-
11 courage cross training and coordination between State and
12 local child welfare agencies and domestic violence service
13 providers—

14 “(1) to encourage the child welfare agencies, as
15 part of their ongoing child welfare responsibilities, to
16 recognize domestic violence and treat such violence
17 as a serious problem threatening the safety and well-
18 being of child and adult victims;

19 “(2) to educate the domestic violence service
20 providers about child welfare policies that affect
21 child and adult victims and the effects of domestic
22 violence on children; and

23 “(3) to increase cooperation and collaboration
24 between the domestic violence service providers and
25 child welfare agencies.

26 “(b) DEFINITION.—In this section:

1 “(1) DOMESTIC VIOLENCE.—The term ‘domes-
2 tic violence’ has the meaning given the term in sec-
3 tion 8502 of the Leave No Child Behind Act of
4 2001.

5 “(2) EXPOSED TO DOMESTIC VIOLENCE.—The
6 term ‘exposed to domestic violence’ has the meaning
7 given the term in such section 8502.

8 “(c) GRANT AUTHORITY.—

9 “(1) IN GENERAL.—The Attorney General and
10 the Secretary shall jointly make grants to eligible
11 entities to enable the entities to carry out initiatives
12 to train staff and modify policies, procedures, pro-
13 grams, and practices so that the policies, procedures,
14 programs, and practices are consistent with prin-
15 ciples of—

16 “(A) protecting children;

17 “(B) increasing the safety and well-being
18 of the children, by—

19 “(i) increasing the safety of parents of
20 the children who are not the perpetrators
21 of domestic violence; and

22 “(ii) supporting the autonomy and ca-
23 pacity of parents of the children who are
24 victims of domestic violence (referred to in
25 this section as ‘adult victims’); and

1 “(C) holding adult perpetrators, not child
2 and adult victims, accountable for stopping the
3 domestic violence.

4 “(2) GRANT PERIODS.—The Attorney General
5 and the Secretary shall make the grants for a period
6 of 3 years.

7 “(d) ELIGIBLE ENTITIES.—To be eligible to receive
8 a grant under this section, an entity shall be a partnership
9 of—

10 “(1) a State child welfare agency, a tribal orga-
11 nization that serves as a child welfare agency, or a
12 local child welfare agency; and

13 “(2) a domestic violence service provider, such
14 as—

15 “(A) a State domestic violence coalition; or

16 “(B) another private nonprofit organiza-
17 tion that is concerned with domestic violence
18 and has a documented history of effective work
19 concerning domestic violence and the impact of
20 domestic violence on children.

21 “(e) USES OF FUNDS; GOALS.—An entity that re-
22 ceives a grant under this section shall use the funds made
23 available through the grant to carry out goals consisting
24 of—

25 “(1) recognizing—

1 “(A) the overlap between child abuse and
2 neglect, including child sexual abuse, and do-
3 mestic violence in families;

4 “(B) the dynamics of domestic violence;

5 “(C) the dangers posed to both child and
6 adult victims of domestic violence;

7 “(D) the physical, emotional, and develop-
8 mental impact of domestic violence on children;

9 “(E) the needs of adult victims of domestic
10 violence and the need to hold adult perpetrators
11 of domestic violence accountable for their ac-
12 tions,

13 in order to provide appropriate services to reduce
14 risks to children;

15 “(2) increasing collaboration between child wel-
16 fare agencies and domestic violence service
17 providers, including the education of domestic vio-
18 lence service providers about child welfare practices
19 and protocols that affect the child and adult victims;

20 “(3) developing and implementing policies, pro-
21 cedures, programs, and practice guidelines to—

22 “(A) reflect the principles stated in sub-
23 section (c);

1 “(B) identify and assess, and respond ap-
2 propriately to, domestic violence in child protec-
3 tion cases; and

4 “(C) ensure the confidentiality of informa-
5 tion on families that is shared between child
6 welfare agencies and entities carrying out com-
7 munity-based domestic violence programs;

8 “(4) developing appropriate responses in cases
9 of domestic violence, including developing a safety
10 plan and providing other appropriate services and
11 interventions that ensure the safety of both the child
12 and adult victims of the domestic violence;

13 “(5) creating links between—

14 “(A) child welfare agencies;

15 “(B) entities carrying out community-
16 based domestic violence programs;

17 “(C) rape crisis centers;

18 “(D) other entities addressing the safety,
19 health, mental health, social service, housing,
20 and economic needs of child and adult victims
21 of domestic violence;

22 “(E) juvenile, family, and criminal courts;

23 and

24 “(F) law enforcement agencies; and

1 “(6) collecting data indicating the number of
2 child protection cases identified as involving domes-
3 tic violence and the number of such cases that re-
4 peatedly return to the child welfare system, in order
5 to evaluate and assess service and program improve-
6 ments.

7 “(f) APPLICATIONS.—To be eligible to receive a grant
8 under this section, an entity shall submit an application
9 to the Attorney General and the Secretary at such time,
10 in such manner, and containing such information as the
11 Attorney General and the Secretary may require. The ap-
12 plication shall contain the following information and as-
13 surances:

14 “(1) Information outlining the specific activities
15 that will be undertaken to achieve the goals set forth
16 in subsection (e).

17 “(2) An assurance that the entity will develop,
18 during the period of the grant, in collaboration with
19 other organizations, a range of training resources,
20 policies, procedures, programs, and practices relating
21 to child and adult victims of domestic violence that
22 include at least the following:

23 “(A)(i) Relevant protocols for the inves-
24 tigation of and followup to reports of child
25 abuse and neglect, and the screening, intake,

1 and assessment of, and provision of appropriate
2 services for, victims of child abuse and neglect.

3 “(ii) A procedure and schedule for training
4 child welfare staff about domestic violence, the
5 impact of domestic violence on child and adult
6 victims, and the appropriate use of protocols
7 described in clause (i).

8 “(iii) A procedure and schedule for train-
9 ing domestic violence service providers about
10 child welfare agency protocols and procedures
11 for victims of child abuse and the impact of do-
12 mestic violence on child victims.

13 “(iv) Policies that require that the training
14 described in clause (ii)—

15 “(I) be provided to child welfare staff
16 including line staff, supervisors, and ad-
17 ministrators, and be provided first to staff
18 responsible for the investigation, followup,
19 screening, intake, assessment, and provi-
20 sion of services described in clause (i); and

21 “(II) be conducted in collaboration
22 with domestic violence experts, staff from
23 community-based domestic violence pro-
24 grams and rape crisis centers, and relevant
25 representatives of law enforcement.

1 “(v) Policies that require that, at a min-
2 imum, the protocols and training described in
3 clauses (ii) and (iii) shall address—

4 “(I) the dynamics of domestic vio-
5 lence, the impact of domestic violence on
6 children exposed to domestic violence, and
7 the relationship of domestic violence to
8 child abuse and neglect;

9 “(II) screening for domestic violence
10 and assessing danger to the child and
11 adult victims of the domestic violence;

12 “(III) applicable Federal, State, and
13 local laws pertaining to domestic violence;

14 “(IV) appropriate interventions for
15 the child and adult victims that protect the
16 safety of both types of victims and give ap-
17 propriate consideration to preserving the
18 safety of family members not responsible
19 for the child abuse or neglect involved;

20 “(V) appropriate interventions for
21 adult perpetrators of domestic violence to
22 reduce the risk of further violence toward
23 child and adult victims of domestic vio-
24 lence;

1 “(VI) appropriate supervision of child
2 welfare staff working with families in
3 which there has been domestic violence, in-
4 cluding supervision relating to issues in-
5 volving staff safety;

6 “(VII) protecting the safety and con-
7 fidentiality of the child and adult victims,
8 consistent with laws requiring mandatory
9 reporting of child abuse and neglect; and

10 “(VIII) developing child protection
11 case plans that recognize the need to hold
12 adult perpetrators, not victims, responsible
13 for stopping domestic violence.

14 “(B) Community-based networks of serv-
15 ices and support that—

16 “(i) respond effectively to the com-
17 prehensive needs of child and adult victims
18 of domestic violence;

19 “(ii) include new services and linkages
20 to existing services; and

21 “(iii) include at least the following
22 services:

23 “(I) Appropriate referrals to
24 community-based domestic violence
25 programs and rape crisis centers with

1 the capacities to support adult victims
2 of domestic violence who are parents
3 of abused or neglected children.

4 “(II) Emergency shelter and
5 transitional housing for adult victims
6 of domestic violence and their chil-
7 dren.

8 “(III) Legal assistance and advo-
9 cacy for victims of domestic violence,
10 including, when appropriate, assist-
11 ance in obtaining and entering orders
12 of protection.

13 “(IV) Support and training to
14 assist parents to help their children
15 cope with the impact of domestic vio-
16 lence.

17 “(V) Programs to help children
18 who have been exposed to domestic vi-
19 olence.

20 “(VI) Treatment for adult per-
21 petrators of domestic violence whose
22 children are the subjects of child pro-
23 tection cases to promote the safety
24 and well-being of the children, and ap-
25 propriate coordination of such treat-

1 ment with the juvenile, family, and
2 criminal courts with which the per-
3 petrators are involved.

4 “(VII) Health, mental health,
5 and other necessary supportive serv-
6 ices.

7 “(VIII) Assistance to obtain
8 housing and necessary economic sup-
9 port.

10 “(3) Information that—

11 “(A) identifies the agencies and providers
12 that will be responsible for carrying out the ini-
13 tiative for which the entity seeks the grant; and

14 “(B)(i) includes documentation from enti-
15 ties carrying out community-based domestic vio-
16 lence programs and rape crisis centers that the
17 entities and centers have been involved in the
18 development of the application; and

19 “(ii) describes the ongoing involvement of
20 the entities and centers in the development of
21 the training, policies, procedures, programs,
22 and practices described in paragraph (2), in-
23 cluding a description of their roles as sub-
24 contractors, if relevant.

1 “(g) PRIORITY.—In awarding grants under this sec-
2 tion, the Attorney General and the Secretary shall give
3 priority to applicants that have demonstrated a commit-
4 ment to educate staff of child welfare agencies and domes-
5 tic violence service providers about—

6 “(1) the impact of domestic violence on chil-
7 dren;

8 “(2) the special risks of child abuse and ne-
9 glect; and

10 “(3) appropriate services and interventions for
11 protecting the child and adult victims of domestic vi-
12 olence.

13 “(h) EVALUATION, REPORTING, AND DISSEMINATION
14 OF INFORMATION.—

15 “(1) EVALUATIONS AND REPORTS.—Each enti-
16 ty that receives a grant under this section shall
17 annually—

18 “(A) evaluate the effectiveness of activities
19 developed with the funds provided under this
20 program; and

21 “(B) prepare and submit to the Attorney
22 General and the Secretary a report containing
23 the evaluation and such additional information
24 as the Attorney General and the Secretary shall
25 require.

1 “(2) DISSEMINATION OF INFORMATION.—Not
 2 later than 6 months after the end of the grant pe-
 3 riod for the grants made under this section, the At-
 4 torney General and the Secretary shall distribute to
 5 all State child welfare agencies, State domestic vio-
 6 lence coalitions, and Congress summaries that con-
 7 tain information on—

8 “(A) the activities implemented by the re-
 9 cipients of the grants; and

10 “(B) related initiatives undertaken by the
 11 Attorney General and the Secretary to promote
 12 attention by the staff of child welfare agencies
 13 and of domestic violence service providers to do-
 14 mestic violence and the impact of domestic vio-
 15 lence on child and adult victims.”.

16 **SEC. 8505. RESEARCH AND DATA COLLECTION ON THE IM-**
 17 **PACT OF DOMESTIC VIOLENCE ON CHIL-**
 18 **DREN.**

19 The Family Violence Prevention and Services Act (42
 20 U.S.C. 10401 et seq.), as amended by section 8504, is fur-
 21 ther amended by adding at the end the following:

22 **“SEC. 322. RESEARCH AND DATA COLLECTION.**

23 “(a) GRANTS.—

24 “(1) IN GENERAL.—The Secretary, acting
 25 through the Assistant Secretary for Children and

1 Families, may make grants, on a competitive basis,
2 to eligible entities to enable the entities to conduct
3 research and data collection concerning the impact
4 of domestic violence on children.

5 “(2) TERM AND AMOUNT.—The Secretary shall
6 award grants under this section for terms of 3 years
7 and in amounts of not more than \$500,000 for each
8 such year.

9 “(b) ELIGIBLE ENTITIES.—To be eligible to receive
10 a grant under this section, an entity shall be an institution
11 of higher education or another nonprofit organization
12 (such as a research entity, hospital, or mental health insti-
13 tution), with documented experience with research or data
14 collection concerning the impact of domestic violence on
15 children.

16 “(c) USE OF FUNDS.—An entity that receives a grant
17 under this section shall use the amounts provided through
18 the grant to conduct new or expand current research or
19 data collection—

20 “(1) on the prevalence of childhood exposure to
21 domestic violence and the effects of the exposure in
22 child and adult victims;

23 “(2) on the co-occurrence of domestic violence,
24 and child abuse or neglect;

1 (1) to reduce the impact of domestic violence,
2 including sexual assault, and stalking in the lives of
3 children and youth;

4 (2) to develop and implement education pro-
5 grams to prevent children and youth from becoming
6 victims or perpetrators of domestic violence, includ-
7 ing sexual assault, dating violence, or stalking,
8 through programs and prevention strategies tar-
9 geting children and youth at—

10 (A) State, local, and tribal elementary,
11 middle, and secondary schools;

12 (B) early education programs and child
13 care programs, including Early Head Start
14 under section 645A of the Head Start Act (42
15 U.S.C. 9840a), Head Start programs under the
16 Head Start Act (42 U.S.C. 9831 et seq.), pre-
17 school, prekindergarten, and child care pro-
18 grams; and

19 (C) other Federal, State, and locally fund-
20 ed youth education programs;

21 (3) to provide support services for children and
22 youth experiencing or exposed to domestic violence,
23 including sexual assault, dating violence, and stalk-
24 ing;

1 (4) to provide training and support services to
2 school and program administrators, faculty, coun-
3 selors, school social workers, and staff with respect
4 to issues concerning domestic violence, including sex-
5 ual assault, dating violence, and stalking, as well as
6 the impact on children and youth of experiencing or
7 exposure to the violence or stalking described in this
8 paragraph; and

9 (5) to develop and implement school and pro-
10 gram policies regarding identification and referral
11 procedures for children and youth who are experi-
12 encing or exposed to domestic violence, including
13 sexual assault, dating violence, or stalking with the
14 goal of contributing to the safety and well-being of
15 adult and child victims and children and youth im-
16 pacted by the violence or stalking involved.

17 (b) ELIGIBLE ENTITIES.—

18 (1) IN GENERAL.—To be eligible to receive a
19 grant under subsection (a), an entity shall be—

20 (A) a State, local, or tribal school or edu-
21 cational agency;

22 (B) an entity carrying out an early edu-
23 cation program or child care program;

1 (C) a priority youth-serving organization
2 working in collaboration with a State, local, or
3 tribal school, or educational agency; or

4 (D) an entity carrying out a private, non-
5 profit domestic violence or sexual assault pro-
6 gram working in collaboration with a State,
7 local, or tribal school, or educational agency, or
8 an entity carrying out an early education pro-
9 gram, or child care program.

10 (2) COLLABORATION.—To be eligible to receive
11 a grant under subsection (a), an eligible entity de-
12 scribed in subparagraphs (A), (B), or (C) of para-
13 graph (1) shall collaborate with domestic violence or
14 sexual assault experts from national, State, or tribal
15 domestic violence or sexual assault programs.

16 (c) PUBLICATION.—The Secretary of Education shall
17 publish information on the availability of grants under
18 subsection (a) through announcements in professional
19 publications for State, local, and tribal educational agen-
20 cies, early education programs, and child care programs
21 described in subsection (a)(2), and through notices in the
22 Federal Register.

23 (d) EQUITABLE DISTRIBUTION.—In awarding grants
24 under subsection (a), the Secretary of Education shall en-
25 sure an equitable geographic distribution of funds to

1 State, local, and tribal schools and educational agencies,
2 entities carrying out early education programs or child
3 care programs, priority youth-serving organizations, and
4 entities carrying out domestic violence or sexual assault
5 programs among areas throughout the United States, and
6 among rural, urban, and suburban areas.

7 (e) APPLICATIONS.—

8 (1) IN GENERAL.—An eligible entity that de-
9 sires to receive a grant under subsection (a) shall
10 submit to the Secretary of Education an application
11 at such time, in such manner, and containing such
12 information as the Secretary of Education may re-
13 quire.

14 (2) CONTENTS.—An application submitted
15 under this subsection shall—

16 (A) demonstrate that the education pro-
17 gram proposed to be funded by a grant under
18 subsection (a)—

19 (i) is comprehensive, engaging, and
20 appropriate to the target areas;

21 (ii) is respectful and reflective of cul-
22 tural diversity;

23 (iii) addresses the needs of under-
24 served communities;

1 (iv) has the potential to change atti-
2 tudes and behaviors;

3 (v) is based on research and experi-
4 ence in the areas of early childhood and
5 youth education, domestic violence, includ-
6 ing sexual assault, dating violence, and
7 stalking;

8 (vi) collects data on changes in par-
9 ticipants' attitudes or behavior;

10 (vii) is implemented in collaboration
11 with domestic violence and sexual assault
12 experts; and

13 (viii) includes an evaluation compo-
14 nent;

15 (B) demonstrate that the proposed policy
16 development process for the program includes
17 consultation and collaboration with experts on
18 violence against women and girls as described
19 in subsection (g)(1);

20 (C) incorporate a plan for appropriate re-
21 muneration for collaborating partners; and

22 (D) contain such other information, agree-
23 ments, and assurances as the Secretary of Edu-
24 cation may require.

25 (f) USE OF FUNDS.—

1 (1) IN GENERAL.—An entity that receives a
2 grant under subsection (a) may use the grant
3 funds—

4 (A) to develop and implement develop-
5 mentally and culturally appropriate education
6 programs or prevention strategies for students
7 and personnel in elementary schools, middle
8 schools, secondary schools, early education pro-
9 grams, or child care programs, addressing do-
10 mestic violence, including sexual assault, dating
11 violence, and stalking;

12 (B) to provide the necessary human re-
13 sources and intervention strategies to respond
14 to the needs of students, school personnel, and
15 early education program and child care pro-
16 gram personnel when faced with the issues of
17 domestic violence, including sexual assault, dat-
18 ing violence, and stalking, such as 1 or more re-
19 source persons who is either onsite or on-call,
20 and who is an expert in domestic violence, sex-
21 ual assault, dating violence, or stalking;

22 (C) to develop and implement policies re-
23 garding appropriate assessment, identification,
24 reporting, and referral procedures for children
25 and youth who may be experiencing or exposed

1 to domestic violence, including sexual assault,
2 dating violence, or stalking, with the goal of
3 contributing to the safety and well-being of
4 adult and child victims and children and youth
5 impacted by the violence or stalking involved;

6 (D) to develop and implement policies to
7 help prevent students from becoming victims or
8 perpetrators of domestic violence, including sex-
9 ual assault, dating violence, or stalking;

10 (E) to provide training for school and pro-
11 gram administrators, faculty, counselors, school
12 social workers, and staff that addresses issues
13 concerning children and youth who are experi-
14 encing or exposed to domestic violence, includ-
15 ing sexual assault, dating violence, and stalking,
16 and the impact of the violence or stalking de-
17 scribed in this paragraph on children and
18 youth;

19 (F) to provide media center materials and
20 educational materials, to schools and programs,
21 that address issues concerning children and
22 youth who are experiencing or exposed to do-
23 mestic violence, including sexual assault, dating
24 violence, or stalking, and the impact of the vio-

1 lence or stalking described in this paragraph on
2 children and youth;

3 (G) to conduct evaluations to assess the
4 impact of programs assisted under this section
5 in order to enhance the development of the pro-
6 grams;

7 (H) to modify the program materials of
8 the model programs created under section 317
9 of the Family Violence Prevention and Services
10 Act (42 U.S.C. 10417), if appropriate, in order
11 to make the materials applicable to a particular
12 age group; and

13 (I) to purchase the materials described in
14 subparagraphs (F) and (H).

15 (2) CONFIDENTIALITY.—Policies and programs
16 developed and implemented under paragraph (1)
17 shall ensure the safety and confidentiality of child
18 and adult victims in a manner that is consistent
19 with applicable Federal and State laws.

20 (3) LIMITATION.—An entity that receives a
21 grant under subsection (a) for a fiscal year shall use
22 not more than 5 percent of the grant funds for ad-
23 ministrative expenses.

24 (g) REQUIREMENTS.—In carrying out an educational
25 program under a grant awarded under subsection (a), a

1 State, local, or tribal school or educational agency, an enti-
2 ty carrying out an early education program or child care
3 program, or priority youth-serving organization shall—

4 (1) consult and collaborate with 1 or more non-
5 profit, nongovernmental experts on violence against
6 women and girls that are:

7 (A) entities operating domestic violence
8 shelters;

9 (B) entities carrying out domestic violence
10 programs;

11 (C) national, State, or tribal domestic vio-
12 lence coalitions;

13 (D) national, State, or tribal sexual assault
14 coalitions; or

15 (E) entities operating out of rape crisis
16 centers;

17 (2) develop the program, or acquire model pro-
18 gram materials if available; and

19 (3) report the results of the program to the
20 Secretary of Education in a format provided by such
21 Secretary.

22 (h) SECRETARY OF EDUCATION.—

23 (1) GUIDANCE.—The Secretary of Education
24 shall disseminate any Department of Education pol-

1 icy guidance regarding preventing domestic violence,
2 including sexual assault, dating violence, or stalking.

3 (2) MODEL PROGRAMS AND POLICIES.—

4 (A) IN GENERAL.—The Secretary of Edu-
5 cation shall study existing policies and pro-
6 grams as well as new policies and programs
7 funded by this section for the purpose of identi-
8 fying model programs and policies that reduce
9 the impact of domestic violence, including sex-
10 ual assault, dating violence, and stalking in the
11 lives of children and youth and that contribute
12 to the safety and well-being of adult and child
13 victims and children and youth impacted by the
14 violence or stalking involved. The Secretary of
15 Education shall widely disseminate information
16 on the model programs and policies identified.

17 (B) CONFIDENTIALITY.—In disseminating
18 the information under subparagraph (A), the
19 Secretary of Education shall ensure the safety,
20 and confidentiality of information concerning
21 the identification, of individuals who are victims
22 of or impacted by violence or stalking.

23 (3) STUDY AND REPORT.—

24 (A) STUDY.—The Secretary of Education
25 shall study existing policies and programs as

1 well as new policies and programs funded by
2 this section and shall develop recommendations
3 for implementation of successful policies for re-
4 ferring students to services when the students
5 may be experiencing or exposed to domestic vio-
6 lence, including sexual assault, dating violence,
7 or stalking.

8 (B) REPORT.—

9 (i) IN GENERAL.—The Secretary of
10 Education shall prepare and submit to
11 Congress a report containing the rec-
12 ommendations developed under subpara-
13 graph (A).

14 (ii) CONFIDENTIALITY.—In preparing
15 and submitting the report under clause (i),
16 the Secretary of Education shall ensure the
17 safety, and confidentiality of all informa-
18 tion concerning the identification, of stu-
19 dents.

20 (C) EVALUATION, MONITORING, AND AD-
21 MINISTRATION.—Of the amount appropriated
22 under subsection (j) for each fiscal year, not
23 more than 3 percent shall be used by the Sec-
24 retary of Education for evaluation, monitoring,
25 and administrative costs under this section.

1 (i) DEFINITIONS.—In this section:

2 (1) DATING VIOLENCE.—

3 (A) IN GENERAL.—The term “dating vio-
4 lence” means violence committed by a person
5 who is or has been in a social relationship of a
6 romantic or intimate nature with the victim.

7 (B) RULE.—The existence of a relation-
8 ship described in subparagraph (A) shall be de-
9 termined based on a consideration of the fol-
10 lowing factors:

11 (i) The length of the relationship.

12 (ii) The type of relationship.

13 (iii) The frequency of interaction be-
14 tween the persons involved in the relation-
15 ship.

16 (2) EXPOSED TO.—The term “exposed to”
17 means—

18 (A) with regard to domestic violence, ex-
19 posed to domestic violence as defined in section
20 8502;

21 (B) with regard to stalking—

22 (i) directly observing a course of con-
23 duct that constitutes stalking or the after-
24 math of that course of conduct; or

1 (ii) being within earshot of a course of
2 conduct that constitutes stalking; and

3 (C) with regard to dating violence—

4 (i) directly observing an act or threat
5 that constitutes dating violence or the
6 aftermath of that act or threat; or

7 (ii) being within earshot of an act or
8 threat that constitutes dating violence;

9 (3) PRIORITY YOUTH-SERVING ORGANIZA-
10 TION.—The term “priority youth-serving organiza-
11 tion” means a public or private organization with—

12 (A) a primary focus on providing youth de-
13 velopment programs to youth ages 5 to 17;

14 (B) a history of providing violence aware-
15 ness and prevention skills;

16 (C) a proven record, as measured by spe-
17 cific outcome objectives, of providing youth de-
18 velopment and violence awareness and preven-
19 tion programs, services, and activities through a
20 comprehensive and coordinated system; and

21 (D) the ability to provide access to core re-
22 sources consisting of—

23 (i) ongoing relationships with caring
24 adults;

- 1 (ii) a safe environment and structured
2 activities;
- 3 (iii) programs that promote positive
4 well-being;
- 5 (iv) opportunities to acquire defined
6 skills and competencies; and
- 7 (v) opportunities for community serv-
8 ice and civic participation.

9 (4) SEXUAL ASSAULT.—The term “sexual as-
10 sault” means any conduct proscribed by chapter
11 109A of title 18, United States Code, regardless of
12 whether the conduct occurs in the special maritime
13 and territorial jurisdiction of the United States or in
14 a Federal prison, and includes both assaults com-
15 mitted by offenders who are strangers to the victim
16 and assaults committed by offenders who are known
17 to the victim or related by blood or marriage to the
18 victim.

19 (5) STALKING.—The term “stalking” means
20 engaging in a course of conduct directed at a spe-
21 cific person that would cause a reasonable person to
22 fear death, sexual assault, or bodily injury to such
23 person or a member of such person’s immediate
24 family, if—

1 (A) the person engaging in such conduct
2 has knowledge or should have knowledge that
3 the specific person will be placed in reasonable
4 fear of death, sexual assault, or bodily injury to
5 such person or a member of such person's im-
6 mediate family; or

7 (B) the conduct induces fear in the specific
8 person of death, sexual assault, or bodily injury
9 to such person or a member of such person's
10 immediate family.

11 (j) AUTHORIZATION OF APPROPRIATIONS.—

12 (1) IN GENERAL.—There are authorized to be
13 appropriated to carry out this section—

14 (A) \$2,750,000 for fiscal year 2002;

15 (B) \$3,000,000 for fiscal year 2003;

16 (C) \$3,000,000 for fiscal year 2004;

17 (D) \$3,000,000 for fiscal year 2005; and

18 (E) \$3,000,000 for fiscal year 2006.

19 (2) AVAILABILITY.—Amounts appropriated
20 under paragraph (1) shall remain available until the
21 earlier of—

22 (A) the date on which those amounts are
23 expended; or

24 (B) December 31, 2006.

1 **SEC. 8507. TRAINING OF LAW ENFORCEMENT AND COURT**
2 **PERSONNEL.**

3 (a) GRANTS AUTHORIZED.—The Attorney General
4 shall award grants to nonprofit domestic violence pro-
5 grams, shelters, or organizations in collaboration with
6 local police departments and local courts for purposes of
7 training local police officers, judges, attorneys, and other
8 court personnel, regarding appropriate treatment of chil-
9 dren who have been exposed to domestic violence.

10 (b) USE OF FUNDS.—A domestic violence agency
11 working in collaboration with a local police department
12 and local courts may use amounts from a grant awarded
13 under this section—

14 (1) to train police officers, judges, attorneys,
15 and other court personnel in child development and
16 issues related to children exposed to domestic vio-
17 lence so they may appropriately—

18 (A) apply child development principles to
19 their work in domestic violence cases;

20 (B) recognize the needs of children who
21 are exposed to domestic violence;

22 (C) meet the immediate needs of those
23 children at the scene of domestic violence and
24 during subsequent court proceedings;

25 (D) call for immediate and subsequent
26 therapeutic attention to be provided to the child

1 by an advocate from the collaborating domestic
2 violence program, shelter, or organization, or
3 from a children's services program with exper-
4 tise in serving children exposed to domestic vio-
5 lence; and

6 (E) refer children for follow-up services;
7 and

8 (2) to establish a collaborative working relation-
9 ship between police officers, the courts, and local do-
10 mestic violence programs, shelters, and organiza-
11 tions.

12 (c) APPLICATION.—

13 (1) IN GENERAL.—To be eligible for a grant
14 under this section for any fiscal year, a local domes-
15 tic violence program, shelter, or organization, in col-
16 laboration with a local police department or local
17 court, shall submit an application to the Attorney
18 General at such time, and in such manner, as the
19 Attorney General shall require.

20 (2) CONTENTS.—Each application submitted
21 under paragraph (1) shall—

22 (A) describe the need for amounts provided
23 under the grant and the plan for implementa-
24 tion of the uses described in subsection (b);

1 (B) describe the manner in which the local
2 domestic violence program, shelter, or organiza-
3 tion shall work in collaboration with the local
4 police department and local courts; and

5 (C) provide measurable goals and expected
6 results from the use of amounts provided under
7 this section.

8 (d) AUTHORIZATION OF APPROPRIATIONS.—

9 (1) IN GENERAL.—There are authorized to be
10 appropriated from the Violent Crime Reduction
11 Trust Fund established under section 310001 of the
12 Violent Crime Control and Law Enforcement Act of
13 1994 (42 U.S.C. 14211) to carry out this section—

14 (A) \$5,000,000 for each of fiscal years
15 2002 through 2004; and

16 (B) \$10,000,000 for each of fiscal years
17 2005 and 2006.

18 (2) AVAILABILITY.—Amounts made available
19 under paragraph (1) shall remain available until ex-
20 pended.

1 **Subtitle G—Enhancing Healthy**
2 **Emotional Development in**
3 **Young Children**

4 **SEC. 8601. ENHANCING HEALTHY EMOTIONAL DEVELOP-**
5 **MENT.**

6 (a) FINDINGS.—Congress finds the following:

7 (1) Researchers have identified external risk
8 factors that, particularly when found in combination,
9 can increase a young child’s risk for experiencing
10 problems in social or emotional development, includ-
11 ing factors such as exposure to traumatic events,
12 child abuse and neglect, parental mental health dis-
13 orders, unsatisfactory relationships, and deprivation.
14 Experiences involving these risk factors may occur
15 at home or in the community.

16 (2) There is growing evidence that positive ad-
17 aptation and social and emotional well-being in
18 young children can be enhanced, and that the im-
19 pact of risk factors for behavioral and emotional dis-
20 orders can be reduced by intervening early in homes,
21 child care and other early childhood programs, and
22 other settings.

23 (3) The Surgeon General’s Conference on Chil-
24 dren’s Mental Health has recommended the creation
25 of tangible tools for early childhood service providers

1 to help the providers assess children’s social and
2 emotional needs, discuss issues relating to those
3 needs with families, and make referrals.

4 (4) Experience demonstrates that mental health
5 consultants can help staff, as well as children and
6 families, in early childhood programs promote
7 healthy social and emotional development in young
8 children, including those children already exposed to
9 violence and other damaging experiences.

10 (5) Success in school is dependent on social and
11 emotional development, as well as the attainment of
12 other competencies and skills, and investing early in
13 the promotion of healthy development in young chil-
14 dren will help children enter school ready to learn.

15 (b) DEFINITIONS.—In this section:

16 (1) SECRETARY.—The term “Secretary” means
17 the Secretary of Health and Human Services, acting
18 through the Assistant Secretary for Children and
19 Families.

20 (2) STATE AGENCY.—The term “State agency”
21 means—

22 (A) the State office that coordinates early
23 childhood services in a State; or

24 (B) if an office described in subparagraph

25 (A) does not exist in a State, the State office

1 that is responsible for early childhood programs
2 in the State.

3 (3) YOUNG CHILDREN.—The term “young chil-
4 dren” means individuals who are below the age of
5 compulsory school attendance for the State involved.

6 (c) GRANTS TO STATE AGENCIES.—

7 (1) GRANTS.—The Secretary shall establish a
8 program through which the Secretary may make
9 grants to State agencies, to enable the State agen-
10 cies to assist eligible entities to serve young children
11 and the families of the children by addressing the
12 mental health and developmental needs of the young
13 children in order to promote the children’s resilience,
14 emotional wellness, and healthy emotional develop-
15 ment.

16 (2) GRANT PERIODS.—The Secretary shall
17 make the grants for periods of not more than 3
18 years.

19 (d) STATE APPLICATIONS.—To be eligible to receive
20 a grant under subsection (c), a State agency shall submit
21 an application to the Secretary at such time, in such man-
22 ner, and containing such information as the Secretary may
23 require. The application shall include the information and
24 assurances described in subsection (g), with respect to the
25 State.

1 (e) GRANTS TO ELIGIBLE ENTITIES.—A State agen-
2 cy that receives a grant under subsection (e) shall use the
3 funds made available through the grant to make grants
4 to eligible entities to carry out programs to serve young
5 children and the families of the children as described in
6 subsection (e).

7 (f) ELIGIBLE ENTITIES.—To be eligible to receive a
8 grant under subsection (e), an entity shall—

9 (1) be an agency or organization that carries
10 out a home or center-based early childhood program,
11 child welfare program, substance abuse treatment
12 program, or domestic violence service and treatment
13 program, that serves or has regular contact with
14 young children;

15 (2) be an established consortium of agencies or
16 organizations described in paragraph (1); or

17 (3) be another entity (such as a child care re-
18 source and referral agency, an early childhood serv-
19 ice coordinating body, or a community mental health
20 center) that works with parents, agencies, or organi-
21 zations that serve young children in a community in
22 promoting the mental health and healthy emotional
23 development of young children; and

1 (4) obtain the approval of the State agency for
2 an application submitted in accordance with sub-
3 section (g).

4 (g) LOCAL APPLICATIONS.—

5 (1) IN GENERAL.—To be eligible to receive a
6 grant under this section, an entity shall submit an
7 application to the State agency at such time, in such
8 manner, and containing such information as the
9 State agency may require.

10 (2) CONTENTS.—At a minimum, the applica-
11 tion shall contain—

12 (A) a description of the young children
13 who are targeted to be served, or are most like-
14 ly to be served, with the funds made available
15 through the grant, and the problems the chil-
16 dren are facing or affected by (such as exposure
17 to parental depression, parental substance
18 abuse, child abuse or neglect, domestic violence,
19 community violence, homelessness, a parental
20 transition to the workforce, or other risk fac-
21 tors);

22 (B) an assurance that the assistance pro-
23 vided with funds made available through the
24 grant will be undertaken in a developmentally
25 appropriate and culturally competent manner,

1 be child-centered, and, as applicable, family-fo-
2 cused, and consistent with the best knowledge
3 available about effective prevention and inter-
4 vention strategies to promote mental health and
5 healthy emotional development in young chil-
6 dren;

7 (C) the name of the entity that would ad-
8 minister the program carried out under the
9 grant;

10 (D) a description of the types of assistance
11 that will be provided with the funds to improve
12 the mental health and healthy emotional devel-
13 opment of young children;

14 (E) a description of how the program to be
15 carried out under the grant will complement
16 and be coordinated with the activities of, or car-
17 ried out by, any early childhood service coordi-
18 nating offices in the community in which the
19 grant activities will be carried out;

20 (F) an assurance that the applicant will
21 work collaboratively with mental health, early
22 childhood development, early intervention, edu-
23 cation, health, and other specialized violence
24 prevention or treatment experts, and other ex-
25 perts in the applicant's community to coordi-

1 nate services provided under this subtitle with
2 similar services and to better address the needs
3 of the young children the applicant serves;

4 (G) documentation that the applicant has
5 explored the extent to which funding under part
6 C of the Individuals with Disabilities Education
7 Act (20 U.S.C. 1431 et seq.) and from other re-
8 lated Federal and State sources is available to
9 address the needs of the young children; and

10 (H) an assurance that the funds made
11 available through the grant will not be used for
12 activities that the State pays for with funds
13 made available under the medicaid program
14 carried out under title XIX of the Social Secu-
15 rity Act (42 U.S.C. 1396 et seq.), under the
16 State children's health insurance program car-
17 ried out under title XXI of the Social Security
18 Act (42 U.S.C. 1397aa et seq.), or from State
19 and local funds for mental health programs.

20 (h) USE OF FUNDS.—

21 (1) IN GENERAL.—Except as provided in para-
22 graphs (2) and (3), an entity that receives a grant
23 under this section may use the funds made available
24 through the grant to promote the mental health and

1 healthy emotional development of young children
2 by—

3 (A) providing screening and assessments of
4 the mental health and developmental needs of
5 the young children to be served under the grant
6 and, as appropriate, their families;

7 (B) providing for consultations with staff
8 of programs described in subsection (f)(1) by
9 mental health and other early childhood devel-
10 opment experts, such as speech and language
11 therapists and special education consultants,
12 who can provide programmatic and individual
13 child-centered and family-focused assistance to
14 help the staff respond in the manner most con-
15 ducive to promoting the mental health and
16 healthy emotional development of young chil-
17 dren;

18 (C) providing professional development, in-
19 cluding specialized training and supervision, for
20 staff of programs described in subsection (f)(1)
21 and other early childhood service providers and,
22 as appropriate, for families of young children,
23 about the mental health and developmental
24 needs of young children, to enable the staff and
25 families to develop the skills and competencies

1 necessary to respond to the needs of, and pro-
2 vide needed assistance to, the young children
3 and their families to promote the children's
4 mental health and healthy emotional develop-
5 ment;

6 (D) providing prevention and early inter-
7 vention services, including home visitation, par-
8 enting education, and other activities, parent-
9 child groups, and other individualized supports
10 for families of young children (including par-
11 ents, grandparents, other relative caregivers,
12 foster parents, and other individuals responsible
13 for raising young children), that are designed to
14 promote mental health and healthy emotional
15 development of young children;

16 (E) providing crisis services;

17 (F) facilitating access to treatment and
18 services to enable staff of programs described in
19 subsection (f)(1) to promote mental health and
20 healthy emotional development by attending ap-
21 propriately to the emotional and behavioral con-
22 cerns facing young children and their families;

23 (G) providing increased collaboration be-
24 tween staff of programs providing early child-
25 hood, child development, and children's mental

1 health services, and, as appropriate, staff from
2 other service delivery systems such as—

3 (i) the courts; and

4 (ii) service delivery systems for sub-
5 stance abuse treatment, domestic violence
6 service and treatment, health, and adult
7 and child mental health programs; and

8 (H) providing case management services
9 for young children and, as appropriate, their
10 families, to help link the children and families
11 who need more specialized interventions to ap-
12 propriate services and treatment.

13 (2) PLANNING AND COLLABORATION.—

14 (A) IN GENERAL.—An entity that requests
15 authority to use grant funds made available
16 under this section for planning and collabora-
17 tion activities, and receives a grant under this
18 section, may use a portion of the grant funds
19 as described in subparagraph (B).

20 (B) ACTIVITIES.—The entity may use not
21 more than 50 percent of the grant funds for a
22 period of not more than 6 months at the begin-
23 ning of the grant period to carry out planning
24 and collaboration activities that will help ensure
25 that the needs of young children will be ad-

1 dressed appropriately through the activities car-
2 ried out under the grant. The planning and col-
3 laboration activities shall build on the work of
4 and, to the extent possible, be carried out by
5 early childhood service coordinating offices in
6 the community in which the grant activities will
7 be carried out.

8 (3) DESIGNATED ACTIVITIES.—The Secretary
9 may, during the 3-year period beginning on the date
10 of the establishment of the program described in
11 subsection (c), award grants to State agencies under
12 subsection (c), to enable the State agencies to assist
13 eligible entities specifically to promote the training
14 of early childhood mental health specialists, in con-
15 junction with entities such as community colleges,
16 schools of social work, and institutions offering psy-
17 chology programs, through degree programs or in-
18 ternships or fellowships in early childhood mental
19 health.

20 (i) STATE COLLABORATION.—The State agency shall
21 review applications submitted under subsection (g), make
22 grants under subsection (e), and carry out the administra-
23 tion and oversight of the programs described in subsection
24 (e) in collaboration with—

25 (1) the State mental health agency;

1 (2) the State entity designated to receive col-
2 laboration grants under section 640(a)(5) of the
3 Head Start Act (42 U.S.C. 9835(a)(5)); and

4 (3) other State offices responsible for child wel-
5 fare programs, substance abuse treatment programs,
6 or domestic violence service programs, serving young
7 children within the State.

8 (j) SUPPLEMENT NOT SUPPLANT.—Funds appro-
9 priated pursuant to the authority of this section shall be
10 used to supplement and not supplant other public funds
11 expended to promote the mental health and healthy emo-
12 tional development of young children.

13 (k) COLLABORATION.—In carrying out this section,
14 the Secretary shall collaborate with the Administrator of
15 the Substance Abuse and Mental Health Services Admin-
16 istration, the Administrator of the Health Care Financing
17 Administration, and the heads of relevant offices of the
18 Department of Education that address the concerns of
19 young children.

20 (l) REPORT.—A State that receives a grant under
21 this section shall, not later than 90 days after the end
22 of the grant period, prepare and submit to the Secretary
23 a report that includes—

1 (1) information on the needs of the young chil-
2 dren, and their families, who were assisted with the
3 grant funds;

4 (2) information on the strategies for which the
5 grant funds were used, and how the funds were com-
6 bined with other funds to expand the strategies;

7 (3) documentation that the activities provided
8 were developmentally appropriate, child-centered,
9 and, as appropriate, family-focused, and directed to-
10 ward preventing emotional problems, and involved
11 collaboration with mental health and other develop-
12 mental experts;

13 (4) a discussion of—

14 (A) the extent to which entities in the
15 State increased the number of activities (similar
16 to activities carried out under this section) car-
17 ried out in the State that were funded from
18 sources other than funds made available under
19 this section during the grant period; and

20 (B) the barriers to increasing the number
21 of those activities that were so funded; and

22 (5) a discussion of how the funds made avail-
23 able through the grant helped to improve outcomes
24 for the young children and families served, particu-
25 larly with regard to the goal of school readiness.

1 (m) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated to carry out this
3 section—

4 (1) \$25,000,000 for fiscal year 2002;

5 (2) \$40,000,000 for fiscal year 2003;

6 (3) \$55,000,000 for fiscal year 2004;

7 (4) \$70,000,000 for fiscal year 2005; and

8 (5) \$85,000,000 for fiscal year 2006.

9 **TITLE IX—SUCCESSFUL**
10 **TRANSITION TO ADULTHOOD**
11 **Subtitle A—21st Century**
12 **Community Learning Centers**

13 **SEC. 9001. CENTERS.**

14 Part I of title X (20 U.S.C. 8241 et seq.) is amended
15 to read as follows:

16 **“PART I—21ST CENTURY COMMUNITY LEARNING**
17 **CENTERS**

18 **“SEC. 10901. SHORT TITLE.**

19 “This part may be cited as the ‘21st Century Com-
20 munity Learning Centers Act’.

21 **“SEC. 10902. PURPOSE.**

22 “The purpose of this part is to provide opportunities
23 to communities to establish or expand activities in commu-
24 nity learning centers that—

1 “(1) provide opportunities for academic enrich-
2 ment, including providing tutorial services to help
3 students, particularly students who attend low-per-
4 forming schools, to meet State and local student per-
5 formance standards in core academic subjects, such
6 as reading and mathematics;

7 “(2) offer students a broad array of additional
8 services, programs, and activities, such as youth de-
9 velopment activities, drug and violence prevention
10 programs, art, music, and recreation programs, tech-
11 nology education programs, and character education
12 programs, that are designed to reinforce and com-
13 plement the regular academic program of partici-
14 pating students; and

15 “(3) offer families of students enrolled in com-
16 munity learning centers opportunities for lifelong
17 learning and literacy development.

18 **“SEC. 10903. DEFINITIONS.**

19 “In this part:

20 “(1) **COMMUNITY LEARNING CENTER.**—The
21 term ‘community learning center’ is an entity that—

22 “(A)(i) assists students to meet State con-
23 tent and student performance standards in core
24 academic subjects, such as reading and mathe-
25 matics, by primarily providing to the students,

1 during non-school hours or periods when school
2 is not in session, tutorial and other academic
3 enrichment services in addition to other activi-
4 ties (such as youth development activities, drug
5 and violence prevention programs, art, music,
6 and recreation programs, technology education
7 programs, and character education programs)
8 that reinforce and complement the regular aca-
9 demic program of the students; and

10 “(ii) offers families of students enrolled in
11 such center opportunities for lifelong learning
12 and literacy development; and

13 “(B) is operated by 1 or more local edu-
14 cational agencies, community-based organiza-
15 tions, units of general purpose local govern-
16 ment, or other public or private entities.

17 “(2) COVERED PROGRAM.—The term ‘covered
18 program’ means a program for which—

19 “(A) the Secretary made a grant under
20 this part (as in effect on the day before the
21 date of enactment of the Leave No Child Be-
22 hind Act of 2001); and

23 “(B) the grant period had not ended on
24 that date of enactment.

1 “(3) ELIGIBLE ORGANIZATION.—The term ‘eli-
2 gible organization’ means—

3 “(A) a local educational agency, a commu-
4 nity-based organization, a unit of general pur-
5 pose local government, or another public or pri-
6 vate entity; or

7 “(B) a consortium of entities described in
8 subparagraph (A).

9 “(4) STATE.—The term ‘State’ means the State
10 educational agency of a State (as defined in section
11 14101).

12 “(5) UNIT OF GENERAL PURPOSE LOCAL GOV-
13 ERNMENT.—The term ‘unit of general purpose local
14 government’ means any city, town, township, parish,
15 village, or other general purpose political subdivision.

16 **“SEC. 10904. PROGRAM AUTHORIZED.**

17 “The Secretary is authorized to award grants to
18 States to make awards to eligible organizations to plan,
19 implement, or expand community learning centers that
20 serve—

21 “(1) students who primarily attend—

22 “(A) schools eligible for schoolwide pro-
23 grams under section 1114; or

24 “(B) schools that serve a high percentage
25 of students from low-income families; and

1 “(2) the families of students described in para-
2 graph (1).

3 **“SEC. 10905. ALLOTMENTS TO STATES.**

4 “(a) RESERVATION.—From the funds appropriated
5 under section 10910 for any fiscal year, the Secretary
6 shall reserve—

7 “(1) such amount as may be necessary to make
8 continuation awards for covered programs to grant
9 recipients under this part (under the terms of those
10 grants), as in effect on the day before the date of
11 enactment of the Leave No Child Behind Act of
12 2001;

13 “(2) not more than 1 percent for national ac-
14 tivities, which the Secretary may carry out directly
15 or through grants and contracts, such as providing
16 technical assistance to organizations carrying out
17 programs under this part or conducting a national
18 evaluation; and

19 “(3) not more than 1 percent for payments to
20 the outlying areas and the Bureau of Indian Affairs,
21 to be allotted in accordance with their respective
22 needs for assistance under this part, as determined
23 by the Secretary, to enable the areas and the Bu-
24 reau to carry out the objectives of this part.

25 “(b) STATE ALLOTMENTS.—

1 “(1) DETERMINATION.—

2 “(A) BASIS.—From the funds appro-
3 priated under section 10910 for any fiscal year
4 and remaining after the Secretary makes res-
5 ervations under subsection (a), the Secretary
6 shall allot to each State for the fiscal year an
7 amount that bears the same relationship to the
8 remainder as the amount the State received
9 under subpart 2 of part A of title I for the pre-
10 ceding fiscal year bears to the amount all
11 States received under that subpart for the pre-
12 ceding fiscal year, except as provided in sub-
13 paragraph (B).

14 “(B) EXCEPTION.—No State receiving an
15 allotment under subparagraph (A) may receive
16 less than $\frac{1}{2}$ of 1 percent of the total amount
17 allotted under subparagraph (A) for a fiscal
18 year.

19 “(2) DEFINITION.—In this subsection, the term
20 ‘State’ means each of the 50 States, the District of Colum-
21 bia, and the Commonwealth of Puerto Rico.

22 **“SEC. 10906. STATE PLANS.**

23 “Each State seeking a grant under this part shall
24 submit to the Secretary a plan, which may be submitted
25 as part of a State’s consolidated plan under section 14302,

1 at such time, in such manner, and containing such infor-
2 mation as the Secretary may reasonably require. At a min-
3 imum, the plan shall—

4 “(1) describe how the State will use funds re-
5 ceived under this part, including funds reserved for
6 State-level activities;

7 “(2) contain an assurance that the State will
8 make awards under this part for eligible organiza-
9 tions only to eligible organizations that propose to
10 serve—

11 “(A) students who primarily attend—

12 “(i) schools eligible for schoolwide
13 programs under section 1114; or

14 “(ii) schools that serve a high percent-
15 age of students from low-income families;

16 and

17 “(B) the families of students described in
18 subparagraph (A);

19 “(3) describe the procedures and criteria the
20 State will use for reviewing applications and award-
21 ing funds to eligible organizations on a competitive
22 basis, which shall include procedures and criteria
23 that take into consideration the likelihood that a
24 proposed center will help participating students meet

1 local content and performance standards by increas-
2 ing their academic performance and achievement;

3 “(4) describe how the State will ensure that
4 awards made under this part are—

5 “(A) of sufficient size and scope to support
6 high-quality, effective programs that are con-
7 sistent with the purpose of this part; and

8 “(B) in amounts that are consistent with
9 section 10908(b);

10 “(5) contain an assurance that the State—

11 “(A) will not make awards for programs
12 that exceed 4 years;

13 “(B) will ensure an equitable distribution
14 of awards among urban and rural areas of the
15 State; and

16 “(C) will require each eligible organization
17 seeking such an award to submit a plan de-
18 scribing how the center to be funded through
19 the award will continue after funding under this
20 part ends;

21 “(6) describe the State’s performance measures
22 for programs carried out under this part, including
23 measures relating to increased academic perform-
24 ance and achievement, and how the State will evalu-
25 ate the effectiveness of those programs;

1 “(7) contain an assurance that funds appro-
2 priated to carry out this part will be used to supple-
3 ment, and not supplant, other Federal, State, and
4 local public funds expended to provide programs and
5 activities authorized under this part; and

6 “(8) contain an assurance that the State will
7 require eligible organizations to describe in their ap-
8 plications under section 10909 how the transpor-
9 tation needs of participating students will be ad-
10 dressed.

11 **“SEC. 10907. STATE-LEVEL ACTIVITIES.**

12 “(a) IN GENERAL.—A State that receives an allot-
13 ment under section 10905 for a fiscal year shall use not
14 more than 6 percent of the funds made available through
15 the allotment for State-level activities described in para-
16 graphs (1) and (2) of subsection (b).

17 “(b) ACTIVITIES.—

18 “(1) PLANNING, PEER REVIEW, AND SUPER-
19 VISION.—The State may use not more than 3 per-
20 cent of the funds made available through the allot-
21 ment to pay for the costs of—

22 “(A) establishing and implementing a peer
23 review process for applications described in sec-
24 tion 10909 (including consultation with the
25 Governor and other State agencies responsible

1 for administering youth development programs
2 and adult learning activities);

3 “(B) supervising the awarding of funds to
4 eligible organizations (in consultation with the
5 Governor and other State agencies responsible
6 for administering youth development programs
7 and adult learning activities);

8 “(C) planning and supervising the use of
9 funds made available under this part, and proc-
10 essing the funds; and

11 “(D) monitoring activities.

12 “(2) EVALUATION, TRAINING, AND TECHNICAL
13 ASSISTANCE.—The State may use not more than 3
14 percent of the funds made available through the al-
15 lotment to pay for the costs of—

16 “(A) comprehensive evaluation (directly, or
17 through a grant or contract) of the effectiveness
18 of programs and activities provided under this
19 part; and

20 “(B) providing training and technical as-
21 sistance to eligible organizations who are appli-
22 cants or recipients of awards under this part.

23 **“SEC. 10908. AWARDS TO ELIGIBLE ORGANIZATIONS.**

24 “(a) AWARDS.—A State that receives an allotment
25 under section 10905 for a fiscal year shall use not less

1 than 94 percent of the funds made available through the
2 allotment to make awards on a competitive basis to eligible
3 organizations.

4 “(b) AMOUNTS.—The State shall make the awards
5 in amounts of not less than \$50,000.

6 **“SEC. 10909. LOCAL APPLICATION.**

7 “(a) APPLICATION.—To be eligible to receive an
8 award under this part, an eligible organization shall sub-
9 mit an application to the State at such time, in such man-
10 ner, and including such information as the State may rea-
11 sonably require. Each such application shall include—

12 “(1) an evaluation of the needs, available re-
13 sources, and goals and objectives for the proposed
14 community learning center and a description of how
15 the program proposed to be carried out in the center
16 will address those needs (including the needs of
17 working families); and

18 “(2) a description of the proposed community
19 learning center, including—

20 “(A) a description of how the eligible orga-
21 nization will ensure that the program proposed
22 to be carried out at the center will reinforce and
23 complement the instructional programs of the
24 schools that students served by the program at-
25 tend;

1 “(B) an identification of Federal, State,
2 and local programs that will be combined or co-
3 ordinated with the proposed program in order
4 to make the most effective use of public re-
5 sources;

6 “(C) an assurance that the proposed pro-
7 gram was developed, and will be carried out, in
8 active collaboration with the schools the stu-
9 dents attend;

10 “(D) evidence that the eligible organization
11 has experience, or demonstrates promise of suc-
12 cess, in providing educational and related activi-
13 ties that will complement and enhance the stu-
14 dents’ academic performance and achievement
15 and positive youth development;

16 “(E) an assurance that the program will
17 take place in a safe and easily accessible school
18 or other facility;

19 “(F) a description of how students partici-
20 pating in the program carried out by the center
21 will travel safely to and from the center and
22 home;

23 “(G) a description of how the eligible orga-
24 nization will disseminate information about the

1 program to the community in a manner that is
2 understandable and accessible; and

3 “(H) a description of a preliminary plan
4 for how the center will continue after funding
5 under this part ends.

6 “(b) PRIORITY.—In making awards under this part,
7 the State shall give equal priority to applications—

8 “(1) submitted jointly by schools receiving
9 funding under part A of title I and community-based
10 organizations or other eligible organizations;

11 “(2) submitted by such schools or consortia of
12 such schools; and

13 “(3) submitted by community-based organiza-
14 tions or other eligible organizations serving commu-
15 nities in which such schools are located.

16 “(c) APPROVAL OF CERTAIN APPLICATIONS.—The
17 State may approve an application under this part for a
18 program to be located in a facility other than an elemen-
19 tary school or secondary school, only if the program—

20 “(1) will be accessible to the students proposed
21 in the application to be served; and

22 “(2) will be as effective as the program would
23 be if the program were located in such a school.

1 **“SEC. 10910. AUTHORIZATION OF APPROPRIATIONS.**

2 “There are authorized to be appropriated to carry out
3 this part \$1,500,000,000 for fiscal year 2002 and such
4 sums as may be necessary for each of the 6 succeeding
5 fiscal years.

6 **Subtitle B—Youth Development**

7 **CHAPTER 1—SHORT TITLE; POLICY;**

8 **FINDINGS; DEFINITIONS**

9 **SEC. 9101. SHORT TITLE.**

10 This subtitle may be cited as the “Younger Ameri-
11 cans Act”.

12 **SEC. 9102. A NATIONAL YOUTH POLICY.**

13 It is the policy of the United States, in keeping with
14 the traditional United States concept that youth are the
15 Nation’s most valuable resource, that youth of the Nation
16 need, and it is the joint and several duty and responsibility
17 of governments of the United States, of the several States
18 and political subdivisions, and of Indian tribes, to assure
19 that all youth have access to, the full array of core re-
20 sources, including—

- 21 (1) ongoing relationships with caring adults;
22 (2) safe places with structured activities;
23 (3) services that promote healthy lifestyles, in-
24 cluding services designed to improve physical and
25 mental health;

1 (4) opportunities to acquire marketable skills
2 and competencies; and

3 (5) opportunities for community service and
4 civic participation.

5 **SEC. 9103. FINDINGS.**

6 Congress finds that—

7 (1) young people under 18 years of age are now
8 the most impoverished age group, with 1 of every 5
9 of the young people living in poverty, a greater pro-
10 portion than in 1968, with the proportion of minor-
11 ity children who are living in poverty being about
12 twice as great;

13 (2) more than 1 of 4 families is headed by a
14 single parent and the percentage of families headed
15 by single parents has risen steadily over the past few
16 decades, and has risen 13 percent since 1990;

17 (3) approximately 8,000,000 school-age children
18 under 14 years of age spend time without adult su-
19 pervision on a regular basis;

20 (4) an estimated 11,000,000 United States chil-
21 dren have no health insurance and 9 out of 10 of
22 such children have parents who work;

23 (5) there is a need to address the developmental
24 needs of all youth while providing more intensive

1 support for youth in communities where need is
2 greatest;

3 (6) there is a need to engage youth as active
4 participants in decisionmaking that affects their
5 lives, including the design, development, implementa-
6 tion, and evaluation of youth development programs
7 at the Federal, State, and community levels;

8 (7) existing outcome driven youth development
9 strategies, pioneered by community-based organiza-
10 tions, hold real promise for promoting positive be-
11 haviors and preventing youth problems;

12 (8) formal evaluations of youth development
13 programs have documented significant improvements
14 in interpersonal skills, quality of peer and adult rela-
15 tionships, self-control, cognitive competencies, com-
16 mitment to schooling, and academic achievement;

17 (9) formal evaluations of youth development
18 programs have documented significant reductions in
19 drug and alcohol use, school misbehavior, aggressive
20 behavior, violence, truancy, high-risk sexual behav-
21 ior, and smoking;

22 (10) compared to United States youth gen-
23 erally, youth participating in activities provided by
24 community-based organizations are more than 26
25 percent more likely to report having received rec-

1 ognition for good grades than United States youth
2 generally and nearly 20 percent more likely to rate
3 the likelihood of their going to college as “very high”
4 than United States youth generally;

5 (11) a partnership between the public and pri-
6 vate sector is necessary to promote access to the full
7 array of core resources for youth who need such re-
8 sources because the private sector alone does not
9 have the capacity to promote such access; and

10 (12) the availability and use of Federal re-
11 sources can be effective incentives to leverage broad-
12 er community support to enable entities carrying out
13 or providing local programs, activities, and services
14 to provide the full array of core resources, remove
15 barriers to access, promote program effectiveness,
16 and facilitate coordination of activities and collabo-
17 ration within the community.

18 **SEC. 9104. DEFINITIONS.**

19 In this subtitle:

20 (1) AREA AGENCY ON YOUTH.—The term “area
21 agency on youth” means an area agency on youth
22 designated under section 9124(a)(2)(A).

23 (2) ASSOCIATE COMMISSIONER.—The term “As-
24 sociate Commissioner” means the Associate Commis-
25 sioner of the Family and Youth Services Bureau of

1 the Administration on Children, Youth, and Families
2 of the Department of Health and Human Services.

3 (3) COMMUNITY-BASED.—The term “commu-
4 nity-based”, used with respect to an organization,
5 means an organization that—

6 (A) is representative of a community or
7 significant segment of a community; and

8 (B) is engaged in providing services to the
9 community.

10 (4) COMMUNITY BOARD.—The term “commu-
11 nity board” means a community board established in
12 accordance with section 9127(a).

13 (5) DIRECTOR.—The term “Director” means
14 the Director of the Office on National Youth Policy.

15 (6) FUNDING AND COORDINATING AGENCY.—
16 The term “funding and coordinating agency” means
17 an organization that is directed by a board with wide
18 representation from a community, that generates
19 and distributes charitable funds for diverse health
20 and human service programs and coordinates the ef-
21 forts of multiple agencies as needed or requested,
22 but that does not itself provide direct services to
23 children, youth, or their families.

24 (7) INDIAN.—The term “Indian” has the mean-
25 ing given the term in section 4(d) of the Indian Self-

1 Determination and Education Assistance Act (25
2 U.S.C. 450b(d)).

3 (8) NATIVE AMERICAN ORGANIZATION.—The
4 term “Native American organization” means—

5 (A) a tribal organization, as defined in sec-
6 tion 4(l) of the Indian Self-Determination and
7 Education Assistance Act (25 U.S.C. 450b(l));

8 (B) a Native Hawaiian Organization, as
9 defined in section 4009(4) of the Augustus F.
10 Hawkins-Robert T. Stafford Elementary and
11 Secondary School Improvement Amendments of
12 1988 (20 U.S.C. 4909(4)) (as in effect on the
13 day before the date of enactment of the Improv-
14 ing America’s Schools Act of 1994);

15 (C) an Alaska Native Village Corporation
16 or Regional Corporation as defined in or estab-
17 lished pursuant to the Alaskan Native Claims
18 Settlement Act (43 U.S.C. 1601 et seq.); or

19 (D) a private nonprofit organization estab-
20 lished for the purpose of serving youth who are
21 Indians or Native Hawaiians.

22 (9) NATIVE HAWAIIAN.—The term “Native Ha-
23 waiian” has the meaning given the term in section
24 4009(1) of the Augustus F. Hawkins-Robert T.
25 Stafford Elementary and Secondary School Improve-

1 ment Amendments of 1988 (20 U.S.C. 4909(1)) (as
2 in effect on the day before the date of enactment of
3 the Improving America's Schools Act of 1994).

4 (10) OFFICE.—The term “Office” means the
5 Office of National Youth Policy.

6 (11) SECRETARY.—The term “Secretary”
7 means the Secretary of Health and Human Services.

8 (12) STATE.—The term “State” means each of
9 the several States of the United States, the District
10 of Columbia, and the Commonwealth of Puerto Rico.

11 (13) UNIT OF GENERAL PURPOSE LOCAL GOV-
12 ERNMENT.—The term “unit of general purpose local
13 government” means—

14 (A) a political subdivision of a State whose
15 authority is general and not limited to only 1
16 function or combination of related functions; or

17 (B) a Native American organization.

18 (14) YOUTH.—The term “youth” means an in-
19 dividual who is not younger than age 10 and not
20 older than age 19.

21 (15) YOUTH DEVELOPMENT ORGANIZATION.—
22 The term “youth development”, used with respect to
23 an organization, means a public or private youth-
24 serving organization with a major emphasis on pro-
25 viding youth development programs.

1 (16) YOUTH DEVELOPMENT PROGRAMS.—The
2 term “youth development programs” means pro-
3 grams that prepare youth to contribute to their com-
4 munities and to meet the challenges of adolescence
5 and adulthood through a structured, progressive se-
6 ries of activities and experiences that (in contrast to
7 deficit-based approaches that focus solely on youth
8 problems) that—

9 (A) help the youth obtain social, emotional,
10 ethical, physical, and cognitive competencies;
11 and

12 (B) address the broader developmental re-
13 sources all children and youth need, such as the
14 core resources described in section 9102.

15 (17) YOUTH-SERVING ORGANIZATION.—The
16 term “youth-serving”, used with respect to an orga-
17 nization, means a public or private organization with
18 a primary focus on providing youth development pro-
19 grams, or health, mental health, fitness, education,
20 workforce preparation, substance abuse prevention,
21 child welfare, psychological, parenting, recreation,
22 teen pregnancy prevention, rehabilitative, or residen-
23 tial services, to youth.

1 **CHAPTER 2—COORDINATION OF**
2 **NATIONAL YOUTH POLICY**

3 **SEC. 9111. OFFICE ON NATIONAL YOUTH POLICY.**

4 (a) **ESTABLISHMENT.**—There is established in the
5 Executive Office of the President an Office of National
6 Youth Policy.

7 (b) **ADMINISTRATION.**—The Office of National Youth
8 Policy established under subsection (a) shall be adminis-
9 tered by a Director who shall be appointed by the Presi-
10 dent with the advice and consent of the Senate.

11 (c) **RESPONSIBILITIES.**—The Director appointed
12 under subsection (b) shall—

13 (1) establish, in cooperation with the Associate
14 Commissioner, policies, objectives, and priorities for
15 programs funded under this subtitle;

16 (2) serve as an effective and visible advocate for
17 youth in the Federal Government, and with other
18 departments, agencies, and instrumentalities of the
19 Federal Government, by actively reviewing and com-
20 menting on all Federal policies affecting youth;

21 (3) develop mechanisms to resolve administra-
22 tive and programmatic conflicts between Federal
23 programs that would be barriers to parents, commu-
24 nity-based, youth-serving, and youth development or-
25 ganizations, local government entities, education en-

1 tities, older adult organizations, faith-based organi-
2 zations, and organizations supporting youth involved
3 in community service and civic participation, related
4 to the coordination of services and funding for pro-
5 grams promoting access to the full array of core re-
6 sources described in section 9102; and

7 (4) consult with and assist State and local gov-
8 ernments with respect to barriers the governments
9 encounter related to the coordination of services and
10 funding for programs under this subtitle.

11 (d) **AUTHORIZATION OF APPROPRIATIONS.**—For the
12 purposes of carrying out this chapter, there are authorized
13 to be appropriated \$500,000 for fiscal year 2002 and such
14 sums as may be necessary for each of the 4 succeeding
15 fiscal years, to remain available until expended.

16 **SEC. 9112. COUNCIL ON NATIONAL YOUTH POLICY.**

17 (a) **ESTABLISHMENT.**—

18 (1) **IN GENERAL.**—There is established in the
19 Office a Council on National Youth Policy (referred
20 to in this section as the “Council”).

21 (2) **COMPOSITION.**—

22 (A) **NUMBER.**—The Council shall be com-
23 posed of 12 members.

1 (B) QUALIFICATIONS.—The President
2 shall appoint the 12 members of the Council
3 from among—

4 (i) individuals who have expertise or
5 experience with youth development or
6 youth-serving programs, especially pro-
7 grams serving rural and inner-city urban
8 youth;

9 (ii) representatives of national organi-
10 zations with an interest in youth develop-
11 ment programs;

12 (iii) representatives of business;

13 (iv) representatives of minorities; and

14 (v) parents.

15 (C) AGE.—At least $\frac{1}{3}$ of the individuals
16 appointed shall be younger than age 21 at the
17 time of appointment.

18 (D) LIMITATIONS.—No full-time officer or
19 employee of the Federal Government may be
20 appointed to be a member of the Council.

21 (b) APPOINTMENT AND TERMS.—

22 (1) TERMS.—

23 (A) IN GENERAL.—Except as otherwise
24 provided in this section, a member of the Coun-
25 cil shall serve for a term of 3 years.

1 (B) END OF TERM.—The term shall end
2 on March 31 regardless of the actual date of
3 the appointment of the member.

4 (2) SERVICE.—Members of the Council shall
5 serve without regard to the provisions of title 5,
6 United States Code.

7 (c) SERVICE DURING VACANCIES.—Any member ap-
8 pointed to fill a vacancy occurring prior to the expiration
9 of the term for which such member's predecessor was ap-
10 pointed shall be appointed for the remainder of such term.
11 Members shall be eligible for reappointment and may con-
12 tinue to serve after the expiration of their terms until their
13 successors have taken office.

14 (d) VACANCIES.—Any vacancy in the Council shall
15 not affect the powers of the Council, but shall be filled
16 in the same manner as the original appointment was
17 made.

18 (e) CHAIRPERSON.—The President shall designate a
19 Chairperson for the Council from among the members ap-
20 pointed to the Council.

21 (f) MEETINGS.—The Council shall meet at the call
22 of the Chairperson at least twice a year.

23 (g) DUTIES.—The Council shall—

24 (1) advise and assist the President on matters
25 regarding the core resources youth need and the ca-

1 pacity of youth to contribute to the Nation and their
2 communities;

3 (2) directly advise the Director and the Asso-
4 ciate Commissioner on matters affecting the youth
5 development needs of youth for services and assist-
6 ance under this subtitle;

7 (3) make recommendations to the President, to
8 the Director, to the Secretary, to the Associate Com-
9 missioner, and to Congress with respect to Federal
10 policies regarding youth; and

11 (4) provide public forums for discussion, pub-
12 licize the core resources youth need, and obtain in-
13 formation relating to assuring all youth access to the
14 full array of core resources described in section
15 9102, by conducting public hearings, and by con-
16 ducting or sponsoring conferences, workshops, and
17 other similar meetings.

18 (h) TRAVEL EXPENSES.—Members of the Council
19 shall not receive compensation for the performance of
20 services for the Council, but shall be allowed travel ex-
21 penses, including per diem in lieu of subsistence, at rates
22 authorized for employees of agencies under subchapter I
23 of chapter 57 of title 5, United States Code, while away
24 from their homes or regular places of business in the per-
25 formance of services for the Council. Notwithstanding sec-

1 tion 1342 of title 31, United States Code, the Director
2 may accept the voluntary and uncompensated services of
3 members of the Council.

4 (i) REPORTS.—Not later than March 31 of 2003 and
5 each subsequent year, the Council shall prepare and sub-
6 mit to the President an annual report of the findings and
7 recommendations of the Council. The President shall
8 transmit each such report to Congress together with com-
9 ments and recommendations.

10 (j) PERMANENT COMMITTEE.—Section 14 of the
11 Federal Advisory Committee Act (5 U.S.C. App.) shall not
12 apply to the Council.

13 (k) AUTHORIZATION OF APPROPRIATIONS.—There
14 are authorized to be appropriated to carry out this section
15 \$250,000 for fiscal year 2002 and such sums as may be
16 necessary for fiscal years 2003 through 2006.

17 **CHAPTER 3—GRANTS FOR STATE AND**
18 **COMMUNITY PROGRAMS**

19 **SEC. 9121. PURPOSE.**

20 The purpose of this chapter is to encourage and as-
21 sist State agencies, community boards, and area agencies
22 on youth to mobilize and support communities in planning,
23 implementing, and being accountable for strategies that
24 link community-based organizations, local government,
25 volunteer centers, schools, faith-based organizations, busi-

1 ness, and other segments of the community to assure that
2 all youth have access to the full array of core resources
3 consisting of—

4 (1) ongoing relationships with caring adults;

5 (2) safe places with structured activities;

6 (3) services that promote healthy lifestyles, in-
7 cluding services designed to improve physical and
8 mental health;

9 (4) opportunities to acquire marketable skills
10 and competencies; and

11 (5) opportunities for community service and
12 civic participation.

13 **SEC. 9122. AUTHORIZATION OF APPROPRIATIONS.**

14 There are authorized to be appropriated to carry out
15 this chapter \$500,000,000 for fiscal year 2002,
16 \$750,000,000 for fiscal year 2003, \$1,000,000,000 for fis-
17 cal year 2004, \$1,500,000,000 for fiscal year 2005, and
18 \$2,000,000,000 for fiscal year 2006.

19 **SEC. 9123. ALLOTMENTS TO STATES.**

20 (a) RESERVATIONS.—From sums appropriated under
21 section 9122 for each fiscal year, the Associate Commis-
22 sioner shall reserve—

23 (1) 95 percent of the sums for allotments to
24 States to enable the States to make allocations to
25 area agencies on youth;

1 (2) 1 percent of the sums for grants to Native
2 American organizations to carry out activities con-
3 sistent with the objectives of this chapter;

4 (3) 1 percent of the sums for grants to outlying
5 areas to carry out activities consistent with the ob-
6 jectives of this chapter; and

7 (4) 3 percent of the sums for Federal discre-
8 tionary grant programs aimed at demonstrating
9 ways to respond to the special developmental needs
10 of youth—

11 (A) in correctional facilities and other out-
12 of-home residential settings;

13 (B) in areas with high concentrations of
14 poverty;

15 (C) in rural areas; and

16 (D) in situations where youth are at higher
17 risk due to abuse, neglect, disconnection from
18 family, disconnection from school, or another
19 community risk factor.

20 (b) USE OF FUNDS.—For each fiscal year for which
21 a State receives a State allotment, the State shall ensure
22 that funds made available through the allotment shall be
23 used for the purpose of conducting community-based
24 youth development programs that—

1 (1) recognize the primary role of the family in
2 positive youth development in order to strengthen
3 families;

4 (2) promote the involvement of youth (including
5 program participants), parents, and other commu-
6 nity members in the planning and implementation of
7 the programs;

8 (3) coordinate services with other entities pro-
9 viding youth and family services in the community;

10 (4) eliminate barriers, such as transportation,
11 cost, and service delivery location, to the accessibility
12 of core youth development services;

13 (5) provide, directly or through a written con-
14 tract, a broad variety of accessible programs, activi-
15 ties, and services for youth that are designed to as-
16 sist youth in acquiring skills and competencies that
17 are necessary to make a successful transition from
18 childhood to adulthood;

19 (6) incorporate activities that foster relation-
20 ships between positive adult role models and youth,
21 provide age-appropriate activities, and provide activi-
22 ties that engage youth in, and promote, positive
23 youth development, including activities such as—

24 (A) youth clubs, character development ac-
25 tivities, mentoring, community service, leader-

1 ship development, recreation, and literacy and
2 educational tutoring;

3 (B) sports, workforce readiness activities,
4 peer counseling, and fine and performing arts;
5 and

6 (C) camping and environmental education,
7 cultural enrichment, risk avoidance programs,
8 academic enrichment, and participant-defined
9 special interest group activities, courses, or
10 club; and

11 (7) employ strong outreach efforts to engage
12 the participation of a wide range of youth, families,
13 and service providers.

14 (c) ALLOTMENTS.—

15 (1) IN GENERAL.—Except as provided in para-
16 graph (2), from sums reserved under subsection
17 (a)(1), the Associate Commissioner shall allot to
18 each State the sum (referred to in this chapter as
19 the “State allotment”) of—

20 (A) an amount that bears the same rela-
21 tion to $\frac{1}{2}$ of the reserved sums as the number
22 of individuals who are not younger than age 10
23 and not older than age 19 in the State bears
24 to the number of such individuals in all the
25 States; and

1 (B) an amount that bears the same rela-
2 tion to $\frac{1}{2}$ of the reserved sums as the number
3 of youth who are receiving free or reduced price
4 lunches under the school lunch program estab-
5 lished under the Richard B. Russell National
6 School Lunch Act (42 U.S.C. 1751 et seq.) in
7 the State bears to the number of such youth in
8 all the States.

9 (2) STATE MINIMUM.—No State shall be allot-
10 ted less than 0.40 percent of the reserved sums for
11 a fiscal year.

12 (3) DETERMINATIONS.—For purposes of this
13 subsection, the number of individuals who are not
14 younger than age 10 and not older than age 19 in
15 any State and in all the States, and the number of
16 youth who are receiving free or reduced price
17 lunches under the school lunch program established
18 under the Richard B. Russell National School Lunch
19 Act in any State and in all the States, shall be de-
20 termined by the Associate Commissioner on the
21 basis of the most recent data available from the Bu-
22 reau of the Census, and other reliable demographic
23 data satisfactory to the Associate Commissioner.

24 (d) REALLOTMENTS.—Whenever the Associate Com-
25 missioner determines that any amount allotted to a State

1 for a fiscal year under this section will not be used by
2 such State for carrying out the purpose for which the al-
3 lotment was made, the Associate Commissioner shall make
4 such amount available for carrying out such purpose to
5 1 or more other States to the extent the Associate Com-
6 missioner determines that such other States will be able
7 to use such amount for carrying out such purpose.

8 (e) WITHHOLDING.—

9 (1) IN GENERAL.—If the Associate Commis-
10 sioner finds that any State has failed to meet the
11 State plan requirements of section 9125 or the allo-
12 cation requirements of section 9126(b), the Asso-
13 ciate Commissioner shall withhold the State allot-
14 ment from such State.

15 (2) DISBURSAL.—The Associate Commissioner
16 shall disburse the funds withheld directly to any en-
17 tity that is a public or private institution, organiza-
18 tion, or agency, or unit of general purpose local gov-
19 ernment of such State that submits an approved
20 plan described in section 9128, if the plan includes
21 an agreement that the entity will—

22 (A) make available (directly or through do-
23 nations from public or private entities) non-
24 Federal contributions, in cash or in kind, in an

1 amount equal to a percentage determined for
2 the State of the funds; and

3 (B) comply with the requirements of this
4 subtitle that apply to States receiving State al-
5 lotments under this section.

6 **SEC. 9124. STATE AGENCIES AND PLANNING AND MOBILI-**
7 **ZATION AREAS.**

8 (a) STATE AGENCIES.—In order for a State to be eli-
9 gible to receive a State allotment under this chapter—

10 (1) the State shall, in accordance with regula-
11 tions issued by the Associate Commissioner, des-
12 ignate a State agency as the sole State agency to—

13 (A) develop a State plan to be submitted
14 to the Associate Commissioner for approval
15 pursuant to section 9125;

16 (B) administer the plan in the State;

17 (C) be primarily responsible for the plan-
18 ning, policy development, administration, co-
19 ordination, priority setting, and evaluation of
20 all State activities related to the objectives of
21 this subtitle;

22 (D) serve as an effective and visible advo-
23 cate for youth by reviewing and commenting on
24 all State plans, budgets, and policies that affect
25 youth; and

1 (E) divide the State into distinct planning
2 and mobilization areas, after considering the
3 views offered by units of general purpose local
4 government and appropriate public or private
5 agencies and organizations in the State, in ac-
6 cordance with regulations issued by the Asso-
7 ciate Commissioner; and

8 (2) the State agency shall—

9 (A) designate for each such area, after
10 consideration of the views offered by the units
11 of general purpose local government and by
12 agencies and organizations in such areas, a
13 public or private nonprofit agency or organiza-
14 tion to serve as the area agency on youth for
15 such area;

16 (B) provide assurances that the State
17 agency will solicit and take into account, with
18 regard to general policy related to the develop-
19 ment and the administration of the State plan
20 for any fiscal year, the views of youth who are
21 the recipients of services provided for in the
22 plan;

23 (C) in accordance with guidelines issued by
24 the Associate Commissioner, make allocations

1 to area agencies on youth pursuant to section
2 9126(b);

3 (D) provide reasonable assurances that
4 Federal funds made available under this chap-
5 ter for the State for any period will be used to
6 supplement, and not supplant, the State, local,
7 and other funds that would in the absence of
8 such Federal funds be made available for the
9 programs, services, and activities described in
10 this chapter;

11 (E) coordinate the activities of the State
12 agency with other State agencies and offices,
13 including—

14 (i) State Commissions on National
15 and Community Service established under
16 section 178 of the National and Commu-
17 nity Service Act of 1990 (42 U.S.C.
18 12638);

19 (ii) entities carrying out programs
20 under the Runaway and Homeless Youth
21 Act (42 U.S.C. 5701 et seq.) and other
22 programs under the Juvenile Justice and
23 Delinquency Prevention Act of 1974 (42
24 U.S.C. 5601 et seq.);

1 (iii) entities carrying out independent
2 living programs;

3 (iv) entities carrying out foster care
4 programs;

5 (v) youth councils established under
6 section 117(h) of the Workforce Invest-
7 ment Act of 1998 (29 U.S.C. 2832(h));
8 and

9 (vi) entities carrying out activities
10 through 21st Century Community Learn-
11 ing Centers under part I of title X of the
12 Elementary and Secondary Education Act
13 of 1965 (20 U.S.C. 8241 et seq.); and

14 (F) compile reports from area agencies on
15 youth, including outcome data and evaluation
16 information regarding programs funded under
17 this chapter, provide an annual report based on
18 the compilation to the Associate Commissioner,
19 and provide a copy of such report to the Direc-
20 tor.

21 (b) PLANNING AND MOBILIZATION AREAS.—

22 (1) UNIT OF GENERAL PURPOSE LOCAL GOV-
23 ERNMENT.—

24 (A) CRITERIA.—In carrying out subsection
25 (a)(1), the State agency may designate as a

1 planning and mobilization area any unit of gen-
2 eral purpose local government that has a popu-
3 lation of 100,000 or more. In particular, the
4 State agency may designate such a unit as a
5 planning and mobilization area if the unit has
6 been engaged in youth development program
7 planning and mobilization, such as a commu-
8 nity of promise coordinated by America's Prom-
9 ise: the Alliance for Youth.

10 (B) HEARING.—In any case in which a
11 unit of general purpose local government ap-
12 plies to the State agency to be designated as a
13 planning and mobilization area under this para-
14 graph, the State agency shall, upon request,
15 provide an opportunity for a hearing to such
16 unit of general purpose local government.

17 (2) REGION.—The State agency may designate
18 as a planning and mobilization area under sub-
19 section (a)(1) any region in the State that includes
20 1 or more units of general purpose local government
21 if the State agency determines that the designation
22 of such a regional planning and mobilization area is
23 necessary for, and will enhance, the effective admin-
24 istration of the programs authorized by this chapter.

1 (3) **ADDITIONAL AREAS.**—The State agency
2 may include in any planning and mobilization area
3 designated under subsection (a)(1) such additional
4 areas, adjacent to a unit of general purpose local
5 government, as the State agency determines to be
6 necessary for, and will enhance, the effective admin-
7 istration of the programs authorized by this chapter.

8 (4) **INDIAN RESERVATIONS.**—The State agency,
9 in carrying out subsection (a)(1), shall to the extent
10 practicable include all portions of an Indian reserva-
11 tion in a single planning and mobilization area.

12 **SEC. 9125. STATE PLANS.**

13 (a) **IN GENERAL.**—To be eligible to receive a State
14 allotment under this chapter, a State shall prepare and
15 submit to the Associate Commissioner a State plan, for
16 a 2-, 3-, or 4-year period determined by the State agency,
17 at such time, in such manner, and meeting such criteria
18 as the Associate Commissioner may by regulation pre-
19 scribe, and shall make such annual revisions as may be
20 necessary to the plan.

21 (b) **CONTENTS.**—Each such State plan shall contain
22 assurances that the plan is based on area plans developed
23 under section 9128 by area agencies on youth in the State
24 and that the State has prepared and distributed a uniform

1 format for use by area agencies on youth in developing
2 the area plans.

3 **SEC. 9126. DISTRIBUTION OF FUNDS FOR STATE ACTIVI-**
4 **TIES AND LOCAL ALLOCATIONS.**

5 (a) IN GENERAL.—From a State allotment made
6 under this chapter for any fiscal year—

7 (1)(A) the State agency may use such amount
8 as the State agency determines to be appropriate,
9 but not more than 7 percent, for the purposes of
10 subparagraphs (B) and (C);

11 (B) the State agency may use such amount as
12 the State agency determines to be appropriate, but
13 not more than 4 percent of the State allotment, for
14 paying the cost of—

15 (i) reviewing area plans and distributing
16 funds to area agencies on youth; and

17 (ii) assisting community boards and area
18 agencies on youth in carrying out activities
19 under this chapter; and

20 (C) the State agency may use such amount as
21 the State agency determines to be appropriate, but
22 not less than 3 percent and not more than 7 percent
23 of the State allotment, for making State discre-
24 tionary grants to respond to the special develop-
25 mental needs of youth—

1 (i) in correctional facilities and other out-
2 of-home residential settings;

3 (ii) in areas with high concentrations of
4 poverty;

5 (iii) in rural areas; and

6 (iv) in situations where youth are at great-
7 er risk due to abuse, neglect, disconnection
8 from family, disconnection from school, or an-
9 other community risk factor; and

10 (2) the State agency shall use the remainder of
11 such allotment to make allocations under subsection
12 (b) to area agencies on youth associated with plan-
13 ning and mobilization areas, to pay for the cost of
14 programs under this chapter that are specified in
15 area plans that—

16 (A) are developed through a comprehensive
17 and coordinated system of planning;

18 (B) have been approved by the community
19 board; and

20 (C) have been approved by the State agen-
21 cy.

22 (b) ALLOCATIONS.—From the remainder of the State
23 allotment described in subsection (a)(2), the State agency,
24 using the best available data, shall allocate for each plan-
25 ning and mobilization area in the State the sum of—

1 erwise provided in this paragraph, in order to
2 receive funds from a State pursuant to this
3 chapter, a planning and mobilization area shall
4 have a community board appointed and con-
5 vened jointly by the chief executive officer of a
6 local funding and coordinating agency in the
7 area and the chief executive officers of units of
8 general purpose local government in the area.

9 (B) PRIVATE AGENCIES AND LOCAL GOV-
10 ERNMENTS.—In the event that a local funding
11 and coordinating agency is not represented in
12 the planning and mobilization area, or the chief
13 executive officer of a local funding and coordi-
14 nating agency in the area is unwilling or unable
15 to participate in jointly appointing and con-
16 vening the community board, the State agency,
17 after consideration of the views offered by the
18 units of general purpose local government and
19 by nonprofit agencies and organizations in such
20 area, shall designate a private nonprofit agency
21 or organization in the area to appoint and con-
22 vene the community board jointly with the chief
23 executive officers of units of general purpose
24 local government in the area.

1 (C) LOCAL FUNDING AND COORDINATING
2 AGENCIES AND PUBLIC ENTITIES.—In the event
3 that a chief executive officer of a unit of gen-
4 eral purpose local government in the planning
5 and mobilization area is unwilling or unable to
6 participate in jointly appointing and convening
7 the community board, the State agency, after
8 consideration of the views offered by the units
9 of general purpose local government and by
10 youth-serving organizations in such area, shall
11 designate an executive official of a public entity
12 in the area to appoint and convene the commu-
13 nity board jointly with the chief executive offi-
14 cer of a local funding and coordinating agency
15 and any other chief executive officers of units
16 of general purpose local government.

17 (D) EXISTING ENTITY.—An existing entity
18 in the planning and mobilization area may serve
19 as the community board if—

20 (i) such entity's membership meets
21 the requirements for a community board or
22 is adapted to meet such requirements;

23 (ii) such entity's membership was ap-
24 pointed by the chief executive officer of a

1 unit of general purpose local government
2 in the area;

3 (iii) such entity is approved by the
4 State agency; and

5 (iv) such entity is approved by the
6 chief executive officer of a local funding
7 and coordinating agency, or by the chief
8 executive officer of a private nonprofit
9 agency or organization designated accord-
10 ing to subparagraph (B) in the event that
11 a local funding and coordinating agency is
12 not represented in the area or the chief ex-
13 ecutive officer of the agency is unwilling or
14 unable to consider the approval of the enti-
15 ty.

16 (2) COMPOSITION.—A community board shall
17 consist of an equal number of local representatives
18 from each of the following 3 groups:

19 (A) A group comprised of individuals, in-
20 cluding minority individuals, under age 21 at
21 the time of their appointment.

22 (B) A group comprised of representatives
23 of—

24 (i) private youth-serving and youth
25 development organizations (in existence as

1 of the date of appointment of the rep-
2 resentatives to the board);

3 (ii) public youth-serving and youth de-
4 velopment organizations; and

5 (iii) organizations supporting youth
6 involved in community service and civic
7 participation.

8 (C) A group comprised of representatives
9 of—

10 (i) local elected officials;

11 (ii) educational entities, including
12 local elementary, middle, and secondary
13 schools, community colleges, colleges, and
14 universities;

15 (iii) volunteer centers;

16 (iv) philanthropic organizations, in-
17 cluding community foundations;

18 (v) businesses and employee organiza-
19 tions;

20 (vi) faith-based organizations;

21 (vii) health and mental health agen-
22 cies; and

23 (viii) parents and grandparents.

1 (3) CHAIRPERSON.—After being appointed and
2 convened, the community board shall elect a chair-
3 person from among its membership.

4 (4) RESPONSIBILITIES.—Each community
5 board in each planning and mobilization area shall
6 have responsibility for supervising the preparation,
7 submission, and implementation of the area plan de-
8 scribed in section 9128, including the approval of
9 grants and contracts funded pursuant to this chap-
10 ter within the planning and mobilization area.

11 (b) AREA AGENCY ON YOUTH.—An area agency on
12 youth—

13 (1) shall serve as the fiscal agent for a planning
14 and mobilization area;

15 (2) shall be under the supervision of the com-
16 munity board for the planning and mobilization area
17 with regard to activities conducted pursuant to this
18 chapter;

19 (3) shall provide an assurance to the State
20 agency, that is determined to be adequate by the
21 State agency, that such area agency on youth will
22 have the ability to develop an area plan for the plan-
23 ning and mobilization area and to carry out, either
24 directly or indirectly through contractual or other

1 arrangements, a youth development program in ac-
2 cordance with such plan; and

3 (4) shall compile reports from entities carrying
4 out programs, services, and activities approved by
5 the community board for funding under this subtitle,
6 including outcome data and evaluation information
7 regarding program accomplishments, and provide an
8 annual report based on the compilation to the State
9 agency.

10 (c) **COMMUNITY MOBILIZATION EXPENSES.**—An
11 area agency on youth may use not more than 10 percent
12 of the allocation made to the agency under this chapter
13 for expenses related to community mobilization, including
14 expenses related to generating additional commitments of
15 cash and in-kind resources, administration, planning,
16 monitoring, and evaluation.

17 **SEC. 9128. AREA PLANS.**

18 (a) **IN GENERAL.**—Each area agency on youth for
19 a planning and mobilization area shall, in order to be ap-
20 proved by the State agency and receive an allocation under
21 this chapter, develop, prepare, and submit to the State
22 agency an area plan, approved by the community board,
23 for the planning and mobilization area at such time, in
24 such manner, and containing such information as the
25 State agency may require. Such plan shall be for a 2-,

1 3-, or 4-year period determined by the State agency, with
2 such annual revisions as may be necessary. Each such
3 plan shall be based upon a uniform format for area plans
4 in the State prepared in accordance with section 9125(b).

5 (b) CONTENTS.—Each such plan shall—

6 (1) provide specific outcome objectives for youth
7 development programs, services, and activities to be
8 carried out in the planning and mobilization area,
9 based on an assessment of needs and resources, suf-
10 ficient to assure that all youth in the area have ac-
11 cess through a comprehensive and coordinated sys-
12 tem to the full array of core resources that consist
13 of—

14 (A) ongoing relationships with caring
15 adults;

16 (B) safe places with structured activities;

17 (C) services that promote healthy lifestyles,
18 including services designed to improve physical
19 and mental health;

20 (D) opportunities to acquire marketable
21 skills and competencies; and

22 (E) opportunities for community service
23 and civic participation;

24 (2) provide an assurance that, in awarding
25 grants and contracts to entities to implement the

1 area plan to provide youth with access to core re-
2 sources described in paragraph (1) through youth
3 development programs, the agency will give priority
4 to entities as described in section 9130(b);

5 (3) provide that not less than 30 percent of the
6 funds allocated under this chapter for the planning
7 and mobilization area will be used for youth develop-
8 ment programs that respond to the special develop-
9 mental needs of youth—

10 (A) in correctional facilities and other out-
11 of-home residential settings;

12 (B) in areas with high concentrations of
13 poverty;

14 (C) in rural areas; and

15 (D) in situations where youth are at higher
16 risk due to abuse, neglect, disconnection from
17 family, disconnection from school, or another
18 community risk factor;

19 (4) provide assurances that youth engaged in
20 programs carried out under the area plan will be
21 treated equitably;

22 (5) contain strategies for mobilizing and coordi-
23 nating community resources to meet the outcome ob-
24 jectives;

1 (6) describe activities for which funds made
2 available through the allocation will be used to fill
3 gaps between unmet needs and available resources;

4 (7) describe the inclusive process used by the
5 area agency on youth to engage all segments of the
6 communities in the planning and mobilization area
7 in developing the area plan;

8 (8) provide measures of program effectiveness
9 to be used in evaluating the progress of the pro-
10 grams, services, and activities approved by the com-
11 munity board in the area in assuring access for all
12 youth to the full array of core resources described in
13 paragraph (1), including specific measures for pro-
14 viding access to such resources for youth living in
15 areas with high concentrations of poverty;

16 (9) describe how local requirements for pro-
17 viding matching funds will be met, how resources
18 will be leveraged, and the uses to which matching
19 funds and leveraged resources will be applied, in car-
20 rying out the area plan;

21 (10) provide for the establishment and mainte-
22 nance of outreach sufficient to ensure that youth
23 and their families in the planning and mobilization
24 area are aware of programs providing access to the
25 core resources described in paragraph (1);

1 (11) provide that the area agency on youth,
2 under the supervision of the community board,
3 will—

4 (A) conduct periodic evaluations of, and
5 public hearings on, activities carried out under
6 the area plan;

7 (B) furnish technical assistance to entities
8 carrying out programs under this chapter with-
9 in the planning and mobilization area;

10 (C) establish effective and efficient proce-
11 dures for the coordination of—

12 (i) entities carrying out programs
13 under this chapter within the planning and
14 mobilization area; and

15 (ii) entities carrying out other Federal
16 programs for youth within the planning
17 and mobilization area;

18 (D) conduct outreach, to identify youth in
19 the area and inform the youth of the avail-
20 ability of resources under this subtitle; and

21 (E) take into account in connection with
22 matters of general policy arising in the develop-
23 ment and administration of the area plan, the
24 views of youth who have participated in pro-
25 grams pursuant to the plan; and

1 (12) provide for the utilization of entities car-
2 rying out volunteer service centers and organizations
3 supporting youth involved in community service and
4 civic participation in the area to—

5 (A) encourage and enlist the services of
6 local volunteer groups to provide assistance and
7 services appropriate to the unique develop-
8 mental needs of youth in the planning and mo-
9 bilization area;

10 (B) encourage, organize, and promote
11 youth to serve as volunteers to communities in
12 the area; and

13 (C) promote recognition of the contribution
14 made by youth volunteers to programs adminis-
15 tered in the planning and mobilization area.

16 **SEC. 9129. GRANTS AND CONTRACTS TO ELIGIBLE ENTI-**
17 **TIES.**

18 (a) **REQUEST FOR PROPOSALS.**—In implementing an
19 area plan, once the plan has been submitted to and ap-
20 proved by the State agency, an area agency on youth,
21 under the supervision of a community board, shall issue
22 a request for proposals, to award grants and contracts to
23 eligible entities to carry out youth development programs
24 under the plan.

1 (b) GRANTS AND CONTRACTS.—The area agency on
2 youth, under the supervision of the community board,
3 shall use the funds made available through the allocation
4 made to the agency under this chapter to award grants
5 on a competitive basis and contracts to eligible entities to
6 pay for the Federal share of the cost of carrying out the
7 youth development programs. Not more than 50 percent
8 of the funds made available through the allocation made
9 to the agency may be awarded to a single recipient of a
10 grant or contract unless the recipient is a consortium as
11 described in section 9130(a)(1) or approved by the Asso-
12 ciate Commissioner.

13 (c) PERIOD.—The area agency on youth may award
14 such a grant or contract for a period of not more than
15 4 years. The area agency on youth, under the supervision
16 of the community board and after reviewing the reports
17 (including outcome data and evaluation information) com-
18 piled pursuant to section 9127(b)(4), may terminate the
19 funding made available through such grant or contract
20 during such grant or contract period for a program if the
21 program fails to comply with the requirements of this sub-
22 title or if insufficient Federal funds are appropriated
23 under section 9122 to permit continuation of funding of
24 the program.

25 (d) FEDERAL SHARE.—

1 (1) IN GENERAL.—The Federal share of the
2 cost of carrying out a program described in this sec-
3 tion shall be—

4 (A) 80 percent for the first and second
5 year for which the program receives funding
6 under this section;

7 (B) 70 percent for the third such year;

8 (C) 60 percent for the fourth such year;

9 and

10 (D) 50 percent for any subsequent year.

11 (2) NON-FEDERAL SHARE.—An entity that re-
12 ceives a grant or contract under this section may
13 provide for the non-Federal share of the cost from
14 non-Federal sources (which may include State or
15 local public sources) in cash or in kind, fairly evalu-
16 ated, including facilities, equipment, or services.

17 (3) ADJUSTMENTS.—A State agency and the
18 Associate Commissioner may jointly adjust the Fed-
19 eral share of the cost that applies to an entity that
20 receives a grant or contract under this section from
21 an area agency on youth, in the event that the agen-
22 cy demonstrates significant economic need sufficient
23 to cause difficulties in area plan implementation.

1 **SEC. 9130. ELIGIBLE ENTITIES.**

2 (a) IN GENERAL.—To be eligible to receive a grant
3 or contract under section 9129, an entity shall be—

4 (1) a consortium of community-based youth-
5 serving or youth development organizations, public
6 agencies, health and mental health agencies, edu-
7 cation entities including community colleges, col-
8 leges, and universities, volunteer centers, faith-based
9 organizations, older adult organizations, or organiza-
10 tions supporting youth involved in community service
11 and civic participation; or

12 (2) a community-based public or private youth-
13 serving or youth development organization.

14 (b) PRIORITY.—In awarding grants and contracts
15 under section 9129, an area agency on youth shall give
16 priority to—

17 (1) entities that carry out health and human
18 service programs (as of the date of submission of the
19 area plan) that use proven methods and materials
20 supported by evaluation and have proven records of
21 effective service delivery and sustainability; and

22 (2) entities that submit applications under sec-
23 tion 9131 that—

24 (A) evidence collaboration among commu-
25 nity agencies in providing services under an
26 area plan; and

1 (B) are outcome driven.

2 (c) ADMINISTRATIVE EXPENSES.—An entity that re-
3 ceives a grant or contract under section 9129 may use
4 up to 5 percent of the funds received through the grant
5 or contract for the cost of administrative expenses.

6 (d) LIMITATION.—A for-profit entity that receives a
7 grant or contract under section 9129 may not use funds
8 made available through the grant or contract for the pur-
9 poses of generating additional profits.

10 **SEC. 9131. APPLICATIONS.**

11 To be eligible to receive a grant or contract under
12 section 9129 to carry out youth development programs
13 under an area plan, an entity shall submit an application
14 to the area agency on youth for the area at such time,
15 in such manner, and containing such information as the
16 area agency on youth, under the direction of the commu-
17 nity board, and the appropriate State agency, may reason-
18 ably require.

19 **SEC. 9132. YOUTH DEVELOPMENT PROGRAMS.**

20 (a) ACCESS.—An entity that receives a grant or con-
21 tract under section 9129 to carry out a program shall im-
22 plement a program that promotes, either directly, through
23 a contract, or indirectly through collaboration with other
24 community entities, access to the full array of core re-
25 sources specified in section 9102.

1 (b) ACTIVITIES.—An entity that receives a grant or
2 contract under section 9129 to carry out a program may
3 include among activities provided through the program,
4 which are part of an effort to provide access to the full
5 array of core resources specified in section 9102—

6 (1) character development and ethical enrich-
7 ment activities;

8 (2) mentoring activities, including one-to-one
9 relationship building and tutoring;

10 (3) provision and support of community youth
11 centers and clubs;

12 (4) nonschool hours, weekend, and summer pro-
13 grams and camps;

14 (5) sports, recreation, and other activities pro-
15 moting physical fitness and teamwork;

16 (6) services that promote health and healthy de-
17 velopment and behavior on the part of youth, includ-
18 ing risk avoidance programs;

19 (7) academic enrichment, peer counseling and
20 teaching, and literacy activities;

21 (8) camping and environmental education;

22 (9) cultural enrichment, including enrichment
23 through music, and fine and performing arts;

1 (10) workforce preparation, youth entrepreneur-
2 ship, and technological and vocational skill building,
3 including skill building involving computer skills;

4 (11) opportunities for community service aimed
5 at involving youth in providing the full array of core
6 resources described in section 9102 to other youth,
7 including opportunities provided in conjunction with
8 activities being performed by entities under the Na-
9 tional and Community Service Act of 1990 (42
10 U.S.C. 12501 et seq.);

11 (12) opportunities that engage youth in civic
12 participation and as partners in decisionmaking, es-
13 pecially opportunities with respect to programs and
14 strategies that seek to offer access to the full array
15 of core resources described in section 9102;

16 (13) special interest group activities or courses,
17 including activities or courses regarding video pro-
18 duction, cooking, gardening, pet care, photography,
19 and other youth-identified interests;

20 (14) efforts focused on building the capacity of
21 community-based youth workers, utilizing commu-
22 nity colleges, colleges, and universities;

23 (15) public and private youth led programs, in-
24 cluding such programs provided by youth-serving or
25 youth development organizations;

1 (16) transportation services to foster the par-
2 ticipation of youth in youth development programs
3 in the community involved;

4 (17) subsidies for youth from families that meet
5 the income eligibility guidelines for a free or reduced
6 price lunch under section 9(b) of the Richard B.
7 Russell National School Lunch Act (42 U.S.C.
8 1758(b)), if the provision of the subsidy allows a
9 youth to fully participate in a youth development
10 program that is part of a strategy to promote access
11 to the full array of core resources described in sec-
12 tion 9102;

13 (18) training or group counseling to assist
14 youth, by State certified counselors, psychologists,
15 social workers, or other State licensed or certified
16 mental health professionals who are qualified under
17 State law to provide such training or counseling to
18 youth; and

19 (19) referrals to State certified counselors, psy-
20 chologists, social workers, or other State licensed or
21 certified mental health professionals or health pro-
22 fessionals qualified under State law to provide such
23 training or counseling to youth.

1 **CHAPTER 4—TRAINING, RESEARCH, AND**
2 **EVALUATION**

3 **SEC. 9141. PURPOSE.**

4 The purpose of this chapter is to expand the Nation's
5 knowledge and understanding of youth, youth development
6 programs, and community mobilization aimed at providing
7 all youth with access to the full array of core resources
8 described in section 9102 by—

9 (1) assisting States in evaluating the effective-
10 ness of activities implemented under this subtitle, in-
11 cluding evaluating the outcomes resulting from the
12 activities;

13 (2) placing priority on the education and train-
14 ing of personnel, with respect to youth development
15 programs, to work with youth, with a special empha-
16 sis on youth who are minority individuals and youth
17 who are low-income individuals;

18 (3) conducting research and identifying effec-
19 tive practices directly related to the field of youth
20 development; and

21 (4) disseminating information acquired through
22 such research.

23 **SEC. 9142. GRANTS AND CONTRACTS.**

24 (a) IN GENERAL.—The Associate Commissioner may
25 award grants and contracts to eligible entities to carry out

1 evaluation, education and training, research, and dissemi-
2 nation activities described in this section.

3 (b) EVALUATION.—

4 (1) SYSTEM.—The Associate Commissioner
5 shall develop and establish a system for evaluating
6 the effectiveness of activities implemented under this
7 subtitle, including mechanisms for determining and
8 measuring programmatic outcomes resulting from
9 those activities.

10 (2) DISTRIBUTION.—In awarding grants and
11 contracts under subsection (a), the Associate Com-
12 missioner shall use 50 percent of the funds appro-
13 priated to carry out this chapter for an equitable
14 distribution among the States to allow State agen-
15 cies to be responsible for evaluating the effectiveness
16 of the activities implemented in the State under this
17 subtitle.

18 (c) EDUCATION AND TRAINING.—The Associate
19 Commissioner shall develop and establish a system for
20 providing education and training of personnel of States,
21 area agencies on youth, and community boards to increase
22 their capacity to work with youth, with a special emphasis
23 on youth who are minority individuals and youth who are
24 low-income individuals, in carrying out quality youth de-
25 velopment programs under this subtitle.

1 (d) IMPACT EVALUATION.—

2 (1) BIENNIAL EVALUATION.—The Associate
3 Commissioner, in consultation with the Director and
4 the National Council on Youth Policy, shall conduct
5 an independent biennial evaluation of the impact of
6 programs assisted under this subtitle and of other
7 recent and new initiatives (as of the date of the eval-
8 uation) to promote positive youth development. The
9 evaluation shall report on—

10 (A) whether the entities carrying out the
11 programs and initiatives—

12 (i) provided a thorough assessment of
13 local resources and barriers to access to
14 the full array of core resources;

15 (ii) used objective data and the knowl-
16 edge of a wide range of community mem-
17 bers;

18 (iii) developed measurable goals and
19 objectives;

20 (iv) implemented research-based pro-
21 grams and initiatives that have been shown
22 to be effective and meet identified needs;
23 and

24 (v) conducted periodic evaluations to
25 assess progress made towards achieving

1 goals and objectives and used evaluations
2 to improve goals, objectives, and activities;

3 (B) whether the programs and initiatives
4 have been designed and implemented in a man-
5 ner that specifically targets, if relevant to the
6 program or initiative involved—

7 (i) research-based variables that are
8 predictive of healthy youth development;

9 (ii) risk factors that are predictive of
10 an increased likelihood that youth will use
11 drugs, alcohol, or tobacco, or engage in vi-
12 olence or drop out of school; or

13 (iii) protective factors, buffers, or as-
14 sets that are known to protect youth from
15 exposure to risk, either by reducing the ex-
16 posure to risk factors or by changing the
17 way a youth responds to risk, and to in-
18 crease the likelihood of positive youth de-
19 velopment;

20 (C) whether the programs and initiatives
21 have appreciably reduced individual risk-taking
22 behavior and community risk factors and in-
23 creased either individual or community protec-
24 tive factors; and

1 (D) whether the entities carrying out the
2 programs and initiatives have incorporated ef-
3 fective youth and parent involvement.

4 (2) BIENNIAL REPORT.—Not later than Janu-
5 ary 1, 2004, and every 2 years thereafter, the Asso-
6 ciate Commissioner shall submit to the President
7 and Congress a report on the findings of the evalua-
8 tion conducted under paragraph (1) together with
9 the data available from other sources on the well-
10 being of youth.

11 (e) DISSEMINATION.—The Associate Commissioner
12 shall develop a system to facilitate the dissemination of
13 information acquired through the research to States, area
14 agencies on youth, community boards, and the public
15 about successful and promising strategies for providing all
16 youth with the full array of core resources specified in sec-
17 tion 9102.

18 **SEC. 9143. AUTHORIZATION OF APPROPRIATIONS.**

19 There are authorized to be appropriated to carry out
20 this chapter \$7,000,000 for fiscal year 2002 and such
21 sums as may be necessary for each of fiscal years 2003,
22 2004, 2005, and 2006.

1 **Subtitle C—Youth Programs**

2 **SEC. 9201. AMERICORPS.**

3 Section 501(a)(2)(A) of the National and Community
4 Service Act of 1990 (42 U.S.C. 12681(a)(2)(A)) is amend-
5 ed by striking “\$300,000,000” and all that follows and
6 inserting “\$500,000,000 for fiscal year 2002.”.

7 **SEC. 9202. YOUTHBUILD PROGRAM.**

8 Section 402 of the Cranston-Gonzalez National Af-
9 fordable Housing Act (42 U.S.C. 12870) is amended by
10 adding at the end the following:

11 “(d) FISCAL YEAR 2002.—There is authorized to be
12 appropriated for grants under subtitle D, \$75,000,000 for
13 fiscal year 2002.”.

14 **SEC. 9203. YOUTH WORKFORCE INVESTMENT ACTIVITIES.**

15 (a) YOUTH OPPORTUNITIES GRANTS.—Section
16 127(b)(1)(A)(ii)(II) of the Workforce Investment Act of
17 1998 (29 U.S.C. 2852(b)(1)(A)(ii)(II)) is amended by
18 striking “\$1,250,000,000 or greater, \$250,000,000.” and
19 inserting “\$1,391,000,000 or greater, \$391,000,000.”

20 (b) YOUTH ACTIVITIES FORMULA GRANTS.—Section
21 137(a) of the Workforce Investment Act of 1998 (29
22 U.S.C. 2872(a)) is amended by striking “such sums” and
23 all that follows and inserting “\$2,427,000,000 for fiscal
24 year 2002.”.

1 (c) JOB CORPS.—Section 161 of the Workforce In-
2 vestment Act of 1998 (29 U.S.C. 2901) is amended by
3 striking “such sums” and all that follows and inserting
4 “\$1,400,000,000 for fiscal year 2002.”.

5 **SEC. 9204. TRANSITION TRAINING FOR REINTEGRATING**
6 **YOUTH OFFENDERS.**

7 Section 821(j) of the Higher Education Amendments
8 of 1998 (20 U.S.C. 1151(j)) is amended by striking
9 “\$17,000,000” and all that follows and inserting
10 “\$75,000,000 for fiscal year 2002.”.

11 **TITLE X—SAFE START—**
12 **JUVENILE JUSTICE**
13 **Subtitle A—Juvenile Delinquency**
14 **Prevention and Protection**

15 **SEC. 10001. DEFINITION OF JUVENILE.**

16 Section 103 of the Juvenile Justice and Delinquency
17 Prevention Act of 1974 (42 U.S.C. 5603) is amended by
18 adding at the end the following:

19 “(24) the term ‘juvenile’ means an individual
20 who is less than 18 years of age.”.

21 **SEC. 10002. STATE PLAN ALLOCATION.**

22 Section 222(a)(2) of the Juvenile Justice and Delin-
23 quency Prevention Act of 1974 (42 U.S.C. 5632(a)(2)) is
24 amended—

25 (1) in subparagraph (A)—

1 (A) by striking “\$325,000” and inserting
2 “\$600,000”; and

3 (B) by striking “\$400,000” and inserting
4 \$750,000; and

5 (2) in subparagraph (B)—

6 (A) by striking “\$400,000” and inserting
7 “\$600,000”; and

8 (B) by striking “\$600,000” and inserting
9 \$750,000”.

10 **SEC. 10003. STATE PLAN REQUIREMENTS.**

11 Section 223(a) of the Juvenile Justice and Delin-
12 quency Prevention Act of 1974 (42 U.S.C. 5633(a)) is
13 amended—

14 (1) by redesignating paragraphs (24) and (25)
15 as paragraphs (30) and (31), respectively; and

16 (2) by inserting after paragraph (23) the fol-
17 lowing:

18 “(24) provide an assurance that the State shall
19 address the disparate treatment of members of mi-
20 nority groups at all stages of the juvenile justice sys-
21 tem, including intake, arrest, detention, adjudica-
22 tion, disposition, and transfer;

23 “(25) provide an assurance that the State shall
24 make the amended plan submitted annually under
25 this section available to the public and shall include

1 in the amended plan a report of the State’s progress
2 in addressing the disparate treatment of members of
3 minority groups at all stages of the juvenile justice
4 system, including data on any disproportionate rep-
5 resentation of African American, Latino, Native
6 American, and Asian juveniles;

7 “(26) contain satisfactory evidence that the
8 State has held a public hearing on the plan;

9 “(27) provide an assurance that the State shall
10 provide every accused or adjudicated juvenile with
11 reasonable safety and security, adequate food, heat,
12 light, sanitary facilities, bedding, clothing, recre-
13 ation, counseling, education, training, and medical
14 care, including, if necessary, mental health services;

15 “(28) provide that not more than 3 percent of
16 funds received by the State under section 222 shall
17 be expended to establish a State juvenile justice coa-
18 lition, which coalition shall include the participation
19 of juveniles;

20 “(29) provide that 3 percent of funds received
21 by the State under section 222 shall be expended to
22 carry out paragraph (24);”.

1 **SEC. 10004. REPEAL OF PART H.**

2 Part H of title II of the Juvenile Justice and Delin-
3 quency Prevention Act of 1974 (42 U.S.C. 5667f, 5667f-
4 1, 5667f-2, and 5667f-3) is repealed.

5 **SEC. 10005. FUNDING OF FEDERAL ASSISTANCE FOR STATE**
6 **AND LOCAL PROGRAMS.**

7 Section 299 of the Juvenile Justice and Delinquency
8 Prevention Act of 1974 (42 U.S.C. 5671) is amended by
9 adding at the end the following:

10 “(f) AUTHORIZATION FOR 2002.—There is author-
11 ized to be appropriated \$150,000,000 to carry out part
12 B of this title for fiscal year 2002.”.

13 **SEC. 10006. FUNDING OF GRANTS FOR PREVENTION PRO-**
14 **GRAMS.**

15 Section 505 of the Juvenile Justice and Delinquency
16 Prevention Act of 1974 (42 U.S.C. 5784) is amended by
17 adding at the end the following:

18 “(d) FUNDING.—Not less than 75 percent of funds
19 made available under this title shall be used to carry out
20 this section.”.

21 **SEC. 10007. AUTHORIZATION OF APPROPRIATIONS.**

22 Section 506 of the Juvenile Justice and Delinquency
23 Prevention Act of 1974 (42 U.S.C. 5785) is amended by
24 striking “appropriated” and all that follows and inserting
25 the following: “appropriated \$250,000,000 for fiscal year
26 2002.”.

1 **Subtitle B—Mental Health Juvenile**
2 **Justice**

3 **SEC. 10101. SHORT TITLE.**

4 This subtitle may be cited as the “Mental Health Ju-
5 venile Justice Act”.

6 **SEC. 10102. TRAINING OF JUSTICE SYSTEM PERSONNEL.**

7 Title II of the Juvenile Justice and Delinquency Pre-
8 vention Act of 1974 (42 U.S.C. 5611 et seq.) is amended
9 by adding at the end the following:

10 **“PART K—ACCESS TO MENTAL HEALTH AND**
11 **SUBSTANCE ABUSE TREATMENT**

12 **“SEC. 299AA. GRANTS FOR TRAINING OF JUSTICE SYSTEM**
13 **PERSONNEL.**

14 “(a) IN GENERAL.—The Administrator shall make
15 grants to State and local juvenile justice agencies in col-
16 laboration with State and local mental health agencies, for
17 purposes of training the officers and employees of the
18 State juvenile justice system (including employees of facili-
19 ties that are contracted for operation by State and local
20 juvenile authorities) regarding appropriate access to men-
21 tal health and substance abuse treatment programs and
22 services in the State for juveniles who come into contact
23 with the State juvenile justice system who have mental
24 health or substance abuse problems.

1 “(b) USE OF FUNDS.—A State or local juvenile jus-
2 tice agency that receives a grant under this section may
3 use the grant for purposes of—

4 “(1) providing cross-training, jointly with the
5 public mental health system, for State juvenile court
6 judges, public defenders, and mental health and sub-
7 stance abuse agency representatives with respect to
8 the appropriate use of effective, community-based al-
9 ternatives to juvenile justice or mental health system
10 institutional placements; or

11 “(2) providing training for State juvenile proba-
12 tion officers and community mental health and sub-
13 stance abuse program representatives on appropriate
14 linkages between probation programs and mental
15 health community programs, specifically focusing on
16 the identification of mental disorders and substance
17 abuse addiction in juveniles on probation, effective
18 treatment interventions for those disorders, and
19 making appropriate contact with mental health and
20 substance abuse case managers and programs in the
21 community, in order to ensure that juveniles on pro-
22 bation receive appropriate access to mental health
23 and substance abuse treatment programs and serv-
24 ices.

1 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated from the Violent Crime
3 Reduction Trust Fund, \$50,000,000 for fiscal years 2002,
4 2003, 2004, 2005, and 2006 to carry out this section.”.

5 **SEC. 10103. BLOCK GRANT FUNDING FOR TREATMENT AND**
6 **DIVERSION PROGRAMS.**

7 Part K of title II of the Juvenile Justice and Delin-
8 quency Prevention Act of 1974 (42 U.S.C. 5611 et seq.)
9 is amended by adding at the end the following:

10 **“SEC. 299BB. GRANTS FOR STATE PARTNERSHIPS.**

11 “(a) IN GENERAL.—The Attorney General and the
12 Secretary of Health and Human Services shall make
13 grants to partnerships between State and local/county ju-
14 venile justice agencies and State and local mental health
15 authorities (or appropriate children service agencies) in
16 accordance with this section.

17 “(b) USE OF FUNDS.—A partnership described in
18 subsection (a) that receives a grant under this section
19 shall use such amounts for the establishment and imple-
20 mentation of programs that address the service needs of
21 juveniles who come into contact with the justice system
22 (including facilities contracted for operation by State or
23 local juvenile authorities) who have mental health or sub-
24 stance abuse problems, by requiring the following:

1 “(1) DIVERSION.—Appropriate diversion of
2 those juveniles from incarceration—

3 “(A) at imminent risk of being taken into
4 custody;

5 “(B) at the time they are initially taken
6 into custody;

7 “(C) after they are charged with an of-
8 fense or act of juvenile delinquency;

9 “(D) after they are adjudicated delinquent
10 but prior to case disposition; and

11 “(E) after they are released from a juve-
12 nile facility, for the purposes of attending after-
13 care programs.

14 “(2) TREATMENT.—

15 “(A) SCREENING AND ASSESSMENT OF JU-
16 VENILES.—

17 “(i) IN GENERAL.—Initial mental
18 health screening shall be completed for all
19 juveniles immediately upon entering the ju-
20 venile justice system or a juvenile facility.
21 Screening shall be conducted by qualified
22 health and mental health professionals or
23 by staff who have been trained by qualified
24 health, mental health, and substance abuse
25 professionals. In the case of a screening by

1 staff, the screening results should be re-
2 viewed by qualified health, mental health
3 professionals not later than 24 hours after
4 the screening.

5 “(ii) ACUTE MENTAL ILLNESS.—Juve-
6 niles who suffer from acute mental dis-
7 orders, who are suicidal, or in need of de-
8 toxification shall be placed in or imme-
9 diately transferred to an appropriate med-
10 ical or mental health facility. They shall be
11 admitted to a secure correctional facility
12 only with written medical clearance.

13 “(iii) COMPREHENSIVE ASSESS-
14 MENT.—All juveniles entering the juvenile
15 justice system shall have a comprehensive
16 assessment conducted and an individual-
17 ized treatment plan written and imple-
18 mented within 2 weeks. This assessment
19 shall be conducted within 1 week for juve-
20 niles incarcerated in secure facilities. As-
21 sessments shall be completed by qualified
22 health, mental health, and substance abuse
23 professionals.

24 “(B) TREATMENT.—

1 “(i) IN GENERAL.—If the need for
2 treatment is indicated by the assessment of
3 a juvenile, the juvenile shall be referred to
4 or treated by a qualified professional. A ju-
5 venile who is currently receiving treatment
6 for a mental or emotional disorder shall
7 have treatment continued.

8 “(ii) PERIOD.—Treatment shall con-
9 tinue until additional mental health assess-
10 ment determines that the juvenile is no
11 longer in need of treatment. Treatment
12 plans shall be reevaluated at least every 30
13 days.

14 “(iii) DISCHARGE PLAN.—An incar-
15 cerated juvenile shall have a discharge plan
16 prepared when the juvenile enters the cor-
17 rectional facility in order to integrate the
18 juvenile back into the family or the com-
19 munity. This plan shall be updated in con-
20 sultation with the juvenile’s family or
21 guardian before the juvenile leaves the fa-
22 cility. Discharge plans shall address the
23 provision of aftercare services.

24 “(iv) MEDICATION.—Any juvenile re-
25 ceiving psychotropic medications shall be

1 under the care of a licensed psychiatrist.
2 Psychotropic medications shall be mon-
3 itored regularly by trained staff for their
4 efficacy and side effects.

5 “(v) SPECIALIZED TREATMENT.—Spe-
6 cialized treatment and services shall be
7 continually available to a juvenile who—

8 “(I) has a history of mental
9 health problems or treatment;

10 “(II) has a documented history
11 of sexual abuse or offenses, as victim
12 or as perpetrator;

13 “(III) has substance abuse prob-
14 lems, health problems, learning dis-
15 abilities, or histories of family abuse
16 or violence; or

17 “(IV) has developmental disabil-
18 ities.

19 “(C) MEDICAL AND MENTAL HEALTH
20 EMERGENCIES.—All correctional facilities shall
21 have written policies and procedures on suicide
22 prevention. All staff working in correctional fa-
23 cilities shall be trained and certified annually in
24 suicide prevention. Facilities shall have written
25 arrangements with a hospital or other facility

1 for providing emergency medical and mental
2 health care. Physical and mental health services
3 shall be available to an incarcerated juvenile 24
4 hours per day, 7 days per week.

5 “(D) CLASSIFICATION OF JUVENILES.—

6 “(i) IN GENERAL.—Juvenile facilities
7 shall classify and house juveniles in living
8 units according to a plan that includes age,
9 gender, offense, special medical or mental
10 health condition, size, and vulnerability to
11 victimization. Younger, smaller, weaker,
12 and more vulnerable juveniles shall not be
13 placed in housing units with older, more
14 aggressive juveniles.

15 “(ii) BOOT CAMPS.—juveniles who are
16 under 13 years old or who have serious
17 medical conditions or mental illness shall
18 not be placed in paramilitary boot camps.

19 “(E) CONFIDENTIALITY OF RECORDS.—

20 Mental health and substance abuse treatment
21 records of juveniles shall be treated as confiden-
22 tial and shall be excluded from the records that
23 States require to be routinely released to other
24 correctional authorities and school officials.

1 “(F) MANDATORY REPORTING.—States
2 shall keep records of the incidence and types of
3 mental health and substance abuse disorders in
4 their juvenile justice populations, the range and
5 scope of services provided, and barriers to serv-
6 ice. The State shall submit an analysis of this
7 information yearly to the Department of Jus-
8 tice.

9 “(G) STAFF RATIOS FOR CORRECTIONAL
10 FACILITIES.—Each secure correctional facility
11 shall have a minimum ratio of no fewer than 1
12 mental health counselor to every 50 juveniles.
13 Mental health counselors shall be professionally
14 trained and certified or licensed. Each secure
15 correctional facility shall have a minimum ratio
16 of 1 clinical psychologist for every 100 juve-
17 niles. Each secure correctional facility shall
18 have a minimum ratio of 1 licensed psychiatrist
19 for every 100 juveniles receiving psychiatric
20 care.

21 “(H) USE OF FORCE.—

22 “(i) WRITTEN GUIDELINES.—All juve-
23 nile facilities shall have a written behav-
24 ioral management system based on incen-
25 tives and rewards to reduce misconduct

1 and to decrease the use of restraints and
2 seclusion by staff.

3 “(ii) LIMITATIONS ON RESTRAINT.—

4 Control techniques such as restraint, seclu-
5 sion, chemical sprays, and room confine-
6 ment shall be used only in response to ex-
7 treme threats to life or safety. Use of these
8 techniques shall be approved by the facility
9 superintendent or chief medical officer and
10 documented in the juvenile’s file along with
11 the justification for use and the failure of
12 less restrictive alternatives.

13 “(iii) LIMITATION ON ISOLATION.—

14 Isolation and seclusion shall be used only
15 for immediate and short-term security or
16 safety reasons. No juvenile shall be placed
17 in isolation without approval of the facility
18 superintendent or chief medical officer or
19 their official staff designee. All cases shall
20 be documented in the juvenile’s file along
21 with the justification. A juvenile shall be in
22 isolation only the amount of time necessary
23 to achieve security and safety of the juve-
24 nile and staff. Staff shall monitor each ju-
25 venile in isolation once every 15 minutes

1 and conduct a professional review of the
2 need for isolation at least every 4 hours.
3 Any juvenile held in seclusion for 24 hours
4 shall be examined by a physician or li-
5 censed psychologist.

6 “(I) IDEA AND REHABILITATION ACT.—
7 All juvenile facilities shall abide by all manda-
8 tory requirements and time lines set forth
9 under the Individuals with Disabilities Edu-
10 cation Act and section 504 of the Rehabilitation
11 Act of 1973.

12 “(J) ADVOCACY ASSISTANCE.—

13 “(i) IN GENERAL.—The Secretary of
14 Health and Human Services shall make
15 grants to the systems established under
16 part C of the Developmental Disabilities
17 Assistance and Bill of Rights Act (42
18 U.S.C. 6041 et seq.) to monitor the mental
19 health and special education services pro-
20 vided by grantees to juveniles under para-
21 graph (2) (A), (B), (C), (H), and (I) of
22 this section, and to advocate on behalf of
23 juveniles to assure that such services are
24 properly provided.

1 “(ii) APPROPRIATION.—The Secretary
2 of Health and Human Services will reserve
3 no less than 3 percent of the funds appro-
4 priated under this section for the purposes
5 set forth in paragraph (2)(J)(i).

6 “(c) AUTHORIZATION OF APPROPRIATIONS.—

7 “(1) IN GENERAL.—There are authorized to be
8 appropriated from the Violent Crime Reduction
9 Trust Fund, \$500,000,000 for fiscal years 2002,
10 2003, 2004, 2005, and 2006 to carry out this sec-
11 tion.

12 “(2) ALLOCATION.—Of amounts appropriated
13 under paragraph (1)—

14 “(A) 35 percent shall be used for diversion
15 programs under subsection (b)(1); and

16 “(B) 65 percent shall be used for treat-
17 ment programs under subsection (b)(2).

18 “(3) INCENTIVES.—The Attorney General and
19 the Secretary of Health and Human Services shall
20 give preference under subsection (b)(2) to partner-
21 ships that integrate treatment programs to serve ju-
22 veniles with co-occurring mental health and sub-
23 stance abuse disorders.

24 “(4) WAIVERS.—The Attorney General and the
25 Secretary of Health and Human Services may grant

1 a waiver of requirements under subsection (b)(2) for
2 good cause.

3 **“SEC. 299CC. GRANTS FOR PARTNERSHIPS.**

4 “(a) IN GENERAL.—Any partnership desiring to re-
5 ceive a grant under this part shall submit an application
6 at such time, in such manner, and containing such infor-
7 mation as the Attorney General and the Secretary of
8 Health and Human Services may prescribe.

9 “(b) CONTENTS.—In accordance with guidelines es-
10 tablished by the Attorney General and the Secretary of
11 Health and Human Services, each application submitted
12 under subsection (a) shall—

13 “(1) set forth a program or activity for carrying
14 out one or more of the purposes specified in section
15 299BB(b) and specifically identify each such pur-
16 pose such program or activity is designed to carry
17 out;

18 “(2) provide that such program or activity shall
19 be administered by or under the supervision of the
20 applicant;

21 “(3) provide for the proper and efficient admin-
22 istration of such program or activity;

23 “(4) provide for regular evaluation of such pro-
24 gram or activity;

1 “(5) provide an assurance that the proposed
2 program or activity will supplement, not supplant,
3 similar programs and activities already available in
4 the community; and

5 “(6) provide for such fiscal control and fund ac-
6 counting procedures as may be necessary to ensure
7 prudent use, proper disbursement, and accurate ac-
8 counting of funds receiving under this part.”.

9 **SEC. 10104. INITIATIVE FOR COMPREHENSIVE, INTER-**
10 **SYSTEM PROGRAMS.**

11 Subpart 3 of part B of title V of the Public Health
12 Service Act (42 U.S.C. 290bb–31 et seq.) is amended by
13 adding at the end the following:

14 **“SEC. 520K. INITIATIVE FOR COMPREHENSIVE, INTER-**
15 **SYSTEM PROGRAMS.**

16 “(a) IN GENERAL.—The Attorney General and the
17 Secretary, acting through the Director of the Center for
18 Mental Health Services, shall award competitive grants to
19 eligible entities for programs that address the service
20 needs of juveniles and juveniles with serious mental ill-
21 nesses by requiring the State or local juvenile justice sys-
22 tem, the mental health system, and the substance abuse
23 treatment system to work collaboratively to ensure—

24 “(1) the appropriate diversion of such juveniles
25 and juveniles from incarceration;

1 “(2) the provision of appropriate mental health
2 and substance abuse services as an alternative to in-
3 carceration and for those juveniles on probation or
4 parole; and

5 “(3) the provision of followup services for juve-
6 niles who are discharged from the juvenile justice
7 system.

8 “(b) ELIGIBILITY.—To be eligible to receive a grant
9 under this section an entity shall—

10 “(1) be a State or local juvenile justice agency,
11 mental health agency, or substance abuse agency
12 (including community diversion programs);

13 “(2) prepare and submit to the Secretary an
14 application at such time, in such manner, and con-
15 taining such information as the Secretary may re-
16 quire, including—

17 “(A) an assurance that the applicant has
18 the consent of all entities described in para-
19 graph (1) in carrying out and coordinating ac-
20 tivities under the grant; and

21 “(B) with respect to services for juveniles,
22 an assurance that the applicant has collabo-
23 rated with the State or local educational agency
24 and the State or local welfare agency in car-

1 rying out and coordinating activities under the
2 grant;

3 “(3) be given priority if it is a joint application
4 between juvenile justice and substance abuse or
5 mental health agencies; and

6 “(4) ensure that funds from non-Federal
7 sources are available to match amounts provided
8 under the grant in an amount that is not less
9 than—

10 “(A) with respect to the first 3 years
11 under the grant, 25 percent of the amount pro-
12 vided under the grant; and

13 “(B) with respect to the fourth and fifth
14 years under the grant, 50 percent of the
15 amount provided under the grant.

16 “(c) USE OF FUNDS.—

17 “(1) INITIAL YEAR.—An entity that receives a
18 grant under this section shall, in the first fiscal year
19 in which amounts are provided under the grant, use
20 such amounts to develop a collaborative plan—

21 “(A) for how the guarantee will institute a
22 system to provide intensive community
23 services—

1 “(i) to prevent high-risk juveniles
2 from coming in contact with the justice
3 system; and

4 “(ii) to meet the mental health and
5 substance abuse treatment needs of juve-
6 niles on probation or recently discharged
7 from the justice system; and

8 “(B) providing for the exchange by agen-
9 cies of information to enhance the provision of
10 mental health or substance abuse services to ju-
11 veniles.

12 “(2) 2–5TH YEARS.—With respect to the second
13 through fifth fiscal years in which amounts are pro-
14 vided under the grant, the grantee shall use amounts
15 provided under the grant—

16 “(A) to furnish services, such as assertive
17 community treatment, wrap-around services for
18 juveniles, multisystemic therapy, outreach, inte-
19 grated mental health and substance abuse
20 treatment, case management, health care, edu-
21 cation and job training, assistance in securing
22 stable housing, finding a job or obtaining in-
23 come support, other benefits, access to appro-
24 priate school-based services, transitional and
25 independent living services, mentoring pro-

1 grams, home-based services, and provision of
2 appropriate after school and summer pro-
3 graming;

4 “(B) to establish a network of boundary
5 spanners to conduct regular meetings with
6 judges, provide liaison with mental health and
7 substance abuse workers, share and distribute
8 information, and coordinate with mental health
9 and substance abuse treatment providers, and
10 probation or parole officers concerning provision
11 of appropriate mental health and drug and alco-
12 hol addiction services for individuals on proba-
13 tion or parole;

14 “(C) to provide cross-system training
15 among police, corrections, and mental health
16 and substance abuse providers with the purpose
17 of enhancing collaboration and the effectiveness
18 of all systems;

19 “(D) to provide coordinated and effective
20 aftercare programs for juveniles with emotional
21 or mental disorders who are discharged from
22 jail, prison, or juvenile facilities;

23 “(E) to purchase technical assistance to
24 achieve the grant project’s goals; and

1 “(F) to furnish services, to train personnel
2 in collaborative approaches, and to enhance
3 intersystem collaboration.

4 “(3) DEFINITION.—In paragraph (2)(B), the
5 term ‘boundary spanners’ means professionals who
6 act as case managers for juveniles with mental dis-
7 orders and substance abuse addictions, within both
8 justice agency facilities and community mental
9 health programs and who have full authority from
10 both systems to act as problem-solvers and advocates
11 on behalf of individuals targeted for service under
12 this program.

13 “(d) AREA SERVED BY THE PROJECT.—An entity re-
14 ceiving a grant under this section shall conduct activities
15 under the grant to serve at least a single political jurisdic-
16 tion.

17 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
18 shall be made available to carry out the section, not less
19 than 10 percent of the amount appropriated under section
20 1935(a) for each of the fiscal years 2002 through 2006.”.

21 **SEC. 10105. FEDERAL COORDINATING COUNCIL ON THE**
22 **CRIMINALIZATION OF JUVENILES WITH MEN-**
23 **TAL DISORDERS.**

24 (a) ESTABLISHMENT.—There is established a Fed-
25 eral Coordinating Council on Criminalization of Juveniles

1 With Mental Disorders as an interdepartmental council to
2 study and coordinate the criminal and juvenile justice and
3 mental health and substance abuse activities of the Fed-
4 eral Government and to report to Congress on proposed
5 new legislation to improve the treatment of mentally ill
6 juveniles who come in contact with the juvenile justice sys-
7 tem.

8 (b) MEMBERSHIP.—The Council shall include rep-
9 resentatives from—

10 (1) the appropriate Federal agencies, as deter-
11 mined by the President, including, at a minimum—

12 (A) the Office of the Secretary of Health
13 and Human Services;

14 (B) the Office for Juvenile Justice and De-
15 linquency Prevention;

16 (C) the National Institute of Mental
17 Health;

18 (D) the Social Security Administration;

19 (E) the Department of Education; and

20 (F) the Substance Abuse and Mental
21 Health Services Administration; and

22 (2) children’s mental health advocacy groups.

23 (c) DUTIES.—The Council shall—

24 (1) review Federal policies that hinder or facili-
25 tate coordination at the State and local level between

1 the mental health and substance abuse systems on
2 the one hand and the juvenile justice and corrections
3 system on the other;

4 (2) study the possibilities for improving collabo-
5 ration at the Federal, State, and local level among
6 these systems; and

7 (3) recommend to Congress any appropriate
8 new initiatives which require legislative action.

9 (d) FINAL REPORT.—The Council shall submit—

10 (1) an interim report on current coordination
11 and collaboration, or lack thereof, 18 months after
12 the Council is established; and

13 (2) recommendations for new initiatives in im-
14 proving coordination and collaboration in a final re-
15 port to Congress 2 years after the Council is estab-
16 lished.

17 (e) EXPIRATION.—The Council shall expire 2 years
18 after the Council is established.

19 **SEC. 10106. MENTAL HEALTH SCREENING AND TREATMENT**
20 **FOR PRISONERS.**

21 (a) ADDITIONAL REQUIREMENTS FOR THE USE OF
22 FUNDS UNDER THE VIOLENT OFFENDER INCARCER-
23 ATION AND TRUTH-IN-SENTENCING GRANTS PROGRAM.—
24 Section 20105(b) of the Violent Crime Control and Law
25 Enforcement Act of 1994 is amended to read as follows:

1 “(b) ADDITIONAL REQUIREMENTS.—

2 “(1) ELIGIBILITY FOR GRANT.—To be eligible
3 to receive a grant under section 20103 or 20104, a
4 State shall, not later than January 1, 2001, have a
5 program of mental health screening and treatment
6 for appropriate categories of juvenile and other of-
7 fenders during periods of incarceration and juvenile
8 and criminal justice supervision, that is consistent
9 with guidelines issued by the Attorney General.

10 “(2) USE OF FUNDS.—

11 “(A) IN GENERAL.—Notwithstanding any
12 other provision of this subtitle, amounts made
13 available to a State under section 20103 or
14 20104, may be applied to the costs of programs
15 described in paragraph (1), consistent with
16 guidelines issued by the Attorney General.

17 “(B) ADDITIONAL USE.—In addition to
18 being used as specified in subparagraph (A),
19 the funds referred to in that subparagraph may
20 be used by a State to pay the costs of providing
21 to the Attorney General a baseline study on the
22 mental health problems of juvenile offenders
23 and prisoners in the State, which study shall be
24 consistent with guidelines issued by the Attor-
25 ney General.”.

1 **SEC. 10107. INAPPLICABILITY OF AMENDMENTS.**

2 Section 3626 of title 18 is amended by adding at the
3 end the following:

4 “(h) INAPPLICABILITY OF AMENDMENTS.—A civil
5 action brought pursuant to section 1983 of title 42,
6 United States Code, that seeks to remedy conditions of
7 confinement for individuals who are under the age of 18
8 shall be governed by the terms of this section, as in effect
9 on the day before the date of enactment of the Prison Liti-
10 gation Reform Act of 1995 and the amendments made by
11 that Act (18 U.S.C. 3601 note).”.

12 **Subtitle C—Juvenile Justice and**
13 **Accountability**

14 **SEC. 10201. SHORT TITLE.**

15 This subtitle may be cited as the “Juvenile Justice
16 and Accountability Act”.

17 **SEC. 10202. GRANT PROGRAM.**

18 Title II of the Juvenile Justice and Delinquency Pre-
19 vention Act of 1974 (42 U.S.C. 5611 et seq.) is amended
20 by adding at the end the following:

21 **“PART L—JUVENILE ACCOUNTABILITY BLOCK**
22 **GRANTS**

23 **“SEC. 299AAA. PROGRAM AUTHORIZED.**

24 “(a) IN GENERAL.—The Administrator is authorized
25 to provide grants to States, for use by States and units

1 of local government, and in certain cases directly to spe-
2 cially qualified units.

3 “(b) AUTHORIZED ACTIVITIES.—Amounts paid to a
4 State or a unit of local government under this part shall
5 be used by the State or unit of local government for the
6 purpose of strengthening the juvenile justice system,
7 which includes—

8 “(1) developing, implementing, and admin-
9 istering graduated sanctions for juvenile offenders;

10 “(2) building, expanding, renovating, or oper-
11 ating temporary or permanent juvenile correction,
12 detention, or community corrections facilities;

13 “(3) hiring juvenile court judges, probation offi-
14 cers, and court-appointed defenders and special ad-
15 vocates, and funding pretrial services for juvenile of-
16 fenders, to promote the effective and expeditious ad-
17 ministration of the juvenile justice system;

18 “(4) hiring additional prosecutors, so that more
19 cases involving violent juvenile offenders can be
20 prosecuted and case backlogs reduced;

21 “(5) providing funding to enable prosecutors to
22 address drug, gang, and youth violence problems
23 more effectively and for technology, equipment, and
24 training to assist prosecutors in identifying and ex-
25 pediting the prosecution of violent juvenile offenders;

1 “(6) establishing and maintaining training pro-
2 grams for law enforcement and other court per-
3 sonnel with respect to preventing and controlling ju-
4 venile crime;

5 “(7) establishing juvenile gun courts for the
6 prosecution and adjudication of juvenile firearms of-
7 fenders;

8 “(8) establishing drug court programs for juve-
9 nile offenders that provide continuing judicial super-
10 vision over juvenile offenders with substance abuse
11 problems and the integrated administration of other
12 sanctions and services for such offenders;

13 “(9) establishing and maintaining a system of
14 juvenile records designed to promote public safety;

15 “(10) establishing and maintaining interagency
16 information-sharing programs that enable the juve-
17 nile and criminal justice system, schools, and social
18 services agencies to make more informed decisions
19 regarding the early identification, control, super-
20 vision, and treatment of juveniles who repeatedly
21 commit serious delinquent or criminal acts;

22 “(11) establishing and maintaining account-
23 ability-based programs designed to reduce recidivism
24 among juveniles who are referred by law enforce-
25 ment personnel or agencies, including development

1 of a plan for administering after care services and
2 treatment for juvenile offenders when they are re-
3 leased.

4 “(12) establishing and maintaining programs to
5 conduct risk and need assessments of juvenile of-
6 fenders that facilitate the effective early intervention
7 and the provision of comprehensive services, includ-
8 ing mental health screening and treatment and sub-
9 stance abuse testing and treatment to such offend-
10 ers;

11 “(13) establishing and maintaining account-
12 ability-based programs that are designed to enhance
13 school safety;

14 “(14) enacting Child Access Prevention (CAP)
15 laws;

16 “(15) establishing and maintaining programs to
17 enable juvenile courts and juvenile probation officers
18 to be more effective and efficient in holding juvenile
19 offenders accountable and reducing recidivism;

20 “(16) building and maintaining smaller juvenile
21 facilities, including separate units for juveniles tried
22 as adults;

23 “(17) requiring all correctional staff who are
24 responsible for supervising juvenile offenders be pro-

1 vided with orientation and on-going training regard-
2 ing the unique needs of juveniles; and

3 “(18) developing and utilizing accountable com-
4 munity-based alternatives to incarceration.

5 **“SEC. 299BBB. GRANT ELIGIBILITY.**

6 “(a) STATE ELIGIBILITY.—To be eligible to receive
7 a grant under this section, a State shall submit to the
8 Administrator an application at such time, in such form,
9 and containing such assurances and information as the
10 Administrator may require by rule, including assurances
11 that the State and any unit of local government to which
12 the State provides funding under section 1803(b), has in
13 effect (or shall have in effect, not later than 1 year after
14 the date that the State submits such application) laws,
15 or has implemented (or shall implement, not later than
16 1 year after the date that the State submits such applica-
17 tion) policies and programs that—

18 “(1) provide for a system of graduated sanc-
19 tions described in subsection (c); and

20 “(2) prohibit the application of the death pen-
21 alty for juveniles.

22 **“(b) LOCAL ELIGIBILITY.—**

23 “(1) SUBGRANT ELIGIBILITY.—To be eligible to
24 receive a subgrant, a unit of local government, other
25 than a specially qualified unit, shall provide such as-

1 surances to the State as the State shall require,
2 that, to the maximum extent applicable, the unit of
3 local government has in effect (or shall have in ef-
4 fect, not later than 1 year after the date that the
5 unit submits such application) laws, or has imple-
6 mented (or shall implement, not later than 1 year
7 after the date that the unit submits such applica-
8 tion) policies and programs, that provide for a sys-
9 tem of graduated sanctions described in subsection
10 (c).

11 “(2) SPECIAL RULE.—The requirements of
12 paragraph (1) shall apply to a specially qualified
13 unit that receives funds from the Administrator
14 under section 1803(e), except that information that
15 is otherwise required to be submitted to the State
16 shall be submitted to the Administrator.

17 “(c) GRADUATED SANCTIONS.—A system of grad-
18 uated sanctions, which may be discretionary as provided
19 in subsection (d), shall ensure, at a minimum, that—

20 “(1) sanctions are imposed on juvenile offend-
21 ers for every offense;

22 “(2) sanctions escalate in intensity with each
23 subsequent, more serious delinquent or criminal of-
24 fense;

1 “(3) there is sufficient flexibility to allow for in-
2 dividualized sanctions and services suited to the indi-
3 vidual juvenile offender; and

4 “(4) appropriate consideration is given to public
5 safety and victims of crime.

6 “(d) DISCRETIONARY USE OF SANCTIONS.—

7 “(1) VOLUNTARY PARTICIPATION.—A State or
8 unit of local government may be eligible to receive
9 a grant under this part if—

10 “(A) its system of graduated sanctions is
11 discretionary; and

12 “(B) it demonstrates that it has promoted
13 the use of a system of graduated sanctions by
14 taking steps to encourage implementation of
15 such a system by juvenile courts.

16 “(2) REPORTING REQUIREMENT IF GRADUATED
17 SANCTIONS NOT USED.—

18 “(A) JUVENILE COURTS.—A State or unit
19 of local government in which the imposition of
20 graduated sanctions is discretionary shall re-
21 quire each juvenile court within its
22 jurisdiction—

23 “(i) which has not implemented a sys-
24 tem of graduated sanctions, to submit an
25 annual report that explains why such court

1 did not implement graduated sanctions;
2 and

3 “(ii) which has implemented a system
4 of graduated sanctions but has not im-
5 posed graduated sanctions in 1 or more
6 specific cases, to submit an annual report
7 that explains why such court did not im-
8 pose graduated sanctions.

9 “(B) UNITS OF LOCAL GOVERNMENT.—
10 Each unit of local government, other than a
11 specially qualified unit, that has 1 or more juve-
12 nile courts that use a discretionary system of
13 graduated sanctions shall collect the informa-
14 tion reported under subparagraph (A) for sub-
15 mission to the State each year.

16 “(C) STATES.—Each State and specially
17 qualified unit that has 1 or more juvenile courts
18 that use a discretionary system of graduated
19 sanctions shall collect the information reported
20 under subparagraph (A) for submission to the
21 Administrator each year. A State shall also col-
22 lect and submit to the Administrator the infor-
23 mation collected under subparagraph (B).

24 “(e) DEFINITIONS.—For purposes of this section:

1 “(1) The term ‘discretionary’ means that a sys-
2 tem of graduated sanctions is not required to be im-
3 posed by each and every juvenile court in a State or
4 unit of local government.

5 “(2) The term ‘sanctions’ means tangible, pro-
6 portional consequences that hold the juvenile of-
7 fender accountable for the offense committed. A
8 sanction may include counseling, restitution, commu-
9 nity service, a fine, supervised probation, or confine-
10 ment.

11 **“SEC. 299CCC. ALLOCATION AND DISTRIBUTION OF FUNDS.**

12 “(a) STATE ALLOCATION.—

13 “(1) IN GENERAL.—In accordance with regula-
14 tions promulgated pursuant to this part and except
15 as provided in paragraph (3), the Administrator
16 shall allocate—

17 “(A) 0.5 percent for each State; and

18 “(B) of the total funds remaining after the
19 allocation under subparagraph (A), to each
20 State, an amount which bears the same ratio to
21 the amount of remaining funds described in this
22 subparagraph as the population of people under
23 the age of 18 living in such State for the most
24 recent calendar year in which such data is
25 available bears to the population of people

1 under the age of 18 of all the States for such
2 fiscal year.

3 “(2) PROHIBITION.—No funds allocated to a
4 State under this subsection or received by a State
5 for distribution under subsection (b) may be distrib-
6 uted by the Administrator or by the State involved
7 for any program other than a program contained in
8 an approved application.

9 “(3) INCREASE FOR STATE RESERVE.—

10 “(A) IN GENERAL.—Subject to subpara-
11 graph (B), if a State demonstrates and certifies
12 to the Administrator that the State’s law en-
13 forcement expenditures in the fiscal year pre-
14 ceeding the date in which an application is sub-
15 mitted under this part is more than 25 percent
16 of the aggregate amount of law enforcement ex-
17 penditures by the State and its eligible units of
18 local government, the percentage referred to in
19 paragraph (1)(A) shall equal the percentage de-
20 termined by dividing the State’s law enforce-
21 ment expenditures by such aggregate.

22 “(B) LAW ENFORCEMENT EXPENDITURES
23 OVER 50 PERCENT.—If the law enforcement ex-
24 penditures of a State exceed 50 percent of the
25 aggregate amount described in subparagraph

1 (A), the Administrator shall consult with as
2 many units of local government in such State
3 as practicable regarding the State's proposed
4 uses of funds.

5 “(b) LOCAL DISTRIBUTION.—

6 “(1) IN GENERAL.—Except as provided in sub-
7 section (a)(3), each State which receives funds under
8 subsection (a)(1) in a fiscal year shall distribute not
9 less than 75 percent of such amounts received
10 among units of local government, for the purposes
11 specified in section 1801. In making such distribu-
12 tion the State shall allocate to such units of local
13 government an amount which bears the same ratio
14 to the aggregate amount of such funds as—

15 “(A) the sum of—

16 “(i) the product of—

17 “(I) three-quarters; multiplied by

18 “(II) the average law enforce-
19 ment expenditure for such unit of
20 local government for the 3 most re-
21 cent calendar years for which such
22 data is available; plus

23 “(ii) the product of—

24 “(I) one-quarter; multiplied by

1 “(II) the average annual number
2 of part 1 violent crimes in such unit
3 of local government for the 3 most re-
4 cent calendar years for which such
5 data is available, bears to—

6 “(B) the sum of the products determined
7 under subparagraph (A) for all such units of
8 local government in the State.

9 “(2) EXPENDITURES.—The allocation any unit
10 of local government shall receive under paragraph
11 (1) for a payment period shall not exceed 100 per-
12 cent of law enforcement expenditures of the unit for
13 such payment period.

14 “(3) REALLOCATION.—The amount of any unit
15 of local government’s allocation that is not available
16 to such unit by operation of paragraph (2) shall be
17 available to other units of local government that are
18 not affected by such operation in accordance with
19 this subsection.

20 “(c) UNAVAILABILITY OF DATA FOR UNITS OF
21 LOCAL GOVERNMENT.—If the State has reason to believe
22 that the reported rate of part 1 violent crimes or law en-
23 forcement expenditures for a unit of local government is
24 insufficient or inaccurate, the State shall—

1 “(1) investigate the methodology used by the
2 unit to determine the accuracy of the submitted
3 data; and

4 “(2) if necessary, use the best available com-
5 parable data regarding the number of violent crimes
6 or law enforcement expenditures for the relevant
7 years for the unit of local government.

8 “(d) LOCAL GOVERNMENT WITH ALLOCATIONS LESS
9 THAN \$5,000.—If under this section a unit of local gov-
10 ernment is allocated less than \$5,000 for a payment pe-
11 riod, the amount allotted shall be expended by the State
12 on services to units of local government whose allotment
13 is less than such amount in a manner consistent with this
14 part.

15 “(e) DIRECT GRANTS TO SPECIALLY QUALIFIED
16 UNITS.—

17 “(1) IN GENERAL.—If a State does not qualify
18 or apply for funds reserved for allocation under sub-
19 section (a) by the application deadline established by
20 the Administrator, the Administrator shall reserve
21 not more than 75 percent of the allocation that the
22 State would have received under subsection (a) for
23 such fiscal year to provide grants to specially quali-
24 fied units which meet the requirements for funding
25 under section 1802.

1 “(2) AWARD BASIS.—In addition to the quali-
2 fication requirements for direct grants for specially
3 qualified units the Administrator may use the aver-
4 age amount allocated by the States to units of local
5 government as a basis for awarding grants under
6 this section.

7 **“SEC. 299DDD. GUIDELINES.**

8 “(a) IN GENERAL.—The Attorney General shall issue
9 guidelines establishing procedures under which a State or
10 unit of local government that receives funds under section
11 1803 is required to provide notice to the Administrator
12 regarding the proposed use of funds made available under
13 this part.

14 “(b) ADVISORY BOARD.—The guidelines referred to
15 in subsection (a) shall include a requirement that such eli-
16 gible State or unit of local government establish and con-
17 vene an advisory board to review the proposed uses of such
18 funds. The board shall include representation from, if
19 appropriate—

20 “(1) the State or local police department;

21 “(2) the local sheriff’s department;

22 “(3) the State or local prosecutor’s office;

23 “(4) the State or local juvenile court;

24 “(5) the State or local probation officer;

25 “(6) the State or local educational agency;

1 “(7) a State or local social service agency; and

2 “(8) a nonprofit, religious, or community group.

3 **“SEC. 299EEE. PAYMENT REQUIREMENTS.**

4 “(a) **TIMING OF PAYMENTS.**—The Administrator
5 shall pay to each State or unit of local government that
6 receives funds under section 1803 that has submitted an
7 application under this part not later than—

8 “(1) 90 days after the date that the amount is
9 available, or

10 “(2) the first day of the payment period if the
11 State has provided the Administrator with the assur-
12 ances required by subsection (c),
13 whichever is later.

14 “(b) **REPAYMENT OF UNEXPENDED AMOUNTS.**—

15 “(1) **REPAYMENT REQUIRED.**—From amounts
16 awarded under this part, a State or specially quali-
17 fied unit shall repay to the Administrator, or a unit
18 of local government shall repay to the State by not
19 later than 39 months after receipt of funds from the
20 Administrator, any amount that is not expended by
21 the State within 3 years after receipt of such funds
22 from the Administrator.

23 “(2) **PENALTY FOR FAILURE TO REPAY.**—If the
24 amount required to be repaid is not repaid, the Ad-

1 administrator shall reduce payment in future payment
2 periods accordingly.

3 “(3) DEPOSIT OF AMOUNTS REPAID.—Amounts
4 received by the Administrator as repayments under
5 this subsection shall be deposited in a designated
6 fund for future payments to States and specially
7 qualified units.

8 “(c) ADMINISTRATIVE COSTS.—A State or unit of
9 local government that receives funds under this part may
10 use not more than 5 percent of such funds to pay for ad-
11 ministrative costs.

12 “(d) NONSUPPLANTING REQUIREMENT.—Funds
13 made available under this part to States and units of local
14 government shall not be used to supplant State or local
15 funds as the case may be, but shall be used to increase
16 the amount of funds that would, in the absence of funds
17 made available under this part, be made available from
18 State or local sources, as the case may be.

19 “(e) MATCHING FUNDS.—The Federal share of a
20 grant received under this part may not exceed 90 percent
21 of the costs of a program or proposal funded under this
22 part.

23 **“SEC. 299FFF. UTILIZATION OF PRIVATE SECTOR.**

24 “Funds or a portion of funds allocated under this
25 part may be utilized to contract with private, nonprofit

1 entities, or community-based organizations to carry out
2 the purposes specified under section 1801(a)(2).

3 **“SEC. 299GGG. ADMINISTRATIVE PROVISIONS.**

4 “(a) IN GENERAL.—A State or specially qualified
5 unit that receives funds under this part shall—

6 “(1) establish a trust fund in which the govern-
7 ment will deposit all payments received under this
8 part;

9 “(2) use amounts in the trust fund (including
10 interest) during a period not to exceed 3 years from
11 the date the grant award is made to the State or
12 specially qualified unit;

13 “(3) designate an official of the State or spe-
14 cially qualified unit to submit reports as the Attor-
15 ney General reasonably requires, in addition to the
16 annual reports required under this part; and

17 “(4) spend the funds only for the purposes
18 under section 1801(b).

19 “(b) TITLE I PROVISIONS.—Except as otherwise pro-
20 vided, the administrative provisions of part H shall apply
21 to this part and for purposes of this section any reference
22 in such provisions to title I shall be deemed to include
23 a reference to this part.

24 **“SEC. 299HHH. DEFINITIONS.**

25 “For purposes of this part:

1 “(1) The term ‘unit of local government’
2 means—

3 “(A) a county, township, city, or political
4 subdivision of a county, township, or city, that
5 is a unit of local government as determined by
6 the Secretary of Commerce for general statis-
7 tical purposes; and

8 “(B) the District of Columbia and the rec-
9 ognized governing body of an Indian tribe or
10 Alaskan Native village that carries out substan-
11 tial governmental duties and powers.

12 “(2) The term ‘specially qualified unit’ means a
13 unit of local government which may receive funds
14 under this part only in accordance with section
15 1803(e).

16 “(3) The term ‘State’ means any State of the
17 United States, the District of Columbia, the Com-
18 monwealth of Puerto Rico, the Virgin Islands, Amer-
19 ican Samoa, Guam, and the Northern Mariana Is-
20 lands, except that American Samoa, Guam, and the
21 Northern Mariana Islands shall be considered as 1
22 State and that, for purposes of section 1803(a), 33
23 percent of the amounts allocated shall be allocated
24 to American Samoa, 50 percent to Guam, and 17
25 percent to the Northern Mariana Islands.

1 “(4) The term ‘juvenile’ means an individual
2 who is 17 years of age or younger.

3 “(5) The term ‘law enforcement expenditures’
4 means the expenditures associated with prosecu-
5 torial, legal, and judicial services, and corrections as
6 reported to the Bureau of the Census for the fiscal
7 year preceding the fiscal year for which a determina-
8 tion is made under this part.

9 “(6) The term ‘part 1 violent crimes’ means
10 murder and nonnegligent manslaughter, forcible
11 rape, robbery, and aggravated assault as reported to
12 the Federal Bureau of Investigation for purposes of
13 the Uniform Crime Reports.

14 **“SEC. 299III. AUTHORIZATION OF APPROPRIATIONS.**

15 “(a) AUTHORIZATION OF APPROPRIATIONS.—There
16 are authorized to be appropriated to carry out this part—

17 “(1) \$500,000,000 for fiscal year 2002;

18 “(2) \$500,000,000 for fiscal year 2003; and

19 “(3) \$500,000,000 for fiscal year 2004.

20 “(b) OVERSIGHT ACCOUNTABILITY AND ADMINIS-
21 TRATION.—Not more than 3 percent of the amount au-
22 thorized to be appropriated under subsection (a), with
23 such amounts to remain available until expended, for each
24 of the fiscal years 2002 through 2004 shall be available
25 to the Administrator for evaluation and research regard-

1 ing the overall effectiveness and efficiency of the provi-
2 sions of this part, assuring compliance with the provisions
3 of this part, and for administrative costs to carry out the
4 purposes of this part. The Administrator shall establish
5 and execute an oversight plan for monitoring the activities
6 of grant recipients.

7 “(c) FUNDING SOURCE.—Appropriations for activi-
8 ties authorized in this part may be made from the Violent
9 Crime Reduction Trust Fund.”.

10 **SEC. 10203. INCREASE IN FUNDING FOR TITLE III OF THE**
11 **JJDPA.**

12 There are authorized to be appropriated
13 \$120,000,000 for fiscal year 2002 to carry out the Run-
14 away and Homeless Youth Act (42 U.S.C. 5701 et seq.)
15 of which \$100,000,000 shall be for the Basic Centers and
16 Transitional Living Program and \$20,000,000 shall be for
17 the Sexual Abuse Prevention Program.

18 **SEC. 10204. FUNDING FOR THE SERVICES FOR YOUTHFUL**
19 **OFFENDERS.**

20 There is authorized to be appropriated \$40,000,000
21 for fiscal year 2002 to carry out section 520D of title V
22 of the Public Health Service Act (42 U.S.C. 290bb–35).

1 **SEC. 10205. AUTHORIZATION FOR THE JUVENILE JUSTICE**
2 **AND DELINQUENCY PREVENTION ACT OF**
3 **1974.**

4 Title I of the Juvenile Justice and Delinquency Pre-
5 vention Act of 1974 (42 U.S.C. 5601 et seq.) is amended
6 by adding at the end the following:

7 **“SEC. 104. AUTHORIZATION OF APPROPRIATIONS.**

8 “There are authorized to be appropriated to carry out
9 this Act such sums as necessary for each of fiscal years
10 2002 through 2006.”.

11 **TITLE XI—SAFE START—GUN**
12 **SAFETY**
13 **Subtitle A—Closing the Gun Show**
14 **Loophole**

15 **SEC. 11001. EXTENSION OF BRADY BACKGROUND CHECKS**
16 **TO GUN SHOWS.**

17 (a) FINDINGS.—Congress finds that—

18 (1) more than 4,400 traditional gun shows are
19 held annually across the United States, attracting
20 thousands of attendees per show and hundreds of
21 Federal firearms licensees and nonlicensed firearms
22 sellers;

23 (2) traditional gun shows, as well as flea mar-
24 kets and other organized events, at which a large
25 number of firearms are offered for sale by Federal
26 firearms licensees and nonlicensed firearms sellers,

1 form a significant part of the national firearms mar-
2 ket;

3 (3) firearms and ammunition that are exhibited
4 or offered for sale or exchange at gun shows, flea
5 markets, and other organized events move easily in
6 and substantially affect interstate commerce;

7 (4) even before a firearm is exhibited or offered
8 for sale or exchange at a gun show, flea market, or
9 other organized event, the gun, its component parts,
10 ammunition, and the raw materials from which it is
11 manufactured have moved in interstate commerce;

12 (5) gun shows, flea markets, and other orga-
13 nized events at which firearms are exhibited or of-
14 fered for sale or exchange, provide a convenient and
15 centralized commercial location at which firearms
16 may be bought and sold anonymously, often without
17 background checks and without records that enable
18 gun tracing;

19 (6) at gun shows, flea markets, and other orga-
20 nized events at which guns are exhibited or offered
21 for sale or exchange, criminals and other prohibited
22 persons obtain guns without background checks and
23 frequently use guns that cannot be traced to later
24 commit crimes;

1 (7) many persons who buy and sell firearms at
2 gun shows, flea markets, and other organized events
3 cross State lines to attend these events and engage
4 in the interstate transportation of firearms obtained
5 at these events;

6 (8) gun violence is a pervasive, national prob-
7 lem that is exacerbated by the availability of guns at
8 gun shows, flea markets, and other organized events;

9 (9) firearms associated with gun shows have
10 been transferred illegally to residents of other States
11 by Federal firearms licensees and nonlicensed fire-
12 arms sellers, and have been involved in subsequent
13 crimes including drug offenses, crimes of violence,
14 property crimes, and illegal possession of firearms by
15 felons and other prohibited persons; and

16 (10) Congress has the power, under the inter-
17 state commerce clause and other provisions of the
18 Constitution of the United States, to ensure that
19 criminals and other prohibited persons do not obtain
20 firearms at gun shows, flea markets, and other orga-
21 nized events.

22 (b) DEFINITIONS.—Section 921(a) of title 18, United
23 States Code, is amended by adding at the end the fol-
24 lowing:

1 “(35) GUN SHOW.—The term ‘gun show’ means any
2 event at which 50 or more firearms are offered or exhib-
3 ited for sale, transfer, or exchange, if 1 or more of the
4 firearms has been shipped or transported in, or otherwise
5 affects, interstate or foreign commerce.

6 “(36) GUN SHOW PROMOTER.—The term ‘gun show
7 promoter’ means any person who organizes, plans, pro-
8 motes, or operates a gun show.

9 “(37) GUN SHOW VENDOR.—The term ‘gun show
10 vendor’ means any person who exhibits, sells, offers for
11 sale, transfers, or exchanges 1 or more firearms at a gun
12 show, regardless of whether or not the person arranges
13 with the gun show promoter for a fixed location from
14 which to exhibit, sell, offer for sale, transfer, or exchange
15 1 or more firearms.”.

16 (c) REGULATION OF FIREARMS TRANSFERS AT GUN
17 SHOWS.—

18 (1) IN GENERAL.—Chapter 44 of title 18,
19 United States Code, is amended by adding at the
20 end the following:

21 **“§ 931. Regulation of firearms transfers at gun shows**

22 “(a) REGISTRATION OF GUN SHOW PROMOTERS.—
23 It shall be unlawful for any person to organize, plan, pro-
24 mote, or operate a gun show unless that person—

1 “(1) registers with the Secretary in accordance
2 with regulations promulgated by the Secretary; and

3 “(2) pays a registration fee, in an amount de-
4 termined by the Secretary.

5 “(b) RESPONSIBILITIES OF GUN SHOW PRO-
6 MOTERS.—It shall be unlawful for any person to organize,
7 plan, promote, or operate a gun show unless that person—

8 “(1) before commencement of the gun show,
9 verifies the identity of each gun show vendor partici-
10 pating in the gun show by examining a valid identi-
11 fication document (as defined in section 1028(d)(2))
12 of the vendor containing a photograph of the vendor;

13 “(2) before commencement of the gun show, re-
14 quires each gun show vendor to sign—

15 “(A) a ledger with identifying information
16 concerning the vendor; and

17 “(B) a notice advising the vendor of the
18 obligations of the vendor under this chapter;

19 “(3) notifies each person who attends the gun
20 show of the requirements of this chapter, in accord-
21 ance with such regulations as the Secretary shall
22 prescribe; and

23 “(4) maintains a copy of the records described
24 in paragraphs (1) and (2) at the permanent place of
25 business of the gun show promoter for such period

1 of time and in such form as the Secretary shall re-
2 quire by regulation.

3 “(c) RESPONSIBILITIES OF TRANSFERORS OTHER
4 THAN LICENSEES.—

5 “(1) IN GENERAL.—If any part of a firearm
6 transaction takes place at a gun show, it shall be
7 unlawful for any person who is not licensed under
8 this chapter to transfer a firearm to another person
9 who is not licensed under this chapter, unless the
10 firearm is transferred through a licensed importer,
11 licensed manufacturer, or licensed dealer in accord-
12 ance with subsection (e).

13 “(2) CRIMINAL BACKGROUND CHECKS.—A per-
14 son who is subject to the requirement of paragraph
15 (1)—

16 “(A) shall not transfer the firearm to the
17 transferee until the licensed importer, licensed
18 manufacturer, or licensed dealer through which
19 the transfer is made under subsection (e)
20 makes the notification described in subsection
21 (e)(3)(A); and

22 “(B) notwithstanding subparagraph (A),
23 shall not transfer the firearm to the transferee
24 if the licensed importer, licensed manufacturer,
25 or licensed dealer through which the transfer is

1 made under subsection (e) makes the notifica-
2 tion described in subsection (e)(3)(B).

3 “(3) ABSENCE OF RECORDKEEPING REQUIRE-
4 MENTS.—Nothing in this section shall permit or au-
5 thorize the Secretary to impose recordkeeping re-
6 quirements on any nonlicensed vendor.

7 “(d) RESPONSIBILITIES OF TRANSFEREES OTHER
8 THAN LICENSEES.—

9 “(1) IN GENERAL.—If any part of a firearm
10 transaction takes place at a gun show, it shall be
11 unlawful for any person who is not licensed under
12 this chapter to receive a firearm from another per-
13 son who is not licensed under this chapter, unless
14 the firearm is transferred through a licensed im-
15 porter, licensed manufacturer, or licensed dealer in
16 accordance with subsection (e).

17 “(2) CRIMINAL BACKGROUND CHECKS.—A per-
18 son who is subject to the requirement of paragraph
19 (1)—

20 “(A) shall not receive the firearm from the
21 transferor until the licensed importer, licensed
22 manufacturer, or licensed dealer through which
23 the transfer is made under subsection (e)
24 makes the notification described in subsection
25 (e)(3)(A); and

1 “(B) notwithstanding subparagraph (A),
2 shall not receive the firearm from the transferor
3 if the licensed importer, licensed manufacturer,
4 or licensed dealer through which the transfer is
5 made under subsection (e) makes the notifica-
6 tion described in subsection (e)(3)(B).

7 “(e) RESPONSIBILITIES OF LICENSEES.—A licensed
8 importer, licensed manufacturer, or licensed dealer who
9 agrees to assist a person who is not licensed under this
10 chapter in carrying out the responsibilities of that person
11 under subsection (e) or (d) with respect to the transfer
12 of a firearm shall—

13 “(1) enter such information about the firearm
14 as the Secretary may require by regulation into a
15 separate bound record;

16 “(2) record the transfer on a form specified by
17 the Secretary;

18 “(3) comply with section 922(t) as if transfer-
19 ring the firearm from the inventory of the licensed
20 importer, licensed manufacturer, or licensed dealer
21 to the designated transferee (although a licensed im-
22 porter, licensed manufacturer, or licensed dealer
23 complying with this subsection shall not be required
24 to comply again with the requirements of section
25 922(t) in delivering the firearm to the nonlicensed

1 transferor), and notify the nonlicensed transferor
2 and the nonlicensed transferee—

3 “(A) of such compliance; and

4 “(B) if the transfer is subject to the re-
5 quirements of section 922(t)(1), of any receipt
6 by the licensed importer, licensed manufacturer,
7 or licensed dealer of a notification from the na-
8 tional instant criminal background check sys-
9 tem that the transfer would violate section 922
10 or would violate State law;

11 “(4) not later than 10 days after the date on
12 which the transfer occurs, submit to the Secretary a
13 report of the transfer, which report—

14 “(A) shall be on a form specified by the
15 Secretary by regulation; and

16 “(B) shall not include the name of or other
17 identifying information relating to any person
18 involved in the transfer who is not licensed
19 under this chapter;

20 “(5) if the licensed importer, licensed manufac-
21 turer, or licensed dealer assists a person other than
22 a licensee in transferring, at 1 time or during any
23 5 consecutive business days, 2 or more pistols or re-
24 volvers, or any combination of pistols and revolvers
25 totaling 2 or more, to the same nonlicensed person,

1 in addition to the reports required under paragraph
2 (4), prepare a report of the multiple transfers, which
3 report shall be—

4 “(A) prepared on a form specified by the
5 Secretary; and

6 “(B) not later than the close of business
7 on the date on which the transfer occurs, for-
8 warded to—

9 “(i) the office specified on the form
10 described in subparagraph (A); and

11 “(ii) the appropriate State law en-
12 forcement agency of the jurisdiction in
13 which the transfer occurs; and

14 “(6) retain a record of the transfer as part of
15 the permanent business records of the licensed im-
16 porter, licensed manufacturer, or licensed dealer.

17 “(f) RECORDS OF LICENSEE TRANSFERS.—If any
18 part of a firearm transaction takes place at a gun show,
19 each licensed importer, licensed manufacturer, and li-
20 censed dealer who transfers 1 or more firearms to a person
21 who is not licensed under this chapter shall, not later than
22 10 days after the date on which the transfer occurs, sub-
23 mit to the Secretary a report of the transfer, which
24 report—

1 “(1) shall be in a form specified by the Sec-
2 retary by regulation;

3 “(2) shall not include the name of or other
4 identifying information relating to the transferee;
5 and

6 “(3) shall not duplicate information provided in
7 any report required under subsection (e)(4).

8 “(g) FIREARM TRANSACTION DEFINED.—In this sec-
9 tion, the term ‘firearm transaction’—

10 “(1) includes the offer for sale, sale, transfer,
11 or exchange of a firearm; and

12 “(2) does not include the mere exhibition of a
13 firearm.”.

14 (2) PENALTIES.—Section 924(a) of title 18,
15 United States Code, is amended by adding at the
16 end the following:

17 “(7)(A) Whoever knowingly violates section 931(a)
18 shall be fined under this title, imprisoned not more than
19 5 years, or both.

20 “(B) Whoever knowingly violates subsection (b) or (c)
21 of section 931, shall be—

22 “(i) fined under this title, imprisoned not more
23 than 2 years, or both; and

1 “(ii) in the case of a second or subsequent con-
2 viction, fined under this title, imprisoned not more
3 than 5 years, or both.

4 “(C) Whoever willfully violates section 931(d), shall
5 be—

6 “(i) fined under this title, imprisoned not more
7 than 2 years, or both; and

8 “(ii) in the case of a second or subsequent con-
9 viction, fined under this title, imprisoned not more
10 than 5 years, or both.

11 “(D) Whoever knowingly violates subsection (e) or (f)
12 of section 931 shall be fined under this title, imprisoned
13 not more than 5 years, or both.

14 “(E) In addition to any other penalties imposed
15 under this paragraph, the Secretary may, with respect to
16 any person who knowingly violates any provision of section
17 931—

18 “(i) if the person is registered pursuant to sec-
19 tion 931(a), after notice and opportunity for a hear-
20 ing, suspend for not more than 6 months or revoke
21 the registration of that person under section 931(a);
22 and

23 “(ii) impose a civil fine in an amount equal to
24 not more than \$10,000.”.

1 (3) TECHNICAL AND CONFORMING AMEND-
2 MENTS.—Chapter 44 of title 18, United States
3 Code, is amended—

4 (A) in the chapter analysis, by adding at
5 the end the following:

“931. Regulation of firearms transfers at gun shows.”;

6 and

7 (B) in the first sentence of section 923(j),
8 by striking “a gun show or event” and inserting
9 “an event”.

10 (d) INSPECTION AUTHORITY.—Section 923(g)(1) is
11 amended by adding at the end the following:

12 “(E) Notwithstanding subparagraph (B), the Sec-
13 retary may enter during business hours the place of busi-
14 ness of any gun show promoter and any place where a
15 gun show is held for the purposes of examining the records
16 required by sections 923 and 931 and the inventory of
17 licensees conducting business at the gun show. Such entry
18 and examination shall be conducted for the purposes of
19 determining compliance with this chapter by gun show
20 promoters and licensees conducting business at the gun
21 show and shall not require a showing of reasonable cause
22 or a warrant.”.

23 (e) INCREASED PENALTIES FOR SERIOUS RECORD-
24 KEEPING VIOLATIONS BY LICENSEES.—Section 924(a) of

1 title 18, United States Code, is amended by striking para-
2 graph (3) and inserting the following:

3 “(3)(A) Except as provided in subparagraph (B), any
4 licensed dealer, licensed importer, licensed manufacturer,
5 or licensed collector who knowingly makes any false state-
6 ment or representation with respect to the information re-
7 quired by this chapter to be kept in the records of a person
8 licensed under this chapter, or violates section 922(m)
9 shall be fined under this title, imprisoned not more than
10 5 years, or both.

11 “(B) If the violation described in subparagraph (A)
12 is in relation to an offense—

13 “(i) under paragraph (1) or (3) of section
14 922(b), such person shall be fined under this title,
15 imprisoned not more than 5 years, or both; or

16 “(ii) under subsection (a)(6) or (d) of section
17 922, such person shall be fined under this title, im-
18 prisoned not more than 10 years, or both.”.

19 (f) INCREASED PENALTIES FOR VIOLATIONS OF
20 CRIMINAL BACKGROUND CHECK REQUIREMENTS.—

21 (1) PENALTIES.—Section 924(a) of title 18,
22 United States Code (as amended by subsection (c)),
23 is amended—

1 (A) in paragraph (5), by striking “sub-
2 section (s) or (t) of section 922” and inserting
3 “section 922(s)”; and

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

5 “(8) Whoever knowingly violates section 922(t) shall
6 be fined under this title, imprisoned not more than 5
7 years, or both.”.

8 (2) ELIMINATION OF CERTAIN ELEMENTS OF
9 OFFENSE.—Section 922(t)(5) of title 18, United
10 States Code, is amended by striking “and, at the
11 time” and all that follows through “State law”.

12 (g) GUN OWNER PRIVACY AND PREVENTION OF
13 FRAUD AND ABUSE OF SYSTEM INFORMATION.—Section
14 922(t)(2)(C) of title 18, United States Code, is amended
15 by inserting before the period at the end “, as soon as
16 possible, consistent with the responsibility of the Attorney
17 General under section 103(h) of the Brady Handgun Vio-
18 lence Prevention Act (18 U.S.C. 922 note) to ensure the
19 privacy and security of the system and to prevent system
20 fraud and abuse, but in no event later than 90 days after
21 the date on which the licensee first contacts the system
22 with respect to the transfer”.

23 (h) EFFECTIVE DATE.—This section and the amend-
24 ments made by this section shall take effect 180 days after
25 the date of enactment of this Act.

Subtitle B—Child Safety Locks**SEC. 11101. REQUIREMENT OF CHILD HANDGUN SAFETY
LOCKS.**

(a) DEFINITIONS.—Section 921(a) of title 18, United States Code (as amended by section 11001), is amended by adding at the end the following:

“(38) LOCKING DEVICE.—The term ‘locking device’ means a device or locking mechanism that is approved by a licensed firearms manufacturer for use on the handgun with which the device or locking mechanism is sold, delivered, or transferred and that—

“(A) if installed on a firearm and secured by means of a key or a mechanically, electronically, or electromechanically operated combination lock, is designed to prevent the firearm from being discharged without first deactivating or removing the device by means of a key or mechanically, electronically, or electromechanically operated combination lock;

“(B) if incorporated into the design of a firearm, is designed to prevent discharge of the firearm by any person who does not have access to the key or other device designed to unlock

1 the mechanism and thereby allow discharge of
2 the firearm; or

3 “(C) is a safe, gun safe, gun case, lockbox,
4 or other device that is designed to store a fire-
5 arm and that is designed to be unlocked only by
6 means of a key, a combination, or other similar
7 means.”.

8 (b) UNLAWFUL ACTS.—

9 (1) IN GENERAL.—Section 922 of title 18,
10 United States Code, is amended by inserting after
11 subsection (y) the following:

12 “(z) LOCKING DEVICES.—

13 “(1) IN GENERAL.—Except as provided in para-
14 graph (2), it shall be unlawful for any licensed man-
15 ufacturer, licensed importer, or licensed dealer to
16 sell, deliver, or transfer any handgun to any person
17 other than a licensed manufacturer, licensed im-
18 porter, or licensed dealer, unless the transferee is
19 provided with a locking device for that handgun.

20 “(2) EXCEPTIONS.—Paragraph (1) does not
21 apply to the—

22 “(A) manufacture for, transfer to, or pos-
23 session by, the United States or a State or a
24 department or agency of the United States, or

1 a State or a department, agency, or political
2 subdivision of a State, of a firearm;

3 “(B) transfer to, or possession by, a law
4 enforcement officer employed by an entity re-
5 ferred to in clause (i) of a firearm for law en-
6 forcement purposes (whether on or off duty); or

7 “(C) transfer to, or possession by, a rail
8 police officer employed by a rail carrier and cer-
9 tified or commissioned as a police officer under
10 the laws of a State of a firearm for purposes of
11 law enforcement (whether on or off duty).”.

12 (2) EFFECTIVE DATE.—Section 922(z) of title
13 18, United States Code, as added by this subsection,
14 shall take effect 180 days after the date of enact-
15 ment of this Act.

16 (c) LIABILITY; EVIDENCE.—

17 (1) LIABILITY.—Nothing in this section shall be
18 construed to—

19 (A) create a cause of action against any
20 dealer of firearms or any other person for any
21 civil liability; or

22 (B) establish any standard of care.

23 (2) EVIDENCE.—Notwithstanding any other
24 provision of law, evidence regarding compliance or
25 noncompliance with the amendments made by this

1 section shall not be admissible as evidence in any
2 proceeding of any court, agency, board, or other en-
3 tity, except with respect to an action to enforce this
4 section.

5 (3) RULE OF CONSTRUCTION.—Nothing in this
6 subsection shall be construed to bar a governmental
7 action to impose a penalty under section 924(p) of
8 title 18, United States Code (as added by subsection
9 (d)), for a failure to comply with section 922(z) of
10 that title.

11 (d) CIVIL PENALTIES.—Section 924 of title 18,
12 United States Code, is amended—

13 (1) in subsection (a)(1), by striking “or (f)”
14 and inserting “(f), or (p)”; and

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

16 “(p) PENALTIES RELATING TO LOCKING DEVICES.—

17 “(1) IN GENERAL.—

18 “(A) SUSPENSION OR REVOCATION OF LI-
19 CENSE; CIVIL PENALTIES.—With respect to
20 each violation of section 922(z)(1) by a licensee,
21 the Secretary may, after notice and opportunity
22 for hearing—

23 “(i) suspend or revoke any license
24 issued to the licensee under this chapter;
25 or

1 “(ii) subject the licensee to a civil
2 penalty in an amount equal to not more
3 than \$10,000.

4 “(B) REVIEW.—An action of the Secretary
5 under this paragraph may be reviewed only as
6 provided in section 923(f).

7 “(2) ADMINISTRATIVE REMEDIES.—The sus-
8 pension or revocation of a license or the imposition
9 of a civil penalty under paragraph (1) does not pre-
10 clude any administrative remedy that is otherwise
11 available to the Secretary.”.

12 (e) CONSUMER PRODUCT SAFETY ACT.—The Con-
13 sumer Product Safety Act (15 U.S.C. 2051 et seq.) is
14 amended by adding at the end the following:

15 **“SEC. 38. CHILD HANDGUN SAFETY LOCKS.**

16 “(a) ESTABLISHMENT OF STANDARD.—

17 “(1) IN GENERAL.—

18 “(A) RULEMAKING REQUIRED.—

19 “(i) INITIATION OF RULEMAKING.—

20 “(I) IN GENERAL.—Notwith-
21 standing section 3(a)(1)(E) of this
22 Act, the Commission shall initiate a
23 rulemaking proceeding under section
24 553 of title 5, United States Code,
25 within 90 days after the date of enact-

1 ment of this section to establish a
2 consumer product safety standard for
3 locking devices.

4 “(II) EXTENSION OF TIME PE-
5 RIOD.—The Commission may extend
6 the 90-day period under subclause (I)
7 for good cause.

8 “(ii) FINAL STANDARD.—

9 “(I) IN GENERAL.—Notwith-
10 standing any other provision of law,
11 including chapter 5 of title 5, United
12 States Code, the Commission shall
13 promulgate a final consumer product
14 safety standard under this paragraph
15 within 12 months after the date on
16 which it initiated the rulemaking.

17 “(II) EXTENSION OF TIME PE-
18 RIOD.—The Commission may extend
19 that 12-month period under subclause
20 (I) for good cause.

21 “(iii) EFFECTIVE DATE.—The con-
22 sumer product safety standard promul-
23 gated under this paragraph shall take ef-
24 fect 6 months after the date on which the
25 final standard is promulgated.

1 “(B) STANDARD REQUIREMENTS.—The
2 standard promulgated under subparagraph
3 (A)(ii) shall require locking devices that—

4 “(i) are sufficiently difficult for chil-
5 dren to deactivate or remove; and

6 “(ii) prevent the discharge of the
7 handgun unless the locking device has been
8 deactivated or removed.

9 “(2) CERTAIN PROVISIONS NOT TO APPLY.—

10 “(A) PROVISIONS OF THIS ACT.—Sections
11 7, 9, and 30(d) of this Act do not apply to the
12 rulemaking proceeding under paragraph (1).
13 Section 11 of this Act does not apply to any
14 consumer product safety standard promulgated
15 under paragraph (1).

16 “(B) CHAPTER 5 OF TITLE 5.—Except for
17 section 553, chapter 5 of title 5, United States
18 Code, does not apply to this section.

19 “(C) CHAPTER 6 OF TITLE 5.—Chapter 6
20 of title 5, United States Code, does not apply
21 to this section.

22 “(D) NATIONAL ENVIRONMENTAL POLICY
23 ACT.—The National Environmental Policy Act
24 of 1969 (42 U.S.C. 4321) does not apply to
25 this section.

1 “(b) NO EFFECT ON STATE LAW.—Notwithstanding
2 section 26 of this Act, this section does not annul, alter,
3 impair, affect, or exempt any person subject to the provi-
4 sions of this section from complying with any provision
5 of the law of any State or any political subdivision thereof,
6 except to the extent that such provisions of State law are
7 inconsistent with any provision of this section, and then
8 only to the extent of the inconsistency. A provision of
9 State law is not inconsistent with this section if such pro-
10 vision affords greater protection to children in respect of
11 handguns than is afforded by this section.

12 “(c) ENFORCEMENT.—Notwithstanding subsection
13 (a)(2)(A), the consumer product safety standard promul-
14 gated by the Commission under subsection (a) shall be en-
15 forced under this Act as if it were a consumer product
16 safety standard described in section 7(a).

17 “(d) DEFINITIONS.—In this section:

18 “(1) CHILD.—The term ‘child’ means an indi-
19 vidual who is less than 13 years of age.

20 “(2) LOCKING DEVICE.—The term ‘locking de-
21 vice’ has the meaning given that term in clauses (i)
22 and (iii) of section 921(a)(35)(A) of title 18, United
23 States Code.”.

24 “(f) CONFORMING AMENDMENT FOR CONSUMER
25 PRODUCT SAFETY ACT.—Section 1 of the Consumer

1 Product Safety Act is amended by adding at the end of
2 the table of contents the following:

“Sec. 38. Child handgun safety locks.

3 (g) AUTHORIZATION OF APPROPRIATIONS FOR CON-
4 SUMER PRODUCT SAFETY COMMISSION.—There are au-
5 thorized to be appropriated to the Consumer Product
6 Safety Commission \$2,000,000 to carry out the provisions
7 of section 38 of the Consumer Product Safety Act, such
8 sums to remain available until expended.

9 **Subtitle C—Unlawful Weapons**
10 **Transfers**

11 **SEC. 11201. UNLAWFUL WEAPONS TRANSFERS TO JUVE-**
12 **NILES.**

13 (a) IN GENERAL.—Section 922 of title 18, United
14 States Code, is amended by striking subsection (x) and
15 inserting the following:

16 “(x)(1) It shall be unlawful for a person to sell, de-
17 liver, or otherwise transfer to a person who the transferor
18 knows or has reasonable cause to believe is a juvenile—

19 “(A) a handgun;

20 “(B) ammunition that is suitable for use only
21 in a handgun (in this section referred to as “ammu-
22 nition”);

23 “(C) a semiautomatic assault weapon; or

1 “(D) a large capacity ammunition feeding de-
2 vice.

3 “(2) It shall be unlawful for any person who is a juve-
4 nile to knowingly possess—

5 “(A) a handgun;

6 “(B) ammunition;

7 “(C) a semiautomatic assault weapon; or

8 “(D) a large capacity ammunition feeding de-
9 vice.

10 “(3) This subsection does not apply to—

11 “(A) a temporary transfer of a handgun, am-
12 munition, large capacity ammunition feeding device,
13 or a semiautomatic assault weapon to a juvenile or
14 the possession or use of a handgun, ammunition,
15 large capacity ammunition feeding device, or a semi-
16 automatic assault weapon by a juvenile—

17 “(i) if the handgun, ammunition, large ca-
18 pacity ammunition feeding device, or semiauto-
19 matic assault weapon are possessed and used by
20 the juvenile—

21 “(I) in the course of employment;

22 “(II) in the course of ranching or
23 farming related to activities at the resi-
24 dence of the juvenile (or on property used
25 for ranching or farming at which the juve-

1 nile, with the permission of the property
2 owner or lessee, is performing activities re-
3 lated to the operation of the farm or
4 ranch);

5 “(III) for target practice;

6 “(IV) for hunting; or

7 “(V) for a course of instruction in the
8 safe and lawful use of a firearm; and

9 “(ii) if the juvenile’s possession and use of
10 a handgun, ammunition, large capacity ammu-
11 nition feeding device, or a semiautomatic as-
12 sault weapon under this subparagraph are in
13 accordance with State and local law, and the
14 following conditions are met—

15 “(I) except when a parent or guardian
16 of the juvenile is in the immediate and su-
17 pervisory presence of the juvenile, the juve-
18 nile shall have in the juvenile’s possession
19 at all times when a handgun, ammunition,
20 large capacity ammunition feeding device,
21 or semiautomatic assault weapon is in the
22 possession of the juvenile, the prior written
23 consent of the juvenile’s parent or guard-
24 ian who is not prohibited by Federal,

1 State, or local law from possessing a fire-
2 arm or ammunition; and

3 “(II) during transportation by the ju-
4 venile directly from the place of transfer to
5 a place at which an activity described in
6 clause (i) is to take place, the firearm shall
7 be unloaded and in a locked container or
8 case, and during the transportation by the
9 juvenile of that firearm, directly from the
10 place at which such an activity took place
11 to the transferor, the firearm shall also be
12 unloaded and in a locked container or case;
13 or

14 “(III) with respect to employment,
15 ranching or farming activities as described
16 in clause (i), a juvenile may possess and
17 use a handgun, ammunition, large capacity
18 ammunition feeding device or a semiauto-
19 matic assault rifle with the prior written
20 approval of the juvenile’s parent or legal
21 guardian, if such approval is on file with
22 the adult who is not prohibited by Federal,
23 State, or local law from possessing a fire-
24 arm or ammunition and that person is di-

1 recting the ranching or farming activities
2 of the juvenile;

3 “(B) a juvenile who is a member of the Armed
4 Forces of the United States or the National Guard
5 who possesses or is armed with a handgun, ammuni-
6 tion, large capacity ammunition feeding device, or
7 semiautomatic assault weapon in the line of duty;

8 “(C) a transfer by inheritance of title (but not
9 possession) of a handgun, ammunition, large capac-
10 ity ammunition feeding device, or a semiautomatic
11 assault weapon to a juvenile; or

12 “(D) the possession of a handgun, ammunition,
13 large capacity ammunition feeding device, or a semi-
14 automatic assault weapon taken in lawful defense of
15 the juvenile or other persons in the residence of the
16 juvenile or a residence in which the juvenile is an in-
17 vited guest.

18 “(4) A handgun, ammunition, large capacity ammu-
19 nition feeding device, or a semiautomatic assault weapon,
20 the possession of which is transferred to a juvenile in cir-
21 cumstances in which the transferor is not in violation of
22 this subsection, shall not be subject to permanent confisca-
23 tion by the Government if its possession by the juvenile
24 subsequently becomes unlawful because of the conduct of
25 the juvenile, but shall be returned to the lawful owner

1 when such handgun, ammunition, large capacity ammuni-
2 tion feeding device, or semiautomatic assault weapon is
3 no longer required by the Government for the purposes
4 of investigation or prosecution.

5 “(5) For purposes of this subsection, the term ‘juve-
6 nile’ means an individual who is less than 21 years of age.

7 “(6)(A) In a prosecution of a violation of this sub-
8 section, the court shall require the presence of a parent
9 or legal guardian of the juvenile defendant at all pro-
10 ceedings.

11 “(B) The court may use the contempt power to en-
12 force subparagraph (A).

13 “(C) The court may excuse attendance of a parent
14 or legal guardian of a juvenile defendant at a proceeding
15 in a prosecution of a violation of this subsection for good
16 cause shown.

17 “(7) In this subsection, the term ‘large capacity am-
18 munition feeding device’ has the same meaning as in sec-
19 tion 921(a)(31).”.

20 (b) EFFECTIVE DATE.—This section and the amend-
21 ment made by this section shall take effect 180 days after
22 the date of enactment of this Act.

1 **Subtitle D—Large Capacity**
2 **Ammunition Feeding Devices**

3 **SEC. 11301. BAN ON IMPORTING LARGE CAPACITY AMMUNI-**
4 **TION FEEDING DEVICES.**

5 (a) IN GENERAL.—Section 922(w) of title 18, United
6 States Code, is amended—

7 (1) in paragraph (1), by striking “(1) Except as
8 provided in paragraph (2)” and inserting “(1)(A)
9 Except as provided in subparagraph (B)”;

10 (2) in paragraph (2), by striking “(2) Para-
11 graph (1)” and inserting “(B) Subparagraph (A)”;

12 (3) by inserting before paragraph (3) the fol-
13 lowing:

14 “(2) It shall be unlawful for any person to import
15 a large capacity ammunition feeding device.”; and

16 (4) in paragraph (4)—

17 (A) by striking “(1)” each place it appears
18 and inserting “(1)(A)”;

19 (B) by striking “(2)” and inserting
20 “(1)(B)”.

21 (b) CONFORMING AMENDMENT.—Section 921(a)(31)
22 of title 18, United States Code, is amended by striking
23 “manufactured after the date of enactment of the Violent
24 Crime Control and Law Enforcement Act of 1994”.

1 **Subtitle E—Enforcement of Gun**
2 **Laws**

3 **SEC. 11401. ENHANCE ENFORCEMENT OF GUN VIOLENCE**

4 **LAWS.**

5 (a) CRIMINAL GUN TRAFFICKER APPREHENSION.—

6 (1) COMMONSENSE DEFINITION OF LICENSED
7 DEALER.—Section 921(a)(22) of title 18, United
8 States Code, is amended in the first sentence by in-
9 serting before the period the following: “: *Provided*
10 *further*, That it shall be presumed that the intent
11 underlying the sale or disposition of a firearm is pre-
12 dominantly one of obtaining livelihood and pecuniary
13 gain if a person transfers more than 50 firearms
14 during any 12-month period, or more than 30 fire-
15 arms during any 30-day period, excluding any infre-
16 quent transfer of a firearm by gift, bequest, intes-
17 tate succession, or other means by an individual to
18 a parent, child, grandparent, or grandchild of the in-
19 dividual”.

20 (2) REQUIREMENT THAT LICENSEE OPERATE
21 FROM FIXED PREMISES.—Section 923(d)(1)(E)(i) of
22 title 18, United States Code, is amended by striking
23 “premises” and inserting “fixed premises (other
24 than a private residence) primarily devoted to the

1 sale of firearms and conspicuously designated to the
2 public as such”.

3 (3) SECURE STORAGE OF FIREARMS INVEN-
4 TORIES.—

5 (A) STORAGE REQUIREMENTS.—Section
6 923 of title 18, United States Code, is amended
7 by adding at the end the following:

8 “(m) SECURE STORAGE OF FIREARMS INVEN-
9 TORIES.—

10 “(1) IN GENERAL.—Beginning on the date on
11 which the Secretary issues final regulations under
12 paragraph (2), it shall be unlawful for any licensed
13 importer, licensed manufacturer, or licensed dealer
14 (other than a dealer described in section
15 921(a)(11)(B)) to store any firearm on a premises
16 described in subsection (d)(1)(E)(i), other than in
17 accordance with those regulations.

18 “(2) REGULATIONS.—

19 “(A) IN GENERAL.—Not later than 180
20 days after the date of enactment of this sub-
21 section, the Secretary shall issue final regula-
22 tions governing the secure storage of firearms
23 on premises described in subsection (d)(1)(E)(i)
24 by licensed importers, licensed manufacturers,
25 and licensed dealers.

1 “(B) FACTORS FOR CONSIDERATION.—In
2 promulgating regulations issued under this
3 paragraph, the Secretary shall consider—

4 “(i) the type and quantity of the fire-
5 arm or firearms to be stored; and

6 “(ii) the standards of safety and secu-
7 rity recognized in the firearms industry.”.

8 (B) PENALTIES.—Section 924 of title 18,
9 United States Code (as amended by section
10 11101), is amended—

11 (i) in subsection (a)(1), by striking
12 “(f), or (p)” and inserting “(f), (p), or
13 (q)”; and

14 (ii) by adding at the end the fol-
15 lowing:

16 “(q) FAILURE TO SECURELY STORE FIREARMS IN-
17 VENTORY.—

18 “(1) IN GENERAL.—The Secretary may, after
19 notice and opportunity for hearing, suspend or re-
20 voke any license issued under this chapter, may sub-
21 ject the licensee to a civil penalty of not more than
22 \$10,000, or both, if the holder of such license has
23 knowingly violated section 923(m).

1 “(2) REVIEW.—An action of the Secretary
2 under this subsection may be reviewed only as pro-
3 vided in section 923(f).”.

4 (C) CONDITION OF LICENSING.—

5 (i) IN GENERAL.—Section
6 923(d)(1)(F) of title 18, United States
7 Code, is amended—

8 (I) in clause (ii)(II), by striking

9 “and” at the end; and

10 (II) by adding at the end the fol-

11 lowing:

12 “(iv) not later than 30 days after the date on
13 which the application is approved, the firearms in-
14 ventory of the business will be stored in accordance
15 with the regulations issued under section 923(m)(2);
16 and”.

17 (ii) EFFECTIVE DATE.—The amend-
18 ments made by this subparagraph shall
19 apply to any application submitted under
20 section 923 of title 18, United States
21 Code, on or after the date on which final
22 regulations are issued by the Secretary of
23 the Treasury under section 923(m)(2) of
24 title 18, United States Code, as added by
25 this section.

1 (4) REQUIRING THEFTS FROM COMMON CAR-
2 RIERS TO BE REPORTED.

3 (A) IN GENERAL.—Section 922(f) of title
4 18, United States Code, is amended by adding
5 at the end the following:

6 “(3)(A) It shall be unlawful for any common or con-
7 tract carrier to fail to report the theft or loss of a firearm
8 to the Secretary and to the appropriate local authorities
9 within 48 hours after the theft or loss is discovered.

10 “(B) The Secretary may impose a civil fine of not
11 more than \$10,000 on any person who knowingly violates
12 subparagraph (A).”.

13 (B) PENALTIES.—Section 924(a)(1)(B) of
14 title 18, United States Code, is amended by
15 striking “(f),” and inserting “(f)(1), (f)(2),”.

16 (b) CRIMINAL GUN DEALER DETECTION.—

17 (1) RECORDKEEPING INSPECTIONS.—Section
18 923(g)(1)(B)(ii)(I) of title 18, United States Code,
19 is amended by striking “once” and inserting “4
20 times”.

21 (2) DISPOSAL OF PERSONAL FIREARMS COL-
22 LECTION BY CERTAIN LICENSEES MADE SUBJECT TO
23 REGULATIONS.—Section 923(e) of title 18, United
24 States Code, is amended by striking the second sen-
25 tence and inserting the following: “A personal collec-

1 tion of firearms of a licensed manufacturer, licensed
2 importer, or licensed dealer shall be considered to be
3 part of the business inventory of the licensee for
4 purposes of this chapter, except that the provisions
5 of this chapter applicable to the disposition of a fire-
6 arm from the business inventory of a licensee shall
7 not apply to the infrequent transfer of a firearm by
8 gift, bequest, intestate succession, or other means
9 from the personal collection of firearms of a licensee
10 to a parent, child, grandparent, or grandchild of the
11 licensee.”.

12 (3) SUSPENSION OR REVOCATION OF FIREARMS
13 DEALER LICENSE AND CIVIL PENALTIES.—

14 (A) IN GENERAL.—Section 923 of title 18,
15 United States Code, is amended by striking
16 subsection (e) and inserting the following:

17 “(e) SUSPENSION OR REVOCATION OF DEALER LI-
18 CENSE; CIVIL PENALTIES.—

19 “(1) WILLFUL VIOLATIONS.—The Secretary
20 may, after notice and opportunity for hearing, sus-
21 pend or revoke any license issued under this section,
22 and may subject the licensee to a civil penalty of not
23 more than \$10,000 per violation, or both, if the
24 holder of such license has willfully violated any pro-

1 vision of this chapter or any rule or regulation pre-
2 scribed by the Secretary under this chapter.

3 “(2) TRANSFER OF ARMOR PIERCING AMMUNI-
4 TION.—The Secretary may, after notice and oppor-
5 tunity for hearing, with respect to a dealer who will-
6 fully transfers armor piercing ammunition—

7 “(A) suspend or revoke the license of that
8 dealer;

9 “(B) assess a civil penalty of not more
10 than \$10,000 on that dealer; or

11 “(C) both.

12 “(3) COMPROMISE, MITIGATION, OR REMIT-
13 TANCE OF LIABILITY.—The Secretary may at any
14 time compromise, mitigate, or remit the liability with
15 respect to any willful violation of this chapter or any
16 rule or regulation prescribed by the Secretary under
17 this chapter.

18 “(4) REVIEW.—An action of the Secretary
19 under this subsection may be reviewed only as pro-
20 vided in subsection (f).”.

21 (B) NOTICE OF LICENSE REVOCATION OR
22 DENIAL.—Section 923 of title 18, United States
23 Code, is amended by striking subsection (f) and
24 inserting the following:

25 “(f) RIGHTS OF APPLICANTS AND LICENSEES.—

1 “(1) NOTICE REQUIREMENTS.—

2 “(A) IN GENERAL.—If the Secretary de-
3 nies an application for, or revokes or suspends
4 a license, or assesses a civil penalty under this
5 section, the Secretary shall provide written no-
6 tice of such denial, revocation, suspension, or
7 assessment to the affected party.

8 “(B) NOTICE TO BE GIVEN BEFORE EF-
9 FECTIVE DATE OF REVOCATION OR SUSPEN-
10 SION.—Any notice of a revocation or suspension
11 of a license under this paragraph shall be given
12 to the holder of such license before the effective
13 date of the revocation or suspension, as applica-
14 ble.

15 “(2) APPEALS PROCESS.—

16 “(A) HEARING.—If the Secretary denies
17 an application for, or revokes or suspends a li-
18 cense, or assesses a civil penalty under this sec-
19 tion, the Secretary, shall—

20 “(i) upon request of the aggrieved
21 party, promptly hold a hearing at a loca-
22 tion convenient to the aggrieved party to
23 review the denial, revocation, suspension,
24 or assessment; and

1 “(ii) in the case of a suspension or
2 revocation of a license, upon the request of
3 the holder of the license, stay the effective
4 date of the suspension or revocation.

5 “(B) NOTICE OF DECISION.—If, after a
6 hearing held under subparagraph (A), the Sec-
7 retary decides not to reverse the decision of the
8 Secretary to deny the application, revoke or
9 suspend the license, or assess the civil penalty,
10 as applicable, the Secretary shall provide notice
11 of the decision of the Secretary to the aggrieved
12 party.

13 “(C) PETITION FOR DE NOVO REVIEW.—

14 “(i) IN GENERAL.—During the 60-day
15 period beginning on the date on which an
16 aggrieved party receives a notice under
17 subparagraph (B), the aggrieved party
18 may file a petition with the district court
19 of the United States for the judicial dis-
20 trict in which the aggrieved party resides
21 or has a principal place of business for a
22 de novo judicial review of such denial, rev-
23 ocation, suspension, or assessment.

1 “(ii) JUDICIAL PROCEEDING.—In any
2 judicial proceeding pursuant to a petition
3 under clause (i)—

4 “(I) the court may consider any
5 evidence submitted by the parties to
6 the proceeding, regardless of whether
7 or not such evidence was considered
8 at the hearing held under subpara-
9 graph (A); and

10 “(II) if the court decides that the
11 Secretary was not authorized to make
12 such denial, revocation, suspension, or
13 assessment, the court shall order the
14 Secretary to take such actions as may
15 be necessary to comply with the judg-
16 ment of the court.”.

17 (c) VIOLENT FELON GUN BAN ENFORCEMENT.—

18 (1) ADMINISTRATIVE RELIEF FROM CERTAIN
19 FIREARMS AND EXPLOSIVES PROHIBITIONS.—

20 (A) IN GENERAL.—

21 (i) FIREARMS.—Section 925(c) of title
22 18, United States Code, is amended—

23 (I) by inserting “(1)” after “(c)”;

1 (II) in the first sentence, by in-
2 sserting “(other than a natural per-
3 son)” before “who is prohibited”;

4 (III) in the fourth sentence—

5 (aa) by inserting “person
6 (other than a natural person)
7 who is a” before “licensed im-
8 porter”; and

9 (bb) by striking “his li-
10 cense” and inserting “the license
11 of that person”; and

12 (IV) by striking the last sentence
13 and inserting the following:

14 “(2) Whenever the Secretary grants relief under this
15 section to any person, the Secretary shall promptly publish
16 notice of such action in the Federal Register, which shall
17 include—

18 “(A) the name of the person;

19 “(B) the disability with respect to which the re-
20 lief is granted;

21 “(C) if the disability was imposed by reason of
22 a criminal conviction of the person, the crime for
23 which and the court in which the person was con-
24 victed; and

1 “(D) the reasons for the decision of the Sec-
2 retary.”.

3 (ii) EXPLOSIVE MATERIALS.—Section
4 845(b) of title 18, United States Code, is
5 amended—

6 (I) in the first sentence, by in-
7 serting “(other than a natural per-
8 son)” before “may make application
9 to the Secretary”; and

10 (II) in the second sentence, by
11 inserting “(other than a natural per-
12 son)” before “who makes application
13 for relief”.

14 (B) APPLICABILITY.—The amendments
15 made by subparagraph (A) shall apply to any
16 application for administrative relief and any ac-
17 tion for judicial review that—

18 (i) is pending on the date of enact-
19 ment of this section; and

20 (ii) is brought or filed on or after the
21 date of enactment of this section.

22 (2) PERMANENT FIREARM PROHIBITION FOR
23 CONVICTED VIOLENT FELONS AND SERIOUS DRUG
24 OFFENDERS.—Section 921(a)(20) of title 18, United
25 States Code, is amended—

1 (A) in the first sentence—

2 (i) by redesignating subparagraphs
3 (A) and (B) as clauses (i) and (ii), respec-
4 tively; and

5 (ii) by inserting “(A)” after “(20)”;

6 (B) in the second sentence, by striking
7 “What” and inserting the following:

8 “(B) What”; and

9 (C) by striking the third sentence and in-
10 sserting the following:

11 “(C) A State conviction shall not be considered to be
12 a conviction for purposes of this chapter, if—

13 “(i) the conviction is for an offense other than
14 a serious drug offense (as defined in section
15 924(e)(2)(A)) or violent felony (as defined in section
16 924(e)(2)(B));

17 “(ii) the person is pardoned or has restored any
18 civil right taken away by virtue of the conviction, or
19 the conviction is expunged; and

20 “(iii) the authority that grants the pardon, the
21 restoration of civil rights, or the expungement—

22 “(I) expressly authorizes the person to
23 ship, transport, receive, and possess firearms;
24 and

1 “(II) expressly determines that the cir-
2 cumstances regarding the conviction and the
3 record and reputation of the person are such
4 that the person is not likely to act in a manner
5 that is dangerous to public safety, and that the
6 granting of the relief is not contrary to the pub-
7 lic interest.”.

8 (d) INTENSIVE GUN VIOLENCE REDUCTION STRAT-
9 EGY AND PROJECT EXILE IMPLEMENTATION.—

10 (1) AUTHORIZATION OF FUNDING FOR FED-
11 ERAL DOMESTIC VIOLENCE OFFENDER RECORD-
12 KEEPING IMPROVEMENTS.—

13 (A) IN GENERAL.—In addition to any
14 other amounts authorized to be appropriated
15 that may be used for such purpose, there is au-
16 thorized to be appropriated \$70,000,000 for fis-
17 cal year 2002 for the improvement of the na-
18 tional instant criminal background check sys-
19 tem established under section 103 of the Brady
20 Handgun Violence Prevention Act (18 U.S.C.
21 922 note), including improvements with respect
22 to the records described in subparagraph (B) of
23 this paragraph, and especially records of domes-
24 tic violence incidents, including felony and mis-
25 demeanor convictions for crimes of domestic vi-

1 olence and restraining orders with respect to in-
2 cidents of domestic violence.

3 (B) RECORDS INCLUDED.—The records
4 described in this subsection are—

5 (i) the records described in para-
6 graphs (1), (2), and (3) of section 509(b)
7 of the Omnibus Crime Control and Safe
8 Streets Act of 1968 (42 U.S.C. 3759(b));
9 and

10 (ii) the records required by the Attor-
11 ney General under section 103 of the
12 Brady Handgun Violence Prevention Act
13 (18 U.S.C. 922 note) for the purpose of
14 implementing that Act.

15 (2) AUTHORIZATION OF FUNDING FOR STATE
16 AND LOCAL DOMESTIC VIOLENCE OFFENDER REC-
17 ORDKEEPING IMPROVEMENTS.—

18 (A) GRANTS FOR STATE AND LOCAL DO-
19 MESTIC VIOLENCE OFFENDER RECORDKEEPING
20 IMPROVEMENTS.—Title III of the Violent Crime
21 Control and Law Enforcement Act of 1994 is
22 amended by adding at the end the following:

1 **“Subtitle Y—Grants for State and**
2 **Local Domestic Violence Of-**
3 **fender Recordkeeping Improve-**
4 **ments**

5 **“SEC. 32501. GRANT AUTHORIZATION.**

6 “The Attorney General may award grants to State
7 or local law enforcement agencies for the purpose of
8 improving—

9 “(1) the organization of criminal records includ-
10 ing records relating to convictions for crimes of do-
11 mestic violence and restraining orders with respect
12 to domestic violence; and

13 “(2) the reporting of such records to the na-
14 tional instant criminal background check system es-
15 tablished under section 103 of the Brady Handgun
16 Violence Prevention Act (18 U.S.C. 922 note).

17 **“SEC. 32502. USE OF FUNDS.**

18 “Grants awarded by the Attorney General under this
19 subtitle shall be used to fund programs for the purpose
20 specified in section 32501.

21 **“SEC. 32503. APPLICATIONS.**

22 “(a) **ELIGIBILITY.**—To be eligible to receive a grant
23 award under this subtitle for a fiscal year, a State or local
24 law enforcement agency shall submit to the Attorney Gen-
25 eral an application, in such form and containing such in-

1 formation as the Attorney General may reasonably re-
2 quire.

3 “(b) REQUIREMENTS.—Each application submitted
4 under this section shall include—

5 “(1) a request for funds for the purpose speci-
6 fied in section 32501;

7 “(2) a description of the improvements the ap-
8 plicant intends to make in its organization of crimi-
9 nal records, including records relating to convictions
10 for crimes of domestic violence and to restraining or-
11 ders with respect to domestic violence, and its re-
12 porting of such records to the national instant crimi-
13 nal background check system; and

14 “(3) assurances that Federal funds received
15 under this subtitle shall be used to supplement, not
16 supplant, non-Federal funds that would otherwise be
17 available for activities funded under this section.

18 **“SEC. 32504. MATCHING REQUIREMENT.**

19 “The Federal share of a grant awarded under this
20 subtitle may not exceed 50 percent of the total costs of
21 the programs described in the applications submitted
22 under section 32503 for the fiscal year for which the pro-
23 grams receive assistance under this subtitle.

1 **“SEC. 32505. AWARD OF GRANTS.**

2 “(a) IN GENERAL.—In awarding grants under this
3 subtitle, the Attorney General shall consider the dem-
4 onstrated need for, and the evidence of the ability of the
5 applicant to make, the improvements described in section
6 32503(b)(2), as described in the application submitted
7 under section 32503.

8 “(b) RESEARCH AND EVALUATION.—The Attorney
9 General shall use not more than 3 percent of the funds
10 available under this subtitle, and not less than 1 percent
11 of such funds, for the purposes of research and evaluation
12 of the activities carried out under this subtitle.

13 **“SEC. 32506. REPORTS.**

14 “(a) REPORT TO ATTORNEY GENERAL.—Not later
15 than March 1 of each fiscal year, each law enforcement
16 agency that received funds from a grant awarded under
17 this subtitle for that fiscal year shall submit to the Attor-
18 ney General a report describing the progress achieved in
19 carrying out the program for which the grant was award-
20 ed.

21 “(b) REPORT TO CONGRESS.—Beginning not later
22 than October 1 of the first fiscal year following the initial
23 fiscal year during which grants are awarded under this
24 subtitle, and not later than October 1 of each fiscal year
25 thereafter, the Attorney General shall submit to Congress
26 a report, which shall contain a detailed statement regard-

1 ing grant awards, activities of grant recipients, a compila-
2 tion of statistical information submitted by applicants, and
3 an evaluation of programs established with amounts from
4 grants awarded under this subtitle during the preceding
5 fiscal year.

6 **“SEC. 32507. DEFINITION OF STATE.**

7 “In this subtitle, the term ‘State’ means each of the
8 several States of the United States, the District of Colum-
9 bia, the Commonwealth of Puerto Rico, the Common-
10 wealth of the Northern Mariana Islands, American
11 Samoa, Guam, and the United States Virgin Islands.

12 **“SEC. 32508. AUTHORIZATION OF APPROPRIATIONS.**

13 “There is authorized to be appropriated to carry out
14 this subtitle \$20,000,000 for fiscal year 2002.”.

15 (B) TECHNICAL AND CONFORMING AMEND-
16 MENT.—The table of contents in section 2 of
17 the Violent Crime Control and Law Enforce-
18 ment Act of 1994 is amended by inserting after
19 the item relating to subtitle X the following:

“Subtitle Y—Grants for State and Local Domestic Violence Offender
Recordkeeping Improvements

“Sec. 32501. Grant authorization.

“Sec. 32502. Use of funds.

“Sec. 32503. Applications.

“Sec. 32504. Matching requirement.

“Sec. 32505. Award of grants.

“Sec. 32506. Reports.

“Sec. 32507. Definition of State.

“Sec. 32508. Authorization of appropriations.”.

1 (3) AUTHORIZATION OF FUNDING FOR ADDI-
2 TIONAL BUREAU OF ALCOHOL, TOBACCO AND FIRE-
3 ARMS OFFICERS.—In addition to any other amounts
4 authorized to be appropriated that may be used for
5 such purpose, there is authorized to be appropriated
6 \$53,000,000 for fiscal year 2002 for the hiring of
7 600 firearms’ agents and inspectors for the Bureau
8 of Alcohol, Tobacco and Firearms.

9 (4) AUTHORIZATION OF FUNDING FOR ADDI-
10 TIONAL STATE AND LOCAL GUN PROSECUTORS.—

11 (A) GRANTS FOR STATE AND LOCAL GUN
12 PROSECUTORS.—Title III of the Violent Crime
13 Control and Law Enforcement Act of 1994 (as
14 amended by paragraph (2)), is amended by
15 adding at the end the following:

16 **“Subtitle Z—Grants for State and**
17 **Local Gun Prosecutors**

18 **“SEC. 32601. GRANT AUTHORIZATION.**

19 “The Attorney General may award grants to State,
20 Indian tribal, or local prosecutors for the purpose of sup-
21 porting the creation or expansion of community-based jus-
22 tice programs for the prosecution of firearm-related
23 crimes.

1 **“SEC. 32602. USE OF FUNDS.**

2 “Grants awarded by the Attorney General under this
3 subtitle shall be used to fund programs for the hiring of
4 prosecutors and related personnel under which those pros-
5 ecutors and personnel shall utilize an interdisciplinary
6 team approach to prevent, reduce, and respond to firearm-
7 related crimes in partnership with communities.

8 **“SEC. 32603. APPLICATIONS.**

9 “(a) ELIGIBILITY.—To be eligible to receive a grant
10 award under this subtitle for a fiscal year, a State, Indian
11 tribal, or local prosecutor, in conjunction with the chief
12 executive officer of the jurisdiction in which the program
13 will be placed, shall submit to the Attorney General an
14 application, in such form and containing such information
15 as the Attorney General may reasonably require.

16 “(b) REQUIREMENTS.—Each application submitted
17 under this section shall include—

18 “(1) a request for funds for the purposes de-
19 scribed in section 32602;

20 “(2) a description of the communities to be
21 served by the grant, including the nature of the fire-
22 arm-related crime in such communities; and

23 “(3) assurances that Federal funds received
24 under this subtitle shall be used to supplement, not
25 supplant, non-Federal funds that would otherwise be
26 available for activities funded under this section.

1 **“SEC. 32604. MATCHING REQUIREMENT.**

2 “The Federal share of a grant awarded under this
3 subtitle may not exceed 50 percent of the total cost of
4 the program described in the application submitted under
5 section 32603 for the fiscal year for which the program
6 receives assistance under this subtitle.

7 **“SEC. 32605. AWARD OF GRANTS.**

8 “(a) IN GENERAL.—Except as provided in subsection
9 (b), in awarding grants under this subtitle, the Attorney
10 General shall consider—

11 “(1) the demonstrated need for, and the evi-
12 dence of the ability of the applicant to provide, the
13 services described in section 32603(b)(2), as de-
14 scribed in the application submitted under section
15 32603;

16 “(2) the extent to which, as reflected in the
17 1998 Uniform Crime Report of the Federal Bureau
18 of Investigation, there is a high rate of firearm-re-
19 lated crime in the jurisdiction of the applicant,
20 measured either in total or per capita;

21 “(3) the extent to which the jurisdiction of the
22 applicant has experienced an increase in the total or
23 per capita rate of firearm-related crime, as reported
24 in the 3 most recent annual Uniform Crime Reports
25 of the Federal Bureau of Investigation;

1 “(4) the extent to which State and local law en-
2 forcement agencies in the jurisdiction of the appli-
3 cant have pledged to cooperate with Federal officials
4 in responding to the illegal acquisition distribution,
5 possession, and use of firearms within the jurisdic-
6 tion; and

7 “(5) the extent to which the jurisdiction of the
8 applicant participates in comprehensive firearm law
9 enforcement strategies, including programs such as
10 the Youth Crime Gun Interdiction Initiative, Project
11 Achilles, Project Disarm, Project Triggerlock,
12 Project Exile, Project Surefire, and Operation
13 Ceasefire.

14 “(b) INDIAN TRIBES.—

15 “(1) FEDERAL GRANTS.—Not less than 5 per-
16 cent of the amount made available for grants under
17 this subtitle for each fiscal year shall be awarded as
18 grants to Indian tribes.

19 “(2) GRANT CRITERIA.—In awarding grants to
20 Indian tribes in accordance with this subsection, the
21 Attorney General shall consider, to the extent prac-
22 ticable, the factors for consideration set forth in sub-
23 section (a).

24 “(c) RESEARCH AND EVALUATION.—Of the amount
25 made available for grants under this subtitle for each fis-

1 cal year, the Attorney General shall use not less than 1
2 percent and not more than 3 percent for research and
3 evaluation of the activities carried out with grants award-
4 ed under this subtitle.

5 **“SEC. 32606. REPORTS.**

6 “(a) REPORT TO ATTORNEY GENERAL.—Not later
7 than March 1 of each fiscal year, each law enforcement
8 agency that receives funds from a grant awarded under
9 this subtitle for that fiscal year shall submit to the Attor-
10 ney General a report describing the progress achieved in
11 carrying out the grant program for which those funds were
12 received.

13 “(b) REPORT TO CONGRESS.—Beginning not later
14 than October 1 of the first fiscal year following the initial
15 fiscal year during which grants are awarded under this
16 subtitle, and not later than October 1 of each fiscal year
17 thereafter, the Attorney General shall submit to Congress
18 a report, which shall contain a detailed statement regard-
19 ing grant awards, activities of grant recipients, a compila-
20 tion of statistical information submitted by applicants, and
21 an evaluation of programs established with amounts from
22 grants awarded under this subtitle during the preceding
23 fiscal year.

24 **“SEC. 32607. DEFINITIONS.**

25 “In this subtitle—

1 “(1) the term ‘firearm’ has the meaning given
2 the term in section 921(a) of title 18, United States
3 Code;

4 “(2) the term ‘Indian tribe’ means a tribe,
5 band, pueblo, nation, or other organized group or
6 community of Indians, including an Alaska Native
7 village (as defined in or established under the Alaska
8 Native Claims Settlement Act (43 U.S.C. 1601 et
9 seq.)), that is recognized as eligible for the special
10 programs and services provided by the United States
11 to Indians because of their status as Indians; and

12 “(3) the term ‘State’ means each of the several
13 States of the United States, the District of Colum-
14 bia, the Commonwealth of Puerto Rico, the Com-
15 monwealth of the Northern Mariana Islands, Amer-
16 ican Samoa, Guam, and the United States Virgin Is-
17 lands.

18 **“SEC. 32608. AUTHORIZATION OF APPROPRIATIONS.**

19 “‘There is authorized to be appropriated to carry out
20 this subtitle \$150,000,000 for fiscal year 2002.’”.

21 (B) TECHNICAL AND CONFORMING AMEND-
22 MENT.—The table of contents in section 2 of
23 the Violent Crime Control and Law Enforce-
24 ment Act of 1994 (as amended by paragraph

1 (2)(B)) is amended by inserting after the item
2 relating to subtitle Y the following:

“Subtitle Z—Grants for State and Local Gun Prosecutors

“Sec. 32601. Grant authorization.

“Sec. 32602. Use of funds.

“Sec. 32603. Applications.

“Sec. 32604. Matching requirement.

“Sec. 32605. Award of grants.

“Sec. 32606. Reports.

“Sec. 32607. Definitions.

“Sec. 32608. Authorization of appropriations.”.

3 (5) AUTHORIZATION OF FUNDING FOR ADDI-
4 TIONAL FEDERAL FIREARMS PROSECUTORS AND
5 GUN ENFORCEMENT TEAMS.—

6 (A) ADDITIONAL FEDERAL FIREARMS
7 PROSECUTORS.—The Attorney General shall
8 hire 114 additional Federal prosecutors to pros-
9 ecute violations of Federal firearms laws.

10 (B) GUN ENFORCEMENT TEAMS.—

11 (i) ESTABLISHMENT.—The Attorney
12 General shall establish in each of the juris-
13 dictions specified in clause (iii) a gun en-
14 forcement team.

15 (ii) GUN ENFORCEMENT TEAM RE-
16 QUIREMENTS.—Each gun enforcement
17 team established under this subparagraph
18 shall be composed of—

19 (I) 1 coordinator, who shall be
20 responsible, with respect to the juris-
21 diction concerned, for coordinating

1 among Federal, State, and local law
2 enforcement—

3 (aa) the appropriate forum
4 for the prosecution of crimes re-
5 lating to firearms; and

6 (bb) efforts for the preven-
7 tion of such crimes; and

8 (II) 1 analyst, who shall be re-
9 sponsible, with respect to the jurisdic-
10 tion concerned, for analyzing data re-
11 lating to such crimes and recom-
12 mending law enforcement strategies to
13 reduce such crimes.

14 (iii) COVERED JURISDICTIONS.—The
15 jurisdictions specified in this subparagraph
16 are not more than 20 jurisdictions des-
17 ignated by the Attorney General for pur-
18 poses of this subparagraph as areas having
19 high rates of crimes relating to firearms.

20 (C) AUTHORIZATION OF APPROPRIA-
21 TIONS.—In addition to any other amounts au-
22 thorized to be appropriated that may be used
23 for such purpose, there is authorized to be ap-
24 propriated to carry out this paragraph
25 \$15,000,000 for fiscal year 2002.

1 (6) YOUTH CRIME GUN INTERDICTION INITIA-
2 TIVE.—

3 (A) IN GENERAL.—The Secretary of the
4 Treasury shall expand—

5 (i) to 50, the number of city and
6 county law enforcement agencies that
7 through the Youth Crime Gun Interdiction
8 Initiative submit identifying information
9 relating to all firearms recovered during
10 law enforcement investigations, including
11 from individuals under age 25, to the Sec-
12 retary of the Treasury to identify the types
13 and origins of such firearms; and

14 (ii) the resources devoted to law en-
15 forcement investigations of illegal youth
16 possessors and users of illegal firearms
17 traffickers identified through the Youth
18 Crime Gun Interdiction Initiative, includ-
19 ing through the hiring of additional agents,
20 inspectors, intelligence analysts, and sup-
21 port personnel.

22 (B) SELECTION OF PARTICIPANTS.—The
23 Secretary of the Treasury, in consultation with
24 Federal, State, and local law enforcement offi-
25 cials, shall select cities and counties for partici-

1 pation in the program established under this
2 paragraph.

3 (C) ESTABLISHMENT OF SYSTEM.—

4 (i) IN GENERAL.—The Secretary of
5 the Treasury shall establish a system
6 through which State and local law enforce-
7 ment agencies, through online computer
8 technology, can promptly provide firearms-
9 related information to the Secretary of the
10 Treasury and access information derived
11 through the Youth Crime Gun Interdiction
12 Initiative as soon as such capability is
13 available.

14 (ii) REPORT.—Not later than 6
15 months after the date of enactment of this
16 section, the Secretary of the Treasury shall
17 submit to the Chairman and Ranking
18 Member of the Committee on Appropria-
19 tions of the House of Representatives, and
20 the Chairman and Ranking Member of the
21 Committee on Appropriations of the Sen-
22 ate, a report explaining the capacity to
23 provide such online access and the future
24 technical and, if necessary, legal changes

1 required to make such capability available,
2 including cost estimates.

3 (D) REPORT.—Not later than 1 year after
4 the date of enactment of this paragraph, and
5 annually thereafter, the Secretary of the Treas-
6 ury shall submit to the Chairman and Ranking
7 Member of the Committee on Appropriations of
8 the House of Representatives, and the Chair-
9 man and Ranking Member of the Committee on
10 Appropriations of the Senate, a report
11 regarding—

12 (i) the types and sources of firearms
13 recovered from individuals, including those
14 under the age of 25;

15 (ii) regional, State, and national fire-
16 arms trafficking trends; and

17 (iii) the number of investigations and
18 arrests resulting from the Youth Crime
19 Gun Interdiction Initiative.

20 (E) AUTHORIZATION OF APPROPRIA-
21 TIONS.—There is authorized to be appropriated
22 to carry out this section \$20,000,000 for fiscal
23 year 2002.

24 (7) LOCAL ANTIGUN VIOLENCE MEDIA CAM-
25 PAIGNS.—

1 (A) GRANTS FOR LOCAL ANTIGUN VIO-
2 LENCE MEDIA CAMPAIGNS.—Title III of the
3 Violent Crime Control and Law Enforcement
4 Act of 1994 (as amended by paragraphs (2)
5 and (4)) is amended by adding at the end the
6 following:

7 **“Subtitle AA—Grants for Local**
8 **Antigun Violence Media Cam-**
9 **paigs**

10 **“SEC. 32701. GRANT AUTHORIZATION.**

11 “The Attorney General may award grants to public
12 entities or private nonprofit entities for the purpose of
13 supporting the creation or expansion of local antigun vio-
14 lence media campaigns.

15 **“SEC. 32702. USE OF FUNDS.**

16 “Grants awarded by the Attorney General under this
17 subtitle shall be used to fund programs for media cam-
18 paigns on gun violence and gun safety, including cam-
19 paigns that—

20 “(1) highlight coordination among Federal,
21 State, and local law enforcement agencies;

22 “(2) publicize penalties for violations of fire-
23 arms laws; and

24 “(3) emphasize the safe storage of firearms and
25 the prevention of access to firearms by children.

1 **“SEC. 32703. APPLICATIONS.**

2 “To be eligible to receive a grant award under this
3 subtitle for a fiscal year, a public entity or private non-
4 profit entity shall submit to the Attorney General an appli-
5 cation, in such form and containing such information as
6 the Attorney General may reasonably require.

7 **“SEC. 32704. MATCHING REQUIREMENT.**

8 “The Federal share of a grant awarded under this
9 subtitle may not exceed 50 percent of the total cost of
10 the program described in the application submitted under
11 section 32703 for the fiscal year for which the program
12 receives assistance under this subtitle.

13 **“SEC. 32705. AUTHORIZATION OF APPROPRIATIONS.**

14 “There is authorized to be appropriated to carry out
15 this subtitle \$10,000,000 for fiscal year 2002.”.

16 (B) TECHNICAL AND CONFORMING AMEND-
17 MENT.—The table of contents in section 2 of
18 the Violent Crime Control and Law Enforce-
19 ment Act of 1994 (as amended by paragraphs
20 (2)(B) and (4)(B)), is amended by inserting
21 after the item relating to subtitle Z the fol-
22 lowing:

“Subtitle AA—Grants for Local Antiguin Violence Media Campaigns

“Sec. 32701. Grant authorization.

“Sec. 32702. Use of funds.

“Sec. 32703. Applications.

“Sec. 32704. Matching requirement.

“Sec. 32705. Authorization of appropriations.”.

1 (8) SMART GUN TECHNOLOGY.—

2 (A) IN GENERAL.—The Attorney General,
3 acting through the Director of the National In-
4 stitute of Justice, shall carry out a program for
5 the research and development of smart gun
6 technology.

7 (B) DEFINITION OF SMART GUN TECH-
8 NOLOGY.—In this paragraph, the term “smart
9 gun technology” means a device—

10 (i) incorporated by manufacture and
11 design into a handgun in such a manner
12 that the device cannot be readily removed
13 or deactivated;

14 (ii) that allows the handgun to be
15 fired only by a particular individual; and

16 (iii) that may allow the handgun to be
17 personalized to an additional individual.

18 (C) AUTHORIZATION OF APPROPRIA-
19 TIONS.—In addition to any other amounts au-
20 thorized to be appropriated that may be used
21 for such purpose, there is authorized to be ap-
22 propriated to carry out this paragraph
23 \$10,000,000 for fiscal year 2002.

24 (9) DEFINITION OF FOREIGN BALLISTICS.—
25 Section 921(a) of title 18, United States Code (as

1 amended by sections 11001 and 11101), is amended
2 by adding at the end the following:

3 “(39) The term ‘forensic ballistics’ means a compara-
4 tive analysis of fired bullets and cartridge casings to iden-
5 tify the firearm from which the bullets or cartridge casings
6 were discharged through the identification of the unique
7 characteristics that each firearm imprints on bullets and
8 cartridge casings.”.

9 (10) TEST FIRING AND AUTOMATED STORAGE
10 OF FORENSIC BALLISTICS RECORDS.—

11 (A) AMENDMENTS TO TITLE 18, UNITED
12 STATES CODE.—

13 (i) IN GENERAL.—Chapter 44 of title
14 18, United States Code (as amended by
15 section 11001), is amended by adding at
16 the end the following:

17 “§ 932. **Test firing and automated storage of forensic**
18 **ballistics records**

19 “(a) IN GENERAL.—A licensed manufacturer or li-
20 censed importer shall not transfer a firearm to any person
21 before—

22 “(1) test firing the firearm;

23 “(2) preparing forensic ballistics records of the
24 fired bullet and cartridge casings from the test fire;

25 and

1 “(3) making the ballistics records available to
2 the Secretary for entry in a computerized database.

3 “(b) PENALTIES.—

4 “(1) IN GENERAL.—With respect to each viola-
5 tion of subsection (a) by a licensed manufacturer or
6 licensed importer, the Secretary may, after notice
7 and opportunity for hearing, suspend the license for
8 not more than 1 year or revoke the license, impose
9 on the licensee a civil fine of not more than \$10,000,
10 or both.

11 “(2) REVIEW.—An action of the Secretary
12 under subsection (b)(1) may be reviewed only as
13 provided in section 923(f).

14 “(3) OTHER ADMINISTRATIVE REMEDIES.—The
15 suspension or revocation of a license or the imposi-
16 tion of a civil fine under paragraph (1) shall not pre-
17 clude any administrative remedy that is available to
18 the Secretary under any other provision of law.

19 “(c) MANDATORY FORENSIC BALLISTICS TESTING
20 OF FIREARMS IN FEDERAL CUSTODY.—The Secretary
21 and the Attorney General shall conduct mandatory foren-
22 sic ballistics testing of all firearms that are or have been
23 taken into the custody of, or procured or utilized by, their
24 respective agencies.”.

1 (ii) TECHNICAL AND CONFORMING
2 AMENDMENT.—The analysis for chapter 44
3 of title 18, United States Code, is amended
4 by adding at the end the following:

“932. Test firing and automated storage of forensic ballistics records.”.

5 (iii) AUTHORIZATION OF APPROPRIA-
6 TIONS.—There is authorized to be appro-
7 priated to carry out section 932(c) of title
8 18, United States Code, \$38,000,000 for
9 each of fiscal years 2002 through 2005.

10 (iv) EFFECTIVE DATE.—The amend-
11 ment made by this subparagraph shall take
12 effect on the date on which the Attorney
13 General and the Secretary of the Treasury
14 certify that the Department of Justice and
15 the Department of the Treasury have es-
16 tablished a National Integrated Ballistics
17 Network.

18 (B) COMPLIANCE ASSISTANCE.—

19 (i) IN GENERAL.—The Attorney Gen-
20 eral and the Secretary shall assist licensed
21 manufacturers and licensed importers in
22 complying with section 932(a) of title 18,
23 United States Code, through—

24 (I) the acquisition, disposition,
25 and upgrade of computerized forensic

1 ballistics equipment and bullet recovery
2 equipment to be placed at the
3 sites of licensed manufacturers and li-
4 censed importers or at regional fire-
5 arm centers established by the Sec-
6 retary;

7 (II) the hiring or designation of
8 personnel necessary to develop and
9 maintain a database of forensic ballis-
10 tics records, research, and evaluation;
11 and

12 (III) any other steps necessary to
13 implement effective forensic ballistics
14 testing.

15 (ii) ONLINE ACCESS TO FORENSIC
16 BALLISTICS RECORDS.—The Attorney Gen-
17 eral and the Secretary shall establish a
18 system through which State and local law
19 enforcement agencies, through online com-
20 puter technology, can promptly access fo-
21 rensic ballistics records stored under sec-
22 tion 932 of title 18, United States Code,
23 as soon as the capability to do so is avail-
24 able.

1 (C) ANNUAL REPORTS.—Not later than 1
2 year after the effective date of section 932 of
3 title 18, United States Code, and annually
4 thereafter, the Attorney General and the Sec-
5 retary shall submit to the Committees on the
6 Judiciary of the House of Representatives and
7 the Senate a report regarding the effects of sec-
8 tion 932 of title 18, United States Code, includ-
9 ing the number of Federal and State criminal
10 investigations, arrests, indictments, and pros-
11 ecutions of all cases in which access to forensic
12 ballistics records provided under section 932 of
13 title 18, United States Code, served as a valu-
14 able investigative tool.

15 (D) EDUCATION AND OUTREACH.—

16 (i) IN GENERAL.—The Attorney Gen-
17 eral and the Secretary shall work coopera-
18 tively with representatives of the firearm
19 industry (including firearm manufacturers
20 and importers) to provide—

21 (I) education about the role of fo-
22 rensic ballistics as part of a com-
23 prehensive firearm crime reduction
24 strategy; and

1 (II) for coordination among Fed-
2 eral, State, and local law enforcement
3 and regulatory agencies and the fire-
4 arm industry to curb firearm-related
5 crime and illegal firearm trafficking.

6 (ii) OUTREACH.—In implementing
7 clause (i), the Attorney General and the
8 Secretary shall concentrate on outreach
9 with—

10 (I) firearm manufacturers and
11 importers that have agreed to partici-
12 pate as a pilot site for the National
13 Integrated Ballistics Information Net-
14 work;

15 (II) firearm manufacturers and
16 importers that manufacture or import
17 more than 1,000 firearms per year, as
18 reported in the Bureau of Alcohol, To-
19 bacco and Firearms Annual Firearms
20 Manufacturing and Export Report, or
21 as determined from information ob-
22 tained in annual regulatory inspection
23 audits conducted by the Secretary;
24 and

1 (III) firearm manufacturers and
2 importers that have a policy that re-
3 quires the test firing of all firearms
4 prior to transfer.

5 (iii) ANNUAL REPORTS.—Not later
6 than 1 year after the effective date of this
7 section and annually thereafter, the Sec-
8 retary and the Attorney General shall sub-
9 mit to the Committees on the Judiciary of
10 the House of Representatives and the Sen-
11 ate a report containing—

12 (I) a statement of the number of
13 firearm manufacturers and importers
14 and other representatives of the fire-
15 arm industry participating in the out-
16 reach effort under this subparagraph;

17 (II) the number and type of per-
18 sonnel of the Bureau of Alcohol, To-
19 bacco and Firearms and the Depart-
20 ment of Justice hired or assigned to
21 carry out this subparagraph;

22 (III) a summary of the activities
23 established by firearm manufacturers
24 and importers as a result of their par-

1 participation in the outreach effort under
2 this subparagraph;

3 (IV) an evaluation of any
4 changes in firearm-related crime per-
5 taining to particular types of firearms
6 manufactured by a firearm manufac-
7 turer or importer that is an active
8 participant in the outreach effort
9 under this subparagraph;

10 (V) the volume of forensic ballis-
11 tics records compiled as a result of
12 the mandatory forensic ballistics test-
13 ing by participating firearm manufac-
14 turers and importers;

15 (VI) for each firearm manufac-
16 turer and firearm importer, the num-
17 ber of times a tracing request based
18 on forensic ballistics analysis resulted
19 in the identification of a firearm man-
20 ufactured or imported by the firearm
21 manufacturer or firearm importer;
22 and

23 (VII) an evaluation of the man-
24 ner in which the implementation of fo-
25 rensic ballistics testing affected the

1 volume of production or importation
2 of firearms by participating firearm
3 manufacturers and firearm importers.

4 (iv) AUTHORIZATION OF APPROPRIA-
5 TIONS.—There is authorized to be appropriated
6 to carry out this subparagraph, \$38,306,000
7 for each of fiscal years 2002 through 2005, in-
8 cluding funding for—

9 (I) installation of forensic ballis-
10 tics equipment and bullet recovery
11 equipment;

12 (II) establishment of regional
13 centers for firearm testing;

14 (III) salaries and expenses of
15 necessary personnel; and

16 (IV) research and evaluation.

17 (E) REPORT.—Not later than 1 year after
18 the date of enactment of this paragraph, the
19 Attorney General and the Secretary of the
20 Treasury shall submit to the Committees on
21 Appropriations of the House of Representatives
22 and the Senate a report, which shall include an
23 analysis of—

24 (i) the capacity to provide the online
25 access required under subparagraph

1 (B)(ii), and the process by which the on-
2 line access will be implemented; and

3 (ii) any future technical or legal
4 changes that may be required to make on-
5 line access available, including estimates of
6 the costs of making those changes.

7 **Subtitle F—Miscellaneous**

8 **SEC. 11501. STUDY OF MARKETING PRACTICES OF THE** 9 **FIREARMS INDUSTRY.**

10 (a) IN GENERAL.—The Federal Trade Commission
11 and the Attorney General shall jointly conduct a study of
12 the marketing practices of the firearms industry, with re-
13 spect to minors.

14 (b) ISSUES EXAMINED.—In conducting the study
15 under subsection (a), the Commission and the Attorney
16 General shall examine the extent to which the firearms
17 industry advertises and promotes its products to minors,
18 including in media outlets in which minors comprise a sub-
19 stantial percentage of the audience.

20 (c) REPORT.—Not later than 1 year after the date
21 of enactment of this Act, the Commission and the Attor-
22 ney General shall submit to Congress a report on the
23 study conducted under subsection (a).

1 **SEC. 11502. REGULATION OF INTERNET FIREARMS TRANS-**
2 **FERS.**

3 (a) PROHIBITIONS.—Section 922 of title 18, United
4 States Code (as amended by section 11101), is amended
5 by inserting after subsection (z) the following:

6 “(aa) REGULATION OF INTERNET FIREARMS TRANS-
7 FERS.—

8 “(1) IN GENERAL.—It shall be unlawful for any
9 person to operate an Internet website, if a purpose
10 of the website is to offer 1 or more firearms for sale
11 or exchange, or is to otherwise facilitate the sale or
12 exchange of 1 or more firearms posted or listed on
13 the website, unless—

14 “(A) the person is licensed as a manufac-
15 turer, importer, or dealer under section 923;

16 “(B) the person notifies the Secretary of
17 the Internet address of the website, and any
18 other information concerning the website as the
19 Secretary may require by regulation; and

20 “(C) if any firearm posted or listed for sale
21 or exchange on the website is not from the busi-
22 ness inventory or personal collection of that
23 person—

24 “(i) the person, as a term or condition
25 for posting or listing the firearm for sale
26 or exchange on the website on behalf of a

1 prospective transferor, requires that, in the
2 event of any agreement to sell or exchange
3 the firearm pursuant to that posting or
4 listing, the firearm be transferred to that
5 person for disposition in accordance with
6 clause (iii);

7 “(ii) the person prohibits the posting
8 or listing on the website of any information
9 (including any name, nickname, telephone
10 number, address, or electronic mail ad-
11 dress) that is reasonably likely to enable
12 the prospective transferor and prospective
13 transferee to contact one another directly
14 prior to the shipment of the firearm to
15 that person under clause (i), except that
16 this clause does not include any informa-
17 tion relating solely to the manufacturer,
18 importer, model, caliber, gauge, physical
19 attributes, operation, performance, or price
20 of the firearm; and

21 “(iii) with respect to each firearm re-
22 ceived from a prospective transferor under
23 clause (i), the person—

24 “(I) enters such information
25 about the firearm as the Secretary

1 may require by regulation into a separate bound record;

2
3 “(II) in transferring the firearm
4 to any transferee, complies with the
5 requirements of this chapter as if the
6 firearm were being transferred from
7 the business inventory of that person;
8 and

9 “(III) if the prospective transferor does not provide the person with
10 a certified copy of a valid firearms license issued to the prospective transferor under this chapter, submits to
11 the Secretary a report of the transfer or other disposition of the firearm on
12 a form specified by the Secretary,
13 which report shall not include the
14 name of, or any other identifying information relating to, the transferor.
15
16
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19

20 “(2) TRANSFERS BY PERSONS OTHER THAN LICENSEES.—It shall be unlawful for any person who
21 is not licensed under section 923 to transfer a firearm pursuant to a posting or listing of the firearm
22 for sale or exchange on an Internet website de-

1 scribed in paragraph (1) to any person other than
2 the operator of the website.”.

3 (b) PENALTIES.—Section 924(a) of title 18, United
4 States Code (as amended by section 11001), is amended
5 by adding at the end the following:

6 “(9) Whoever willfully violates section
7 922(aa)(2) shall be fined under this title, imprisoned
8 not more than 2 years, or both.”.

9 **SEC. 11503. REDUCTION OF GUN TRAFFICKING.**

10 (a) PROHIBITION AGAINST MULTIPLE HANDGUN
11 SALES OR PURCHASES.—Section 922 of title 18, United
12 States Code (as amended by sections 11101 and 11502),
13 is amended by inserting after subsection (aa) the fol-
14 lowing:

15 “(bb) PROHIBITION AGAINST MULTIPLE HANDGUN
16 SALES OR PURCHASES.—

17 “(1) IN GENERAL.—It shall be unlawful for any
18 licensed dealer—

19 “(A) during any 30-day period, to sell 2 or
20 more handguns to an individual who is not li-
21 censed under section 923; or

22 “(B) to sell a handgun to an individual
23 who is not licensed under section 923 and who
24 purchased a handgun during the 30-day period
25 ending on the date of the sale.

1 “(2) TIME LIMITATION.—It shall be unlawful
2 for any individual who is not licensed under section
3 923 to purchase 2 or more handguns during any 30-
4 day period.

5 “(3) EXCHANGES.—Paragraph (1) does not
6 apply to an exchange of 1 handgun for 1 handgun.”.

7 (b) PENALTIES.—Section 924(a)(2) of title 18,
8 United States Code, is amended by striking “or (o)” and
9 inserting “(o), or (bb)”.

10 (c) DEADLINES FOR DESTRUCTION OF RECORDS RE-
11 LATED TO CERTAIN FIREARMS TRANSFERS.—

12 (1) HANDGUN TRANSFERS SUBJECT TO THE
13 WAITING PERIOD.—Section 922(s)(6)(B)(i) of title
14 18, United States Code, is amended by striking “20
15 business days” and inserting “35 calendar days”.

16 (2) FIREARMS TRANSFERS SUBJECT TO IN-
17 STANT CHECK.—Section 922(t)(2)(C) of title 18,
18 United States Code, is amended by inserting “not
19 later than 35 calendar days after the date the sys-
20 tem provides the licensee with the number,” before
21 “destroy”.

22 (d) REVISED DEFINITION.—Section 921(a)(21)(C) of
23 title 18, United States Code, is amended by inserting “,
24 except that such term shall include any person who trans-

1 fers more than 1 handgun in any 30-day period to a per-
2 son who is not a licensed dealer” before the semicolon.

3 **TITLE XII—MISCELLANEOUS**

4 **SEC. 12001. ADVISORY COMMITTEE ON PRIVATE SECTOR**

5 **SUPPORT FOR CHILDREN AND FAMILIES.**

6 (a) ESTABLISHMENT.—Not later than 6 months after
7 the date of enactment of this Act, the Secretary of Health
8 and Human Services (in this section referred to as the
9 “Secretary”) shall establish an advisory committee to be
10 known as the “Advisory Committee on Private Sector Sup-
11 port for Children and Families” (in this section referred
12 to as the “Committee”) that shall review, highlight and
13 promote the private sector policies and practices that will
14 best create family-friendly workplaces and allow parents
15 to succeed at work and at home.

16 (b) DUTIES.—The Committee shall—

17 (1) solicit advice and recommendations con-
18 cerning employer and community efforts that are de-
19 signed to assist parents caring for their children and
20 ensure that every child residing in the United States
21 has a healthy start, a head start, a fair start, and
22 a safe start in life and successful passage to adult-
23 hood;

24 (2) review and consider the full range of private
25 sector family-centered efforts, including flexibility in

1 the workplace, family and medical leave policies, em-
2 ployer sponsored health care and child care services,
3 parent support centers, and literacy training; and

4 (3) prepare and submit the report required
5 under subsection (d).

6 (c) MEMBERSHIP.—The Committee shall—

7 (1) be appointed by the Secretary in consulta-
8 tion with the Secretary of the Treasury, the Sec-
9 retary of Labor, and the Secretary of Education;
10 and

11 (2) consist of representatives of children and
12 family advocates, business groups, labor organiza-
13 tions, faith-based institutions, and charitable foun-
14 dations.

15 (d) REPORT.—

16 (1) SECRETARY.—Not later than 18 months
17 after the date of enactment of this Act, the Com-
18 mittee shall submit to the Secretary a report that
19 contains the Committee’s findings and recommenda-
20 tions resulting from carrying out the duties required
21 under subsection (b), together with recommendations
22 for such legislation and administrative actions as the
23 Committee considers appropriate.

24 (2) CONGRESS.—The Secretary shall transmit
25 copies of the report to the Committee on Health,

1 Education, Labor, and Pensions and the Committee
2 on Finance of the Senate and the Committee on
3 Education and the Workforce, the Committee on
4 Energy and Commerce, and the Committee on Ways
5 and Means of the House of Representatives.

6 **SEC. 12002. IMPROVEMENT OF DATA COLLECTION AND RE-**
7 **PORTING REGARDING CHILDREN AND FAMI-**
8 **LIES.**

9 (a) REPORT ON ECONOMIC WELL-BEING OF CUR-
10 RENT AND FORMER TANF FAMILIES.—

11 (1) ANNUAL REPORT TO CONGRESS.—Section
12 411(b) of the Social Security Act (42 U.S.C. 611(b))
13 is amended—

14 (A) in paragraph (3), by striking “and” at
15 the end;

16 (B) in paragraph (4), by striking the pe-
17 riod and inserting “; and”; and

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

20 “(5) the economic well-being of children and
21 families receiving assistance under the State pro-
22 grams funded under this part and of children and
23 families that have ceased to receive such assistance,
24 using longitudinal matched data gathered from fed-
25 erally supported programs, and including State-by-

1 State data that details the distribution of earnings
2 and stability of employment of such families and (to
3 the extent feasible) describes, with respect to such
4 families, the distribution of income from known
5 sources (including employer-reported wages, assist-
6 ance under the State program funded under this
7 part, and benefits under the food stamp program),
8 the ratio of such families' income to the poverty line,
9 and the extent to which such families receive or re-
10 ceived noncash benefits and child care assistance.”.

11 (2) CONFORMING AMENDMENTS.—Section
12 411(a) of the Social Security Act (42 U.S.C. 611(a))
13 is amended—

14 (A) by redesignating paragraph (7) as
15 paragraph (8); and

16 (B) by inserting after paragraph (6), the
17 following new paragraph:

18 “(7) REPORT ON ECONOMIC WELL-BEING OF
19 CURRENT AND FORMER RECIPIENTS.—The report
20 required by paragraph (1) for a fiscal quarter shall
21 include for that quarter such information as the Sec-
22 retary may specify in order for the Secretary to in-
23 clude in the annual reports to Congress required
24 under subsection (b) the information described in
25 paragraph (5) of that subsection.”.

1 (b) REPORT ON DATA FROM STATE STUDIES RE-
2 GARDING FORMER TANF AND FOOD STAMP RECIPI-
3 ENTS.—Section 413 of the Social Security Act (42 U.S.C.
4 613) is amended by adding at the end the following new
5 subsection:

6 “(k) REPORT ON STATUS OF FORMER RECIPIENTS
7 OF ASSISTANCE AND FOOD STAMP BENEFITS.—Not later
8 than 6 months after the date of enactment of the Leave
9 No Child Behind Act of 2001, the Secretary shall compile
10 and report to Congress data from existing State-level stud-
11 ies funded (in whole or in part) by the Secretary on the
12 extent of employment, receipt of non-cash benefits, occur-
13 rence of extreme poverty, and hardship among previous
14 recipients of assistance under the State program funded
15 under this part and benefits under the food stamp pro-
16 gram.”.

○