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 HUMAN SERVICES REAUTHORIZATION ACT OF 1998

**DATE:** July 21, 1998. Ordered to be printed

**SPONSOR:** Mr. Jeffords submitted the following together with ADDITIONAL VIEWS

(To accompany S. 2206)

**COMMITTEE:** from the Committee on Labor and Human Resources

R E P O R T

CONFERENCE REPORT

**TEXT:**

The Committee on Labor and Human Resources, to which was referred the bill (S. 2206) to amend the Head Start Act, the Low-Income Home Energy Assistance Act of 1981, and the Community Services Block Grant Act to reauthorize and make improvements to those Acts, to establish demonstration projects that provide an opportunity for persons with limited means to accumulate assets, and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill (as amended) do pass.

I. Summary of the Bill

The Human Services Reauthorization Act of 1998 reauthorizes and makes improvements in the Head Start Act, the Community Services Block Grant Act, and the Low-Income Home Energy Assistance Act of 1981. The legislation also establishes demonstration projects that provide an opportunity for persons with limited means to accumulate assets.

Title I of the bill reauthorizes the Head Start Act at such sums as may be necessary for fiscal years 1999, 2000, 2001, 2002, and 2003. The bill contains provisions to further strengthen and expand the Head Start program. It improves the quality of existing programs by maintaining the 25 percent set-aside for quality improvements, establishing a major programmatic focus on school readiness, and improving collaboration with other community-based child care programs. The legislation requires the establishment of outcome based performance measures, requiring additional and more specific educational performance standards. Barriers to collaboration are removed and the reauthorization includes increased incentives and additional opportunities for early childhood care and education collaboration. A national study of the impact of Head Start on children and families is authorized. Funding for Early Head Start is dramatically increased with provisions to insure the quality of programs through the establishment of a minimum 5 percent quality set aside within the Early Head Start program.

Title II of the bill reauthorizes the Community Services Block Grant at $625 million for fiscal year 1999, and then such sums as may be necessary for fiscal years 2000, 2001, 2002, and 2003. The bill requires each recipient of CSBG funds to participate in the performance measurement system established by the Secretary of the Department of Health and Human Services by October 1, 2001, to measure how CSBG funds are used to promote self-sufficiency, family stability, and community revitalization. The legislation protects local control by requiring public entities to administer their programs through a tri-partite board structure or through another mechanism designed by the State to ensure low income citizen participation in the decision-making, planning and adminstration of CSBG programs. Program quality will be improved by requiring on-site compliance reviews, enhancing opportunities for training and technical assistance where deficiencies are noted and providing opportunities for quality improvement plans and corrective action where warranted. The bill reauthorizes the Community Economic Development and Rural Community Facilities programs. It also creates a new Neighborhood Innovation Project to provide grants to neighborhood-based private non-profit organizations for the development of new approaches to overcoming problems which are contributing to community breakdown. The National Youth Sports Program and the Community Food and Nutrition Program are reauthorized at current funding levels. The legislation requires the National Youth Sports grant recipient to enter into formal partnerships with youth serving organizations or other appropriate social service entities in order to link program participants with year-round services in their home communities.

Title III authorizes the Low Income Home Energy Assistance Program at $2 billion for fiscal years 2000 through 2004. In addition, it authorizes a $600 million emergency fund for each fiscal year and includes new language defining the circumstances under which natural disasters and other emergencies warrant the release of additional funding. It authorizes the leveraging incentive program at $30 million for fiscal years 2000 through 2004 and retains language allowing States to target the households with the highest energy burdens.

Title IV authorizes a 5-year, $125 million demonstration program of Individual Development Accounts for low income working families and individuals. Individual development Accounts are dedicated, matching savings accounts that can be used for purchasing a first home, education, capitalizing a business or in certain defined hardship cases. Under the IDA program, non-profit organizations or State and local governments enter partnerships with low income individuals who deposit what he or she can from their earned income in the account. The sponsoring organization will match the individuals deposit with funds provided by non-federal sources which can include local churches, service organizations, corporations, foundations, or local governments.

II. Background and Need for the Legislation

On June 22, 1998, a bill to reauthorize the Head Start Act, the Community Services Block Grant Act, and the Low-Income Home Energy Assistance Act of 1981, and to establish the Assets for Independence Act was introduced by Senators Coats, Dodd, Jeffords and Kennedy. The bill, S. 2206, was referred to the Committee on Labor and Human Resources.

title i head start act

Head Start developed as part of the War on Poverty in 1964, and remains one of its most popular efforts. The program currently serves 830,000 children through 16,000 centers and 595 home-based programs. It provides comprehensive educational, medical, nutritional, mental health, dental, and social services to low-income children and their families in all 50 states, the District of Columbia, Puerto Rico, and the U.S. territories, as well as services for migrant and Native American populations. Unlike other Federal social service programs that are funded through States, the Department of Health and Human Services awards Head Start grants directly to local agencies, called grantees, which deliver program services. Grantees, estimated at 1,456 in fiscal year 1997, may contract with other organizations, called delegate agencies, to run all or part of their programs. Grantees had such contracts with approximately 517 delegate agencies in fiscal year 1997. Grantees and delegate agencies include public and private school systems, community action agencies and other private nonprofit organizations, local governments, and Indian tribes.

Since the inception of Head Start nearly 35 years ago, the face of poverty has changed dramatically. Single parent familes headed by women accounted for about one-third of the poor in 1966; now they represent more than half of those living in poverty. Children have now replaced the elderly as the group most likely to be poor. One child in five in the United States lives in poverty. Disadvantaged children who are part of a racial or ethnic minority group face even harsher realities; 44 percent of all African American children, and 38 percent of all Hispanic children, are poor. Sixty-percent of Head Start familes earn less than $9,000 per year. Forty-five percent receive benefits under the TANF program.

As the needs of children and families changed, so has Head Start. Head Start was first enacted into law in 1966 as a summer program with a budget of $352 million. In 1994, an appropriation of $3.3 billion allowed more than 2,000 locally run Head Start programs to serve more than 730,000 children and their families. Today, the average amount of funds available per child in Head Start programs in the 1996-97 program year was $5,186 with an average of $4,637 of this amount coming from Federal Head Start funds. Total funds per child varied widely by program, ranging from $1,081 to $17,029 per child. Before using Head Start funds for services, local agencies are required by Head Start regulations to identify, secure, and use community resources to provide a wide variety of services to children and their families.

By its nature, Head Start requires community input in order to be responsive to community needs. Local programs may adapt their services to serve Indian tribes or migrant worker communities; target homeless children or children of drug-addicted parents or help familes transitioning off welfare. While most Head Start programs are center-based, home-based models fulfill the special needs of families in certain communities. Today Head Start programs respond to the complex needs of familes in myriad ways, from acting as resource and referral agencies, to providing parenting and child discipline courses, to helping parents improve their self esteem, literacy and job skills.

As researchers and policy makers seek to respond to the growing problems of crime, drug dependency, and the cycle of poverty, the importance of early and comprehensive services for children becomes more clear. Early intervention can improve the lives of children. Quality programs pay for themselves for reduced reliance on social services and reduced crime and its associated costs.

The Head Start Expansion and Quality Act of 1990 directly addressed these needs with a quality set-aside of 25 percent of all new funds. Half of these "quality monies" were to be spent on improving teacher salaries and helping programs recruit and retain quality staff. Funds could also be spent on providing transportation, improving facilities, and expanding staff training and development.

The National Head Start Association reports that the quality set-aside continues to have an important impact on improving the way Head Start programs across the country deliver services to children and their families. Recently a U.S. Department of Education study of comparable early education and preschool programs for low-income children, found that Head Start centers were notable for their consistently high quality.

In 1993, Secretary of Health and Human Services Donna Shalala appointed an Advisory Committee on Head Start Quality and Expansion to examine closely the Head Start program and to make recommendations for the future. The committee noted that despite the generally high quality of most programs, some continue to have difficulty providing appropriate facilities, living wags for staff, and the comprehensive services that are critical to meeting family needs. The recommendations of the advisory committee focused on three important areas: (1) the need to improve quality; (2) the need to expand services; and (3) the need to forge partnerships with other community providers, including closet coordination with elementary schools, State, and locally sponsored programs, cooperating with the private sector and linking Head Start with other national initiatives.

The Head Start Act Amendments of 1994 reauthorizes the program and made significant strides to implement the advisory committees recommendations. The legislation balanced the need to strengthen current services with the need to broaden those services and provide more children access to them.

This 1998 reauthorization builds on that existing framework and continues to place an appropriate focus on continued program quality and the achievement of important outcomes for children and their families.

title ii community services block grant act

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

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

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

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

Each State designates a State agency to administer the block grant. State CSBG administrators subsequently pass through 90 percent of the CSBG funds to approximately 1,100 local service providers in 50 States, the U.S. Territories, the District of Columbia and the Commonwealth of Puerto Rico. These entities, which include private non-profit CAAs, units of local government, migrant and seasonal farm worker organizations, Indian Tribes, and limited-purpose agencies, are referred to as "eligible entities". The vase majority of the eligible entities are community action agencies (CAAs) which make up approximately 90 percent of the entities receiving CSBG funds.

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

While there is no typical CAA since they must reflect the differing needs and priorities of their local community activities often conducted by CAAs include:

Employment services. Providing on-the-job training and direct employment in agency programs, job counseling, skills training, placement and referrals.

Education assistance. Providing information, referral, counseling, and guidance to assist clients in defining educational aspirations and opportunities and preventing teenagers from dropping out of school.

Income management. Helping individuals and families prepare and implement household budgets and resolve consumer credit issues; assisting families in submitting the Earned Income Tax Credit and Child Care Credit returns and elderly claim medical and other deductions; sponsoring energy conservation education and information programs.

Housing assistance. Providing information and referral services to locate housing; tenant advocacy and home ownership assistance; and referrals for transitional housing assistance for the homeless.

Emergency services. Providing crisis intervention services to stabilize low-income individuals in crisis, services to homeless individuals and families, mobilization of donations, cash assistance/loans, clothes and food pantries.

Nutrition assistance. Providing or administering surplus food distribution, meals on wheels, congregate meals, nutrition education, and advocacy.

Linkages. Assessing community needs to facilitate increased coordination among programs, facilities and resources.

Self-sufficiency. Utilizing a comprehensive case management approach of support services which promotes, empowers and nurtures individuals and families toward self-sufficiency. This includes an assessment of the issues facing the family, a written plan toward self-support created with each family, and a comprehensive assortment of services which are available to implement the plan.

Health. Providing and coordinating general health and prenatal care services, ensuring that infants receive required vaccinations and screening for serious health problems such as tuberculosis and HIV infection, drug or alcohol treatment for expectant parents; and transportation to health care facilities and doctors appointments.

CSBG eligible families include those with incomes below 100 percent of the poverty guideline, although nearly half of the families served by CSBG are estimated to have incomes below 75 percent of the poverty guideline. Only 26 percent of client families are believed to have incomes exceeding the poverty guideline and most of these had incomes lower than 125 percent of poverty.

The Community Services Block Grant has been an extremely effective tool in giving poor people a voice in the planning, design and delivery of programs intended to serve them. This has been accomplished through the tripartite boards in which one-third of the members are elected representatives of the low-income community, one-third are locally elected public officials and one third are leaders from the private sector. This unique tripartite board structure is fundamental to the Community Action concept. It empowers low-income individuals to have a voice with other stakeholders in the community in identifying and developing an appropriate response to particular problems in their communities. Community economic development

The Community Economic Development (CED) program was an early War on Poverty program authorized by the Economic Opportunity Act and administered by Office of Economic Opportunity (OEO). The goal of the program, according to its original legislation, was to spur the creation of programs in which low-income people could participate and improve the quality of life in their community. The Community Development Corporation (CDC) was the primary vehicle for attaining this goal, defined in the law as a nonprofit corporation "responsible to residents of the area it serves." Using seed money from the Federal government and elsewhere, CDCs establish various commercial ventures and enterprises designed to create employment for area residents and generate income for the community.

Currently, the CED is a competitive, discretionary grant program in which funds are awarded to private, nonprofit community development corporations for the purpose of promoting business and employment opportunities in urban and rural low-income communities. Community Development Corporations are governed by a board consisting of low income residents of the community and business and civic leaders which have as a principal purpose planning, developing, or managing low income housing or community development projects.

Most CED grants are used to finance commercial real estate development projects, including manufacturing and industrial facilities, business incubators, community facilities such as day care and health care centers, and public facilities. These projects generate new jobs and lead to a more stable employment and business environment in economically depressed areas.

Because of the unique nature of this program, there is a great demand for CED discretionary funding. In 1996 alone, more than 300 applications for CED were submitted, but only about 60 grants were awarded. CED grants average $300,000 and competitive CDC applications must demonstrate their ability to leverage private sector investment and create new jobs at a competitive cost.

A recent survey indicates further the success of the Community Economic Development program. The survey revealed that grantees leveraged or raised almost twice the amount of money that they had received in CED grant funds. Grantees created 4,223 jobs, or 89 percent of their employment target between FY 91 and FY 95. Ninety-four percent of the jobs created were filled by low-income and unemployed people or people receiving public assistance. The average wage for these positions was $8.32 per hour, with wages ranging between $4.75 to $25 per hour. Grantees created 445 businesses during the survey period, or 87 percent of the number that they projected they would create. Ninety-nine percent were locally owned; 39 percent were minority owned and 38 percent were owned by women.

Rural community facilities

A major obstacle for economic growth in low-income rural areas is the lack of community facilities for water or sewer. Economic growth, the development of housing and expansion of business depends on adequate infrastructure. The Rural Facilities Technical Assistance program targets low income areas that do not have adequate water and waste disposal systems.

As in the past, grants are made to a network of rural development resource centers, which work in the area of rural water and sewer improvements, and rural housing development agencies, which help package housing loans and grants for low-income families. Funds are provided to help low income rural communities develop the capacity and expertise to establish and/or maintain affordable, adequate, and safe water and waste water treatment facilities. Programs are run by multi-state, regional private non-profit organizations that can provide training and technical assistance to small, rural communities in meeting their community facility needs.

National youth sports

The National Youth Sports Program (NYSP) began under the old Office of Economic Opportunity (OEO) and is currently operated by Office of Community Services as a discretionary activity under the CSBG. This national program is sponsored by the Federal government in cooperation with the National Collegiate Athletic Association (NCAA) and various colleges and universities. The purpose is to improve the lives of low-income youth (ages 10-16) through sports skill instruction, counseling in good health practices, and counseling related to drug and alcohol abuse. The program was started 29 years ago and now exists at over 185 colleges nationwide. In 1998, there were 70,000 youth who participated in the program. As administered by the NCAA, the NYSP is a summer day camp that operates for six weeks on local college or university campuses. The camp provides free medical and dental examinations before the camp begins. On a daily basis, the participants receive a USDA-approved meal, 2 hours of sports instruction, and an hour of educational activities. The $7 per-day per-child cost of the program is paid for by the Federal government, the NCAA, and the host school. The program is completely free of charge to the participant.

Community food and nutrition

The Community Food and Nutrition Program (CFNP) was created in 1994 to help counteract conditions of hunger and malnutrition among the nations low income population. These conditions had been well documented by a team of doctors from the Field Foundation in 1967. A more specific purpose of CFNP was to provide temporary relief to the hungry and malnourished in emergency situations pending other Federal relief or longer term solutions to the problem of hunger. CFNP was the successor to the Emergency Food and Medical Services Program which was added to the Economic Opportunity Act in 1967. In 1981, the Omnibus Budget Reconciliation Act terminated the program, but Congress authorized a new grant program in 1984.

The CFNP program provides grants to public and private agencies at the local and State level to: (1) coordinate existing food assistance resources; (2) assist in identifying sponsors of child nutrition programs and initiating new programs in under-served and unserved areas; and (3) develop innovative approaches at State and local levels to meet the nutrition needs of low-income people. Sixty percent of the amount appropriated is to be allotted to States for statewide programs and 40 percent is awarded on a competitive basis.

Unfortunately, hunger continues to be a national problem, particularly among low-income children. As a recent report by the Carnegie Foundation demonstrated, between 1971 and 1991, the number of children under 6 increased by less than 10 percent. During the same period, the number of poor children in the same age group increased by more than 60 percent.

A 1991 report by the Food Research and Action Center estimated that approximately 5.5 million American children under the age of 12 are hungry. That figure represents one in every eight American children. An additional 6 million children under age 12 are believed to be at risk for hunger. Childhood hunger can have devasting, lifelong effects, particularly on the acquisition of critical developmental skills and abilities.

CFNP has been quite successful at stimulating participation by local agencies in Federal food assistance programs and coordinating anti-hunger effort in communities. While funding for this program has been modest, its results have been impressive.

Title III Low-Income Home Energy Assistance Act of 1981

Energ assistance is one of the most critical components of the social safety net. The Low-Income Home Energy Assistance Program was established in 1980 under the Home Energy Assistance Act, part of the Crude Oil Windfall Profit Tax Act of 1980 (P.L. 96-223). It was designed to help poor families with the costs of heating and cooling their homes, although authority for low-income energy assistance can be traced back even further, to the Economic Opportunity Act Amendment of 1974.

Without energy assistance, many low-income households would have to choose between heating and eating or other vital necessities. This is especially true during the peak winter heating season when energy bills can frequently amount to 30 percent of a low-income households income.

LIHEAP has nurtured a very positive, effective partnership between the Federal government, state governments and the private sector. By leveraging private dollars to supplement federal dollars, LIHEAP has proven that successful partnerships can exist between the government, businesses, gas and electric utilities and community-based social service organizations.

LIHEAP was reauthorized as a block grant in the Omnibus Reconciliation Act of 1981 (PL 97-35), but the basic design and intent of the program remained essentially the same as the 1974 program. States were given more flexibility to fulfill the programs purpose of helping low-income households meet their home heating and cooling costs. In addition to providing heating and cooling assistance, States had to reserve a reasonable amount of their allotment for energy crisis intervention and could use up to 15 percent of their LIHEAP allotment for weatherization services and energy related home repairs.

Grants are made to States, the District of Columbia, U.S. territories and commonwealths, and Indian tribal organizations. Federal requirements are minimal and leave most important decisions to grantees.

The Human Services Reauthorization Act of 1984 (PL 98-588) reauthorized the LIHEAP program for fiscal years 1985 and 1986. Effective fiscal year 1986, the Act prohibited States from establishing income eligibility criteria that are less than 110 percent of the poverty level. Following its reauthorization in 1986, program funding began to decline, shrinking to 65 percent of its former size. As funding declined, so did the number of households served, from 6.8 million in 1987 to 6.2 million in 1992 to 4.3 million in 1997. The program now only serves 14 percent of the households eligible to receive assistance. In response to the decline in program funding, States limited the number of households served and reduced benefits for households receiving LIHEAP assistance.

The most recent changes to LIHEAP were made by the 1994 Human Services Reauthorization Act (P.L. 103-252). That legislation (1) required that benefits and outreach activities be targeted to those with the greatest home energy needs and costs, including households with young children, frail elderly, and disabled persons; (2) stipulated that appropriations for a given fiscal year be made in advance, in the previous years appropriations Act, and (3) established a Residential Energy Assistance Challenge (REACH) grant program to help reduce recipients home energy costs.

Fiscal year 1994 data indicates that about 6.1 million households received help with their heating costs (the major program goal of LIHEAP) through aid in meeting regular heating bills or winter crisis assistance; 5,655 million participated only in regular heating cost assistance programs; over 860,000 received both regular and crisis aid; and about 430,000 received only crisis intervention help. In addition, grantees estimate that 110,000 households received cooling aid (and approximately 30,000 received summer crisis aid), and 119,000 benefited from weatherization efforts.

Currently, LIHEAP recipients are among the poorest families in America. Nearly 70 percent of LIHEAP households have an annual income of less than $8000. Nearly half of recipient households include elderly or handicapped persons. The percentage of income paid by the poor for utility bills is almost 15 percent of the total household income, almost 4 times the percentage paid by other households. LIHEAP benefits, while critical, cover only a small portion of low-income households energy costs, less than 30 percent in the vast majority of States.

LIHEAP benefits vary widely. Grantee reports for fiscal year 1995 show households receiving average benefits ranging from $78 to $414 for regular heating assistance; from $62 to $500 for winter crisis aid; from $61 to $158 for cooling assistance; and from $35 to $394 for summer crisis payments.

While fuel oil prices have decreased from the 1970s, it should be noted that fuel oil is used as the main heating source for only 12 percent of LIHEAP eligible households. HHS data indicate that the composite average for all energy fuels is higher now than it was when LIHEAP was created.

The percentage of a households income used to pay for all home energy costs is also an important issue. Some have argued that the percentage of earnings that low-income families spend on their energy costs is less than it was in the late 1970s. According to HHS data, the average residential energy burden for individual low-income households is 15.8 percent. While that is somewhat lower than the 18.3 percent energy burden of 1979, it is still a high and unaffordable burden for most low-income households.

Title IV Assets for Independence Act

Title IV, the Assets for Independence Act, establishes a five year demonstration program to determine the social, civic, psychological and economic effects that Individual Development Account (IDA) savings accounts can have on low income individuals and their families.

This legislation supports the work that States and community-based organizations are doing in support of IDAs and other asset- based development strategies. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) authorized States to create Individual Development Accounts (IDAs) and 24 States have indicated that they will incorporate IDAs into their welfare-to-work plans. In addition, more than 40 community-based organizations and a dozen States are running or supporting IDA programs.

In some respects, IDAs are like Individual Retirement Accounts for the working poor. IDAs are dedicated savings accounts that can be used for purchasing a first home, paying for post-secondary education, or capitalizing a business. These investments are associated with extremely high rates of return that have the potential to bring a new level of economic and personal security to families and communities. Participants also are able to make emergency withdrawals in limited circumstances and must pay back such withdrawals within 12 months.

The individual or family deposits whatever dollar amount they can save (typically $5 to $20 a month) into the account. The sponsoring organization matches that deposit with funds provided by local churches and service organizations, corporations, foundations, and State or local governments. The sponsoring organization determines the ratio at which they will match an individuals contribution (not less than $0.50 and not more than $4 for every $1).

The intent of this demonstration program is to encourage participants to develop and reinforce strong habits for saving money. To assist this, sponsor organizations provide participating individuals and families intensive financial counseling and counseling to develop investment plans for education, home ownership, and entrepreneurship.

In addition, participating welfare and low-income families build assets whose high return on investment has the capacity for propelling them into independence and stability. The community also benefits from the significant return on investment in IDAs: we expect rolls to be reduced, tax receipts to increase, employment to increase, and local enterprises and builders can expect local businesses to benefit from increased activity. Neighborhoods will be rejuvenated as new micro-enterprises and increased home renovation and building drive increased employment and community development.

In fact, it is estimated that an investment of $125 million in assets building through these individual accounts will generate 7,050 new businesses, 68,799 new jobs, $730 million in additional earnings, 12,000 new or rehabilitated homes, $287 million in savings and matching contributions and earnings on those accounts, $188 million in increased assets for low-income families, 6,600 families removed from welfare rolls, 12,000 youth graduates from vocational education and college programs, 20,000 adults obtaining high school, vocational, and college degrees.

IDAs are planned or now available on a small scale across the country, including Indiana, Illinois, Virginia, Oregon, Iowa, and Vermont. The Assets for Independence Act has been developed after a review of numerous, similar, successful programs, and most notably one run by the Eastside Community Investments community development corporation in Indianapolis, Indiana. This legislation incorporates a number of protections developed with their assistance and based on their experience.

To sponsor an IDA demonstration site, on organization must secure non-federal matching dollars at least equal to the amount of Federal matching dollars they are seeking from HHS. Organizations can receive up to $1 million per year in Federal matching dollars as part of the IDA demonstration. IDA accounts must be maintained at federally-insured financial institutions and the sponsor organizations must co-sign any withdrawal of funds. Withdrawals are strictly limited to home purchase, education, and business capitalization.

Sponsors who do not operate their programs consistent with the Act may be terminated from the grant program. Individuals who misuse their IDA funds are penalized.

The Assets for Independence Act is authorized at $125 million: $25 million each year from 1999 through 2003.

III. History of Legislation and Committee Action

On June 22, 1998, Senators Coats, Dodd, Jeffords and Kennedy introduced S. 2206, the Human Services Reauthorization Act of 1998, a bill to reauthorize the Head Start program, the Community Services Block Grant, the Low Income Home Energy Assistance Program, and to authorize the Assets for Independence Act. On June 24, 1998 the Committee on Labor and Human Resources met in executive session to consider S. 2206. Following opening statements, two amendments were offered.

The first was offered by Senators Warner, Kennedy, Jeffords and Dodd to change the name of the legislation from the "Human Services Reauthorization Act of 1998" to the "Community Opportunities, Accountability, Training and Educational Services" (COATS) Act of 1998.

The second amendment was offered by Senator Dodd. It provided, with respect to the designation of Head Start grantees, that "If the Secretary determines that a non-profit and a for profit have submitted applications of equivalent quality, the Secretary may give priority to the non-profit."

Both amendments were adopted by a unanimous voice vote.

After the amendments were considered, S. 2206 was voted favorably out of the committee by a roll call of 18 yeas and 0 nays. Hearings and testimony summary of witnesses

On March 26, 1998, the Senate Subcommittee on Children and Families and the House Subcommittee on Early Childhood, Youth and Families held a Joint Hearing entitled, "Head Start: It is making a Difference? Can It Be Improved?". The hearing provided background informing members on some of the key issues of the 1998 reauthorization legislation.

The committees heard from the Assistant Secretary of the Administration for Children and Families, Olivia Golden, who oversees Head Start within the Department of Health and Human Services. Ms. Golden provided an update on the status and reach of Head Start and Early Head Start. In particular, her testimony focused on the Department of Health and Human Services implementation of the 1994 Reauthorization, which included strong quality measures and accountability standards for local Head Start programs. The Administration has used this authority to promote continuous improvement and a stronger focus on outcomes in local Head Start programs; their efforts have included defunding nearly 90 programs. Her testimony called for a four-year reauthorization with no major changes beyond the administrations recommendation to increase the Early Head Start set-aside from the current statutory 5 percent to 10 percent by 2002.

The hearings second panel included researchers on the impact of local Head Start programs. The committee heard from Carlotta Joyner for the General Accounting Office. In preparation for the reauthorization, the GAO has completed several research projects focused on Head Start; Ms. Joyners testimony focused on the GAOs report entitled, "Head Start: Research Provides Little Information on Impact of Current Program." The GAO examined the extensive body of literature on Head Start with a focus on studies providing program impact data. The GAO found that this research was limited and suffered to some extent from methodological and design weaknesses, making it difficult to assess the impact of Head Start. Ms. Joyner presented recommendations on how further research could be designed to better answer this central question.

Robert G. St. Pierre from Abt Associations, Inc. testified on his study examining the Comprehensive Child Development Program (CCDP), which was funded by the Administration on Children, Youth and Families and terminated with the beginning of Early Head Start. The Abt study found little evidence of CCDP producing any important positive effects on participating families.

Mr. St. Pierre concluded that on average, positive changes in many areas were observed in the lives of families both in CCDP and in the control group that did not receive any CCDP services. The Abt study noted the importance of impact research and concluded, that "Instead of being advocates for a particular program, we need to be advocates for solving the problem. Instead of advocating in the absence of research evidence, we need to be intellectually curious about finding the best approaches."

The committees also heard testimony from Dr. Stanley Greenspan, a leading child researcher and pediatrician. Dr. Greenspan reviewed the recent research on brain development of infants and toddlers and emphasized the importance of meeting the needs of these very young children. Dr. Greenspan recommended increased funding for Early Head Start, as well as an enhanced focus on comprehensive services, quality improvement and proper evaluation in the program. Finally, the committee heard from E.D. Hirsch, a researcher in education, about the importance of emphasizing cognitive thinking in Head Start. Dr. Hirsch recommended increasing the standards for Head Start in the area and providing adequate support and funding to ensure that these goals can be reached by local programs.

The hearing also included testimony from several witnesses who have been directly involved in Head Start. Jean Malachi, from Stamford, Connecticut, discussed her and her familys involvement in Head Start. Beyond the positive changes she has seen in her children because of their participation in Head Start, Ms. Malachi also testified about how the program has benefitted her personally. She began as a volunteer in the program when her child started in Head Start. After further training and experience, she joined the staff of the program as an assistant teacher, which made it possible for her to move from welfare to work. The committees also heard from Elizabeth Kares, the Program Director of Head Start in Lee County, Florida. Ms. Kares shared her personal experiences with Head Start and the families in her program. Ms. Kares sees Head Start as a positive force in the lives of these families.

Finally the committees heard from Sarah Greene, the President of the National Head Start Association. Ms. Greene cited several studies, as well as personal experiences, that demonstrate the enduring success of Head Start. In addition, she encouraged modest changes in the program during this years reauthorization. In particular, she expressed her support for a focus on seamless service for children and families from birth to school age.

On May 5, 1998, the Senate Subcommittee on Children and Families held a hearing entitled, "The Community Services Block Grant: Expanding Opportunities for Community and Neighborhood Partnerships." The hearing provided members with information regarding a number of key aspects of the 1998 Community Service Block Grant (CSBG) program reauthorization effort.

The subcommittee heard from Director of Office of Community Services of the Department of Health and Human Services, Don Sykes. Director Sykes conveyed the Administrations hope for a four-year reauthorization of the CSBG program. Director Sykes then offered a summary of CSBG program accomplishments and administrative initiatives. Foremost among these initiatives is the ROMA strategy designed to respond to the increasing demands for accountability within the CSBG program. ROMA, the Results-Oriented Management and Accountability program, consists of a six-step approach toward increasing the effectiveness and accountability of Community Action Agencies (CAAs). The ROMA program is designed to provide CAAs with outcome-oriented performance measures that still ensure maximum flexibility at the local level. Director Sykes testified that the ROMA approach should help agencies identify cost-effective strategies for reducing gaps in services and greatly increase CAA accountability. Although voluntary, 42 States have utilized the ROMA program, according to Director Sykes.

The hearings second panel included testimony from Evelyn Harris, CSBG Director of the Division of Community Services of the State of New York. Ms. Harris testified that the CSBG program works well for the low-income residents of New York and asked for its four-year reauthorization at a funding level of $650 million. Ms. Harris also expressed Governor Patikis strong support of the CSBG program. The flexibility of the CSBG program is a major key to its success, according to Ms. Harris. Flexibility allows the program to react quickly to provide emergency services such as occurred this past winter during New Englands severe ice storm. In addition, Ms. Harris stressed the suitability of the CSBG program in assisting welfare reform. Again due to its flexibility, the CSBG program is particularly well-suited to adapt to the specific needs of local communities welfare reform efforts.

Gloria Clark, Director of the City of Los Angeles Department of Housing and Neighborhood Services, testified that her Community Action Agency (CAA) has used CSBG funds for a variety of programs to achieve the empowerment of families in poverty through custom-designed methods that fit each specific community. Ms. Clark stated that her CAA serves 5,800 families by providing them with a continuum of support and family development activities until public support is no longer needed. In addition, the structure of the CSBG allows the CAA to devote funds to both personal and community-wide crises. Ms. Clark discussed two specific programs that she was able to initiate due to the flexibility of the CSBG: The Mobile Home Transitional Housing Program, which provides hours to homeless mothers and children and training in saving money, and LA Bridges, which works to prevent at-risk teens from joining gangs.

E. Phillip McKain, President of CTE Inc. in Stamford, CT outlined the more than 30 programs that CTE provides to Stamfords inner city residents. These programs include child care, a residential home for unwed teenage mothers, health and dental services, and employment and training services. Further, Mr. McKain highlighted the creation of a new enterprise zone within the Stamford community. The enterprise zone was designated by the State legislature, and CTE works closely with the Stamford mayors office to connect low income residents to developing businesses in the enterprise zone. To date, CTE has placed more than 100 residents in permanent jobs. Mr. McKain also spoke of the vital nature of the Low Income Home Energy Assistance Program (LIHEAP) that provides heating and energy assistance to Connecticut residents and asked for continued and increased funding for the program.

Jerry Rickett, President of the Kentucky Highlands Investment Corporation discussed the Community Economic Development (CED) program from which his Community Development Corporation receives its funds. CED is a unique Federal program that provides flexible capital to community organizations to finance private business enterprises and community development projects. Mr. Rickett stated that no less than 75 percent of the jobs created by the CED program must be targeted to low-income individuals. The most impressive aspect of this program, according to Mr. Rickett, is its success in attracting private capital to the poorest communities in the country. Grantees leveraged or raised almost twice the amount of money that they had received in CED grants from other sources from FY91-FY95.

Finally, the subcommittee heard from a third panel of witnesses regarding the participation of faith-based community action programs within the CSBG program and Individual Development Accounts (IDAs). Robert Woodson, Sr., President of the National Center for Neighborhood Enterprise, lent his support to efforts to alleviate poverty that promote self-help and faith-inspired solutions to the problems of youth crime and violence. Mr. Woodson further called for incentive programs within CSBG to reward those models of service exceeding expectations. Mr. Woodson additionally requested charitable tax credits to encourage direct support of effective CSBG grassroots programs.

Additionally Tyrone Parker, President of The Alliance of Concerned Men, spoke of his organizations mission to save the lives of at-risk youth residing in high-crime areas of Washington, DC. Mr. Parker believes that Community Action Agencies should use their funds to foster partnerships between community-based organizations. Specifically, Mr. Parker discussed a program designed to instill respect for law enforcement among youth may be wanted for a crime and want to accept responsibility for their actions. Operation Freshstart is based on coordination among key partners, specifically the Metropolitan Police Department and members of the Alliance for Concerned Men or the National Center for Neighborhood Enterprise. This concept encompasses self-initiated aspects of crime suppression, intervention, and prevention. In addition, it builds trust in the police that fosters a feeling of mutual respect between troubled youth and law enforcement officials.

Lastly, the subcommittee heard from Robert E. Friedman, chairman of the Corporation for Enterprise Development. Mr. Friedman discussed the idea and success of Individual Development Accounts (IDAs). IDAs are funded through a combination of local and state government funds, as well as private donations. Mr. Friedmans nonprofit economic development firm is currently running a program called the "Down payments on the American Dream Policy Demonstration," which will serve as the first test of the efficacy of IDAs as a tool for economic independence. Mr. Friedman supports the Assets for Independence Act, introduced by Senators Coats and Harkin, that would provide more than $100 million to the Department of Health and Human Services over four years to support nonprofit, community-based IDA programs in selected sites throughout the country through a competitive grant process. Raising the economic level of low-income individuals throughout the country, according to Mr. Friedman, will benefit society on the level of the individual, the family, the employer, the neighborhood, and the community.

IV. Explanation of the Bill and Committee Views

Purpose of Head Start

Head Start was created in 1964 and built on the premise that effective intervention in the lives of children can be best accomplished through family and community involvement. Fundamental to this notion was that communities should be given considerable latitude to develop their own Head Start programs. The primary goal of Head Start is to improve the social competence of children in low-income families. Because social competence involves the interrelatedness of cognitive and intellectual development, physical and mental health, nutritional needs, and other factors, Head Start programs provide a broad array of services determined to be necessary, based on an assessment of family need.

While these services are important, the committee understands that to compete in the 21st century, schools expect and children deserve to enter school with strong language and cognitive skills and with a motivation to learn to read. School readiness is therefore an appropriate and important goal of any early childhood program. to build this foundation for reading, home and preschool settings should provide rich language and literacy environments and opportunities that direct childrens attention to the sound structure of spoken words, and other activities that highlight the relationship between print and speech.

While the committee agrees that social competence continues to be an important goal of Head Start, we are committed to broadening the articulation of that goal to include a primary focus on helping low income children achieve school readiness. Section 636 of the legislation describes how this new focus will be achieved in part through the provision of health, education, nutritional, social and other services that are determined to be necessary to help children reach this goal. Funding

Section 106 of the Act authorizes the Head Start program at such sums for fiscal years 1999 through 2003. The committee affirms its commitment to serving all eligible families who seek Head Start Services and has authorized such sums as may be necessary to enhance program quality and expand Head Start services for these purposes. Funding for U.S. territories

At the time Project Head Start was initiated in 1965, the United States was administering the United Nations Trusteeship of the Pacific Islands (Micronesia), a strategic region that had been placed under the jurisdiction of the UN Security Council after World War II. As Trustee, the United States was responsible not only for the security of this vast region, but also to foster the social, political and economic advancement of its island inhabitants. It was not long until Untied States officials charged with carrying out this responsibility saw that the Head Start program would be ideal for addressing the basic educational needs of many Micronesian children. Thus, the Head Start program was extended to the Trust Territory in the late 1960s. Ever since then it has been one of the most successful social programs supported by the United States in Micronesia

In 1986, the Trusteeship was terminated, but the United States and the newly-formed Micronesian countries, Palau, the Republic of the Marshall Islands and the Federated States of Micronesia, south to preserve and extend indefinitely the ties of friendship and mutual self-interest that had been established amoung them. This was achieved through the Compacts of Free Association (P.L. 99-239).

The Head Start program is not mentioned in the Compacts, but in view of the continuing relationships and the continuing need, Congress, after 1986, replaced the reference in the Head Start Act to the Trust Territory, with references to the Freely Associated States.

The Committee has included the Freely Associated States in this years reauthorization as in the past so that Head Start services may continue to be provided to the more than 6,000 children in these Territories. We are informed that Department of Health and Human Services reviews of these programs confirm that they meet the same standards required of all Head Start programs. Migrants and seasonal Head Start services

The committee has included a number of provisions to improve the access to Head Start services by children of migrant and seasonal farm workers. Migrant Head Start program offer Head Start services to migrant farm worker families during the peak agricultural months (May to October). These programs serve children 0 to 5 years of age, 5 days per week with full day services, allowing families to work extended hours as needed by their employers.

In the June 11, 1998, hearing before the Employment and Training Subcommittee, Barbara Mainster, Executive Director of Redlands Christian Migrant Association, discussed Migrant Head Start, Head Start and other child care programs, and stated that funding for these programs also "helps children prepare for success in school, allows employers to have a better work force, and helps the economy."

A migrant family that stays in a given community longer than 24 months is considered a "seasonal" farm worker family and, therefore, is no longer eligible to participate in Migrant Head Start. This happens even if the family continues in agricultural labor and continues to live and work alongside other migrant farm worker families who are eligible for Migrant Head Start services.

Children of migrant farm worker families who stay in a community longer than 24 months may be eligible for the regular Head Start program. However, traditional Head Start, for the most part, serves only 3- and 4-year-olds and children attend the program 3 to 4 days per week for 3 to 4 hours per day. Additionally, most Head Start program do not operate during the summer months.

The committee is aware that while less than 50 percent of children eligible for the regular Head Start program receive services, only about 10 percent of children eligible for Migrant Head Start actually participate in the program. In addition, while overall Head Start spending has more than doubled from approximately $1.6 billion in FY 1990 to almost $3.9 billion in FY 1997 spending for the Migrant Head Start program has increased by more than half, going from approximately $85 million in FY 1990 to $154 million in FY 1997.

To help close the gap between the number of migrant children eligible for services and those who actually receive services, the committee has authorized the Secretary of Health and Human Services to consult with appropriate resources to determine the precise need and demand for migrant and seasonal programs each year. Due to the constantly changing nature of the agricultural labor market, the committee bill expands the eligibility for Head Start to include the children of eligible seasonal farm workers, and clarifies at all appropriate points in the Act that services are to be made available to both "migrant and seasonal" families.

The committee wants to make clear that the Secretary of Health and Human Services is authorized to provide Head Start services for the children of eligible seasonal farm workers only after determining that there is an adequate level of such services available at the local level for the children of eligible migrant farm workers. In making such a determination, the Secretary should consider a grantee community assessment.

The committee has also included language to increase the amount of funds reserved for Indians and Migrant Head Start program in Section 640 from the FY 1994 level to the FY 1998 level. The law reserves 13 percent of the funds available for Head Start for the activities authorized in section 640, which includes services for farm workers, Native Americans, disabled children, certain trust territories, and technical assistance. The committee notes that the 13 percent reserved for section 640 should be viewed as a floor on funding for these activities, not a ceiling.

The committee has also included language authorizing the Secretary of Health and Human Services, after taking into account adjustments for inflation for all Head Start programs, to allocate a portion of the remaining additional funds, if any, for the activities specified under section 640. These funds may be used to provide for an increase in funding for Head Start services for migrant and seasonal farm workers, if the Secretary has determined that such an increase is warranted. Quality improvement

Quality programs contribute significantly to childrens development. There is growing recognition that participation in high quality early children education and care program are important indicators of later school success and of childrens later success in life. This is due in part to the fact that these programs impact children precisely at the point when childrens development is rapid, dramatic, and multi-dimensional.

The 1994 reauthorization placed a significant emphasis on program quality. In the years since that reauthorization, and for the first time in 30 years, close to 100 poor quality programs were closed and marginal centers put on probation and received technical assistance to improve the quality of care. After more than two decades, the programss performance standards have been revised to reflect new knowledge and best practices. The committee continues to be very supportive and committed to maintaining and further improving the quality of the Head Start program. Disability training

The committee believes there may be a need for additional training of Head Start personnel regarding early screening, assessment and identification of possible developmental delays in Head Start children. Research has demonstrated the correlation between factors such as poverty, low birth weight, very young parents, and developmental delays. The committee is concerned that some Head Start children who could benefit from early intervention and special education services are not being identified at the earliest possible time. As a result,some Head Start children may not be receiving the necessary services and supports they need to prevent to prevent or correct development deficiencies. Head Start Performance Standards require grantees to have an interagency agreement with local education agencies describing collaborative efforts to assure that Head Start children with disabilities receive the special education and related services called for in a childs Individualized Education Program (IEP). The committee encourages interagency agreements to include opportunities for coordinated training in the identification of early developmental delays. Such training should be conducted in consultation and collaboration with the Local Education Agency (LEA), the States Lead agency for the program for infants and toddlers with disabilities and other special education programs.

On site inspections

Head Start uses several processes to assess and enforce local Head Start agencies compliance with program regulations. On-site inspections, conducted at least once during each 3-year period, are the main enforcement mechanism. The committee is aware that both ACF regional staff and outside researchers have raised concerns about the consistency of on-site inspections. In 1993, a study prepared under contracted for ACF noted wide variation among regions in the number of OSPRI items for which grantees were judged as out of compliance. A study in 1996 by the same contractor also identified ensuring consistency in interpreting inspection results as a major challenge for Head Start. The committee is concerned that inconsistent inspections could lead to uneven treatment of grantees as well as vast inconsistencies in program quality. The committee urges the Secretary to provide additional guidance, training and technical assistance as necessary to narrow the differences in the conduct and interpretation of the OSPRI reviews.

Financial audit reports

In addition to conducting on-site inspections, regional ACF staff also monitor grantees compliance with regulations by annually reviewing their financial audit reports. Auditors may select and review samples of financial transactions to determine whether a grantee has followed established procedures and program regulations. If a grantee administers more than one Federal grant as is often the case with large nonprofit agencies, school districts, and municipalities relatively small grants may not be reviewed in much detail.

In addition to a lack of detail, financial audit reports may not provide timely information for monitoring current grantee operations. Grantees have nine months to submit financial audit reports for any given year. It may take several additional months before officials in the HHS Office of Inspector General review the audit report, summarize the findings and submit the findings to the appropriate regional officials. Grantees that are classified as "high risk" do not face termination of their funding unless they are also classified as deficient, which usually involves an on-site inspection. As a result, ACF may wait up to three years until the next regularly-scheduled triennial inspection before it classifies a high-risk grantee as deficient and requires it to develop a quality improvement plan and face possible termination from the program.

The committee is very concerned about this process and encourages the Secretary to adopt additional measures that would permit an annual review of grantee financial status.

Collaboration

Head Start has a long history of providing comprehensive child development and support services to young children and families with incomes at or below the poverty level. However, in recent years, States have begun to expand their own early childhood development initiatives in part as a response to welfare reform. With so many different early childhood programs providing services to the same target population, some States have endeavored to improve coordination and collaboration among the programs. The goal is to create a system that is more responsive to the needs of working parents, and that supports opportunities for children to participate in high-quality programs that involve communities in the planning and implementation of service delivery.

Already authorized in law, Head Start collaboration projects have an unlimited potential for improving services to needy children and their families. Existing law states that the Head Start community should be involved in developing these collaboration projects. Unfortunately,access to the planning process on the part of the Head Start community historically has been limited, despite the general agreement that much can be learned from the Head Start experience, not only in providing comprehensive services, but also in educating policy makers and the public about the need to invest in young children and their families.

Despite a number of federal and state initiatives integrating early care and education services for young children, significant barriers to these collaborative efforts remain. Federal, State, and local officials must be encouraged to work together where possible to create a common vision across early care and education programs. This vision should focus on the development of the child, parental involvement in early childhood education, and support for the work effort of families.

Another barrier to collaboration is the difficulty of combining the funding streams of the various early childhood programs in a way that is acceptable to auditors and administrators of the various programs. The National Conference of State Legislatures reported in 1995 that the following states used their own funds to supplement Head Start: Alaska, Connecticut, District of Columbia, Florida, Hawaii, Illinois, Maine, Massachusetts, Minnesota, New Hampshire, North Carolina, Ohio, Rhode Island, Washington, and Wisconsin. In addition, at least 38 States operate their own State preschool programs.

Early childhood programs also vary in their eligibility requirements. While Head Start requires that at least 90 percent of children enrolled in the program must be from families with incomes at or below the poverty level. Eligibility for subsidized early childhood development programs varies widely by program and by state, though most subsidies are used by families below poverty.

Head Start, and many school-based early childhood programs, are not allowed to charge parents a fee for participation. In contrast, most subsidized child care programs use a sliding-fee scale based on the parents ability to pay. In integrated service models that provide both Head Start and child care and operate on a tight budget, the inability to charge parent fees for child care can be problematic.

Early childhood programs also vary in their governance structures. More efforts are needed to involve a broad range of entities, including State Head Start Associations and local Head Start programs, in these collaborations.

The committee commends the work thus far of the Administration for Children, Youth, and Families in trying to send a strong message to both individual grantees and regional offices about the importance of collaboration, but we believe statutory changes, and in particular Federal incentives, are necessary to ensure that this happens. Section 107(D) provides that the Secretary make supplemental grants to States that (in consultation with their State Head Start Association), develop statewide, regional, or local unified plans for early childhood education and child care.

The committee has also included language requiring the Secretary to review, on an ongoing basis, evidence of barriers to effective collaboration between Head Start programs and other Federal child care and early childhood education programs and resources; develop initiatives, including providing additional training and technical assistance and making regulatory changes, in necessary cases, to eliminate barriers to the collaboration; and develop a mechanism to resolve administrative and programmatic conflicts between such programs that would be a barrier to the provision of unified services.

The committee further believes that states should have an opportunity to provide direct input on decisions about funding new grantees, or refunding or expanding existing grantees. To ensure that Head Start programs are an integral part of the larger early care and education systems, States should have an opportunity to provide direct input on decisions about funding new grantees or refunding or expanding existing grantees. The committee has included such language in section 108.

The committee believes it is essential to safeguard the health and safety of children enrolled in Head Start programs and facilities and has added language to ensure that Head Start grantees comply with State health and safety laws of general applicability to child care programs as well as with Federal Head Start requirements. Programs or facilities found to be in violation of such State laws should be provided an opportunity to correct such violations in an expeditious manner. The committee does not intend that such state policies pre-empt Federal laws and regulations applicable to Head Start grantees, but rather that they compliment Federal law and regulation where appropriate.

Additionally, the committee has eliminated barriers to collaboration, such as restrictions on charging for services on a sliding-fee scale for blended or merged full-day, full-year programs, regulatory requirements pertaining to recruitment which may prevent some families transitioning off welfare from being eligible for Head Start services, and barriers to families that are slightly over income who received a prior years service, from being subsequently disqualified. The committee has also included language requiring the Secretary to develop a mechanism whereby administrative rules and regulations which are identified as barriers to effective collaboration, can be addressed.

Finally the committee would like to further encourage Head Start grantees to collaborate with the programs under the Individuals with Disabilities Education Act that serve children with disabilities between the ages of birth and 5 years. More than 186,000 infants and toddlers (birth to age 2) are served by IDEAs early intervention program, and more than 560,000 preschoolers (ages 3 to 5 years) are served by IDEAs preschool program. The 1997 IDEA Amendments enhanced Head Start and IDEA collaboration in several ways. For example, Head Start is now a participant on the IDEA state interagency coordinating councils. Similarly, Head Start collaboration grants must ensure Head Start collaboration with IDEAs programs for young children with disabilities.

Early Head Start expansion and quality

Infants and toddlers have different needs and those operating programs serving very young children and their families require a different knowledge base and different skill sets from providers of services for 3- and 4-year olds. If we are to maximize the effectiveness of this investment, the committee believes that appropriate training and technical assistance is essential at every level. It is for this reason that the committee has created a special training and technical assistance fund to expand and enhance the existing programs support at the Federal, regional, and grantee level.

The committee has included new requirements in section 114 for training and technical assistance of not less than 5 percent and not more than 10 percent of the funding available for the EHS. The committee intends that these funds be used to (1) support a national training and technical assistance system for providers of Early Head Start, (2) provide ongoing training and technical assistance for regional and program staff charged with monitoring and overseeing the administration of the early head start program as well as for existing recipients of grants, and (3) support for professional development and personnel enhancement activities, including funds to pay salaries, and for recruitment and retention of qualified staff with an appropriate level of education and experience.

First and foremost, the committee believes that the Early Head Start Program should be implemental and monitored, at the Federal level, by a full-time Early Head Start program director with education and expertise in the area of early childhood service delivery. In addition, the committee believes that the regional office staff who are intricately involved in management of this program, also should have the specialized knowledge needed. To that end, the committee encourages the Secretary to designate in each regional office, an infant and toddler specialist with a degree and demonstrated competence in the area of infant and toddler development.

In delivering training and technical assistance, the committee believes that the efforts should be preventative rather than corrective in nature. To the extent feasible, a peer-based effort that takes advantage of model existing programs to demonstrate effective implementation may prove useful. In keeping with this proactive strategy, the committee believes that the Department should, to the maximum extent practicable, monitor grantees annually. In particular, the committee feels strongly that comprehensive technical assistance visits to each new grantee in the first year of implementation can help to ensure that programs get off to a solid start and prevent later difficulties.

Finally, as in the overall Head Start program and perhaps most critical here, the committee believes that Early Head Start Programs should recruit staff with the specialized expertise needed to provide quality services to infants, toddlers and their families. In addition, existing staff should be encouraged to continually enhance their skills. These funds should be used as incentives for this purpose.

Regular Head Start expansion grants

The need for early education and child care beyond the home has increased dramatically in the last 30 years due to changes in family structure, increasing numbers of mothers working outside the home, and the demand for preschool education. The proportion of children under age 6 in single parent households has also increased. Welfare reform legislation (TANF), passed in 1996, may further intensify families needs for full-day, full-year programs. Under TANF, States must place 25 percent of adults receiving TANF benefits in work and work-related activities in fiscal year 1997 to avoid financial penalties. The required participation rate rises to 50 percent in fiscal year 2002. Head Starts own data show that about 38 percent of Head Start families needed full-day, full-year child care services in 1997.

This legislation reaffirms the committees commitment to expanding the Head Start program. Currently, fewer than 40 percent of eligible 3- and 4-year old children are served by the program. However, while the committee is committed to seeing Head Start serve additional children, we are equally concerned that Head Start continues to be predominantly a part-day, part-year program. Local programs should continue to ask themselves fundamental questions about how they will operate in an environment in which more parents are working.

The committee notes that while some programs have received State or other funds to "wrap around" Head Start and extend the hours of care, this funding is often limited and difficult to obtain. The committee recognizes that some children may be prevented from attending Head Start because their parents work or school schedules require them to be in full-day, full-year programs.

The committee is aware that many local Head Start agencies have developed a wide range of successful approaches to working with local child care centers, family child care providers and child care funding streams to maximize the quality and quantity of services provided to Head Start families. In these partnerships, Head Start staff and resources complement child care funding and services, so that children and families receive the full range of Head Start services in a full-day, full-year form. The committee is encouraged that the Head Start Bureau, in awarding expansion grants in 1997, recognized this need for full-day, full-year services, and gave special priority for those services. The committee has included language in the legislation continuing that policy and making it a statutory priority for expansion grants.

Designation of Head Start agencies

Expanding the universe of organizations eligible to compete to run Head Start programs is an important step in the effort for continued improvement in Head Start programs. Yet, under the Head Start Act, only public or private nonprofit agencies are eligible to compete for Head Start funding. There is no justification for continuing to limit provider participation in Head Start based simply on the tax status of the entity. In an open, competitive environment, all providers, both for-profits and not-for-profits, must offer quality programs, instruction and care to be awarded a grant. Additionally, with the changes included in the 1994 reauthorization and in this years bill, all grant recipients will be subject to rigorous assessment through outcome based performance measures.

Recent studies specifically in the area of child care and development have shown no difference in the quality of care provided by for-profit versus not-for-profit child care centers. In fact, despite philosophical opposition on the part of many human service professionals, for profits have become successful and apparently very satisfactory providers of child welfare services.

Many Federal and State programs already have recognized the role of for-profit programs. For example:

Under the Child Care and Development Block Grant (CCDBG), federal law does not restrict assistance to a particular type of provider. Child care benefits under the CCDBG are provided to eligible families, either in the form of vouchers or certificates that parents may use to purchase child care, or through grants or contracts to eligible providers, to purchase slots on behalf of eligible families.

Under the Child and Adult Care Food Program (CACFP), for profit child care centers can participate if they meet minimum standards for enrolling lower-income children. A pilot project is operating in Iowa and Kentucky that has more liberal rules governing for-profit centers participation in the CACFP. In addition, the Social Services Block Grant (SSBG) is used by most States to support child care, and there are no provisions in the Federal statute restricting the ability of for-profit organizations to receive Federal SSBG funds.

Under welfare reform legislation enacted in 1996 (P.L. 104-193), the Federal foster care program authorized under Title IV-E of the Social Security Act was amended to allow for-profit providers to participate. Specifically, the definition of "child care institution" was revised to include private for-profit institutions. Previously, the definition had been limited to private non-profit and public institutions although for-profit agencies were used extensively for service delivery with non-federal funds.

In addition, the State of Georgia, which initiated universal preschool education in 1995, included both for profit and non-profit centers. All centers have to meet State educational standards. The committee is also aware that in the State of Ohio for-profit providers already provides services for Head Start, and have done so effectively.

The committee has therefore included new authority for the Secretary to designate for-profit organizations as Head Start grantees. For-profit grantees would be subject to all Head Start requirements, including local governance structure, parental involvement, quality standards and focus on recruiting and serving the most disadvantage children and families. The Committee adopted an amendment by Senator Dodd clarifying that the Secretary may give priority to non-profit organizations when applications from for-and non-profit organizations are equivalent in quality and scope of services. It is the expectation of the committee that the Secretary will continue to carefully monitor all grantees with particular focus on recruitment and enrollment of the most vulnerable children; staff training, benefits, and compensation; implementation of local, independent parent governance structures; and the provision of comprehensive services as needed.

Head Start performance standards

As a national laboratory for early childhood development, Head Start has always been concerned with the quality of its programs and its effects on children and families. Since 1975, Head Start has focused on the quality of services provided and has assessed quality through "process" indicators, such as the number of teachers with early education degrees or Child Development Credentials. These indicators have been measured primarily through compliance with the Head Start Performance Standards using the On-Site Program Review Instrument (OSPRI) once every three years. Process indicators will continue to be important to Head Start because of the belief that the quality and quantity of services provided are inextricably linked to the effects of the program.

In 1995, Head Start joined efforts throughout the Federal Government to develop performance measures to promote accountability through the assessment of program quality and outcomes. These performance measures will help Head Start change its focus from "process" to "outcomes" and toward results-oriented evaluation in accordance with the Government Performance and Results Act of 1993 (P.L. 103-620), the recommendations of the 1993 Advisory Committee on Head Start Quality and Expansion and the mandate of section 641A(b) of the 1994 Reauthorization of the Head Start Act.

The performance measures developed in response to enhanced Federal focus will provide methods and procedures for assessing annually and over longer periods, the quality and effectiveness of programs operated by Head Start agencies.

The Department has developed the FACES survey to collect information at the national level about program impact. At the local level however, HHS does not require individual Head Start agencies to demonstrate that they have achieved program outcomes. They are only held accountable for achieving the objectives linked specifically to activities, such as providing a developmentally appropriate educational environment.

While the performance standards establish a minimally acceptable level of services, they do not directly measure program quality or effectiveness. Head Starts performance measures, on the other hand, which provide a measure of program quality and effectiveness, have not generally been applied to local grantees; rather, they have been used to gauge a national picture of Head Start program quality. The committee has included a provision requiring the current national performance measures to be applied locally and specifically, to be applied as part of the monitoring and triennial compliance review.

Additionally, the committee is directing the Secretary to develop additional performance measures to assess the educational achievement of children in Head Start. Current objectives in Head Start include a goal that children demonstrate: (1) improved emergent literacy, numeracy, and language skills; (2) improved general cognitive skills; and (3) improved positive attitudes toward learning.

Section 109 instructs the Secretary to develop additional educational performance standards and measures to ensure the school readiness of children participating in a Head Start program, on completion of the Head Start program and prior to entering school. The committee intends that these performance standards ensure that Head Start children at a minimum (1) develop phonemic, print and numeracy awareness, (2) understand and use oral language to communicate needs, wants and thoughts, (3) understand and use increasingly complex and varied vocabulary, (4) develop and demonstrate an appreciation of books and (5) in the case non-English background children, progress toward acquisition of the English language. The committee intends this list to be illustrative, but not exhaustive. Additional specified performance standards are encouraged to be developed at the local level in consultation with current elementary school readiness expectations and best practices.

In 1994, the committee recognized the need for an equitable process which allowed Head Start programs an opportunity to address quality deficiencies, but which terminated programs that could not meet minimum requirements. It is the intent of the committee that these additional performance measures, as well as others which have been or may be developed, be applied as part of that quality determination, and that continued failure to meet those minimal competencies be grounds for corrective action and potential termination.

The committee recognizes the need for program continuity and stability within communities but also for high quality in programs which potentially affect our most vulnerable children. We are supportive of continued eligibility for the best performers, but urge the Secretary not to renew grants, without competition, where deficiencies have been noted and remain unaddressed, and where programs continue to lag behind in outcome-based performance measures.

Eligibility

Head Start is authorized to serve children at any age before the age of compulsory school attendance; however, most children enter the program at age 4. In the 1996-97 program year, most children were either 3 (31 percent) or 4 (63 percent) years old. Most spend only one year in the Head Start program.

Historically, the committee has recognized that providing services to children for more than one year may be important in improving outcomes for children and serving community needs. In 1994, the committee added language clarifying that Head Start programs shall be permitted to provide more than a single year of services. The committee wishes to reaffirm that commitment and to further indicate its support for multiple years of service by instructing local grantees to give a priority to children who have received a prior year in Head Start but who are now over income.

Staff qualifications

Head Start programs are operating in a highly competitive job market due to the Nations economic strength. Head Start employs over 145,000 dedicated staff members to provide the comprehensive array of social services which comprise the Head Start program. The quality of Head Start programs is dependent upon staff quality, and staff development continues to be a high priority of this committee.

Programs must be able to attract and retain qualified staff despite competition for skilled workers from a wide range of industries beyond child development and educational service areas. To develop and retain the qualified work force needed to ensure Head Start program quality, the committee maintains its strong commitment to the 25 percent quality improvement set-aside and to providing competitive wages to all Head Start staff, and particularly teachers. The committee is aware that despite the flexibility in the current set-aside, many Head Start staff continue to be paid less than adequate wages, $17,437 for teachers and $11,351 for teachers aids.

The committee recognizes that a well-designed classroom reading program delivered by a competent teacher is vital for later reading proficiencies and school readiness. Head Start teachers must be equipped with an understanding of how literacy develops the children and how parental and classroom instruction and involvement can optimize that development. Teachers need professional development that spans their training and carriers to address reading instruction needs.

While the committee recognizes the importance of post-secondary degrees, we also recognize that teachers, in particular need to be able to demonstrate specific competencies that include (1) planning and implementing learning experiences that advance the intellectual and physical development of children and their school readiness, (2) establishing and maintaining a safe, healthy learning environment, (3) supporting the social and emotional development of children, and (4) encouraging the involvement of the families of children in Head Start and the development of relationships between children and their families.

The Department of Health and Human Services reports that 90 percent of all Head Start teachers have met the statutory requirement for professional credentials. Of 36,256 teachers, 18,082 have a CDA credential, 10,134 have a 2- or 4-year degree in elementary education, 2,134 have a state preschool certificate and 2,176 have a certificate or degree in a related field. The committee encourages the Secretary to continue her work in this area and toward the goal that every Head Start classroom have a teacher with the statutorily mandated credential.

Because this goal is so important, the committees has included language limiting situations in which the Secretary may grant a 180 day waiver of the professional credential requirement to situations in which the grantee can demonstrate that they have pursued but been unsuccessful at recruiting a qualified applicant with the credentials required under the Act. Under the new provisions, waivers may only be granted to when an agency can demonstrate that it has unsuccessfully attempted to recruit an individual who has a credential, certificate or degree described in the Act and that said individual is enrolled in a program that grants such a credential, certificate or degree and will receive such a credential, certificate or degree not later than 180 days after beginning employment as a teacher with such agency.

The committee is supportive of efforts to promote programs which provide student loan forgiveness for child care professionals who pursue post-secondary degrees in early childhood development and use those degrees to better serve children in a child care or Head Start setting. The committee supports efforts to enhance program quality by encouraging the educational enhancement of early childhood teachers and other staff.

Transition

It is no surprise that the highest quality Head Start programs can not inoculate children against the disadvantages of poverty. Many parents, educators and political leaders have now come to recognize the critical nature of the transition from Head Start to public school.

The committee recognizes that transition activities are a partnership in which the Head Start and local education agencies must cooperate; therefore compatible transition requirements are outlined both in the Head Start statute and in the Elementary and Secondary Education Act.

Previously, the committee provided a set-aside to fund 31 demonstration projects designed to identify and replicate best practices for extending a Head Start-like model of comprehensive services into kindergarten and the first three grades of elementary school, thereby facilitating the transition of Head Start children into their local school systems. Based on the success of this initiative, two Information Memos sharing project results were disseminated to all Head Start grantees. In addition, three training guides have been developed and numerous training opportunities made available to assist grantees in incorporating best practices identified by this effort.

These demonstration projects were discontinued in FY 1996 consistent with the terms of their original awards. Because the committee feels strongly about the continuation of the transition activities which have been demonstrated to be effective and should not be an integral part of every Head Start program, we have continued this set aside specifically for transition activities of all grantees.

The committee commends the administrations efforts to foster an environment in which transition activities are integrated into program operations in a manner similar to each of the other vital services provided to families. It is the committees intent that those efforts continue and that grantees are provided continued training and technical assistance to make that goal a reality.

National impact study and other comparative studies of Head Start effectiveness

Since its inception more than 30 years ago, Head Start has served over 16 million children at a total cost of more than $38 billion. Annual funding for the program has grown substantially in recent years from $1.5 billion to almost $4 billion between fiscal year 1990 and 1997. Although Head Start has long enjoyed both congressional and public support, opinions about the programs impact have been somewhat divided.

In 1997, the General Accounting Office reported the results of their work on identifying what existing studies suggest about Head Starts impact. After locating and screening 600 studies and consulting with many early childhood researchers and officials at the Head Start Bureau, GAO identified only 22 studies that met relevant criteria.

Of these 22 studies, many had individual methodological and design weaknesses, such as noncomparability of comparison groups, which raised questions about the usefulness of the findings. The noncomparability of children in comparison groups limits the ability to assess Head Starts impact. Without comparable groups, outcomes could be mistakenly attributed to Head Start participation, when in fact, these outcomes were really caused by other factors related to differences in the comparison groups.

According to the GAO and other researchers, no matter how extensive the efforts to document the equivalency of groups formed in other ways, the groups equivalency will remain uncertain. If the groups are not equivalent, outcomes attributed to Head Start will be in doubt. For example, a recent evaluation of the Comprehensive Child Development Program found positive change in participating families. The study compared participants with comparable nonparticipants, and researchers discovered that nonparticipating families had positive changes similar to the participating families. They concluded, therefore, that the positive changes could not be attributed to program participation. Researchers in this study had confidence that the groups were comparable because participants had been randomly assigned to groups.

The committee shares the concerns raised by the GAO. While the committee applauds the Departments recent FACES initiative which will provide a limited focus on outcomes, we are concerned that HHSs plans for additional future research efforts do not include plans for a research study or set of studies that will definitively compare the outcomes achieved by Head Start children and their families with those achieved by similar non-Head Start children and families.

The committee has therefore included several provisions in section 117 to improve the data available on the Head Start program and its effectiveness. The committee is aware that impact research can be costly and time consuming but notes that the Federal Government has made a considerable financial investment in the Head Start program which is ample justification for an additional investment in high quality research on the programs impact.

title II community services block grant

Purposes

The committee has added a new purposes statement to make clear that the core mission of the block grant funded activities is to serve low income neighborhoods and local communities by providing community based programs through private non-profit, eligible entities controlled by local residents. The committee has found that the CSBG program and the eligible entities that deliver its programs remain effective and important elements of the Federal effort to fight poverty.

Designation of eligible entities

The committee recognizes the important and historical work of Community Action Agencies and has included language in the bill grand-fathering in current eligible entities and specifying how other qualified organizations in the State should be selected to serve as an eligible entity for unserved areas.

Section 676A provides that if any geographic area in the State is not, or ceases to be, served by an eligible entity, the chief executive officer of the State shall solicit applications from private nonprofit organizations geographically located in the unserved area and private non-profit eligible entities located in an area contiguous to or within reasonable proximity of the unserved area that are already providing related services in the unserved area. The state may give priority to the existing eligible entities already providing services within the community.

The committee supports the concept of competition as a welcomed catalyst for innovation, service refinement, and enhanced program quality. We recognize that for many social programs, competition will require a fundamental shift in the way we think of social services from the traditional view of programs as a custodianship to an actual partnership with the poor and with entities that have traditionally served the poor. Expanding opportunities for these partnerships is one goal of this legislation; evaluating the effectiveness of programs based on outcomes is another.

The committee bill also reflects a concern that local agency boards actually represent the area that they are serving. We have therefore included a requirement that the entity in the contiguous area agree to add additional members to the board to ensure adequate representation in each of the three required categories and to ensure that with respect to low income representation, those members of the board reside in the neighborhood served.

If no qualified private, nonprofit organization is identified, Subsection c of section 676A authorizes the chief executive officer of the State to designate an appropriate political subdivision of the State to serve as an eligible entity for the area. However, the political subdivision, in order to be qualified, must agree to administer its CSBG funded programs through a tripartite board or another mechanism specified by the state in which low-income individuals are able to actively participate in decision-making, planning and implementation of programs funded by the block grant.

Currently, 96 percent of the counties in the United States are served by CSBG eligible entities. New agencies are created to cover areas in States which have never had an eligible entity, and replacement agencies are selected to replace an entity which has voluntarily ceased operating or been terminated. New or replacement entities may be either public or private. However, the committee is concerned about the apparent trend toward public entities, that is, local governments serving as the eligible entity. For example, the number of public agencies increased from 129 to 1985 to 230 in 1995.

Of particular concern to the committee is how the representation and involvement of the low-income sector may differ in private non-profit agencies compared to that of a public agency. While all CSBG eligible entities are required to have tripartite boards, low-income individuals on private governing boards are specifically given a role as policy makers. To the contrary, the current CSBG statute contains no specific requirements concerning the role of the boards on public agencies. On those boards, low-income representatives may serve in an advisory capacity rather than the policy-making capacity.

The committee believes that while many public Community Action Agencies provide excellent services to poor communities and serve a meaningful advocacy role in many areas, they do have limitations. Local public agencies may not be able to perform the same level of advocacy as non-profit community-based organizations on certain public policy issues, particularly those involving local government programs and decisions.

The committee has also prohibited States from discriminating against faith based organizations because of their religious character and has specifically included them in the definitions of private nonprofit organizations eligible to compete for grants under CSBG. Section 679 of the Act prescribes the circumstances under which such an entity may receive grants and contracts under this program. Specifically, language has been included which provides that faith-based organizations may participate in the CSBG as long as the program is implemented in a manner consistent with the Establishment Clause of the Constitution. The language further provides that faith-based organizations shall not be required to remove religious art, icons, scripture or other symbols as a condition of participating in a program funded with CSBG. Faith-based organizations receiving funds under this Act may not use Federal funds for sectarian worship, instruction, or proselytization and must agree to submit to the fiscal accountability requirements of the State, including requirements that CSBG funds be segregated from other funds.

The committee notes the historical importance of such entities in serving the poor and believes that they should not be precluded from participating in this program either as a grant recipient or as an eligible entity. This language is consistent with provisions included in the 1996 Welfare Reform legislation.

Elimination of the 7 percent cap on new entities

The committee has eliminated a provision in current law limiting the amount of funding that may be provided to newly designated eligible entities to 7 percent of each States allotment. The committee believes that competition in the delivery of social service programs is very healthy and that artificial caps on competition stifle program improvement and the identification of new entities which may be better performers.

Discretionary funds and transfer authority

The Community Services Block Grant permits States to spend up to 10 percent of its CSBG allocation at its discretion, with no more than 5 percent (or $55,000, whichever is greater) allowed for the States administrative costs. In FY 1995, States awarded $19,122,443 in discretionary funds to a broad range of programs and activities. Thirty States (including Puerto Rico) used the full percent of their CSBG allocation for discretionary purposes. Twelve States (including the District of Columbia) used between 1 and 4 percent of their CSBG allocation for discretionary purposes, with the difference being added to the 90 percent pass-through funding to eligible entities. Eight States used all of their CSBG discretionary funds as part of their pass-through funding to eligible entities.

The second largest use of discretionary funds ($4,852,569 in 25 states) was for "other programs." Many of these programs do not fit neatly into a pre-existing category such as training and technical assistance. For example, in Indiana, the Father Resource Program, operated by Wishard Memorial Hospital, received CSBG discretionary funds. The program aims to improve the life chances of some of Indianapolis youngest and most vulnerable citizens and their families, particularly young African American fathers by helping young fathers in their personal development and earning potential to their social and legal obligation as fathers.

Other successful examples include Californias Mentor Initiative which uses CSBG funds to assist at-risk youth in order to reduce alcohol and drug use, teen pregnancy, educational failure, gangs, and violence; Michigans "Community First" initiative to strengthen Michigan families in at-risk communities; and Missouris Homeless Challenge Program to expand existing local programs serving the homeless.

Sixteen states used $2,502,516 for "other statewide programs," the third largest category of CSBG discretionary expenditures. Statewide discretionary programs are typically aimed at eliminating a particular cause of poverty identified by the state as requiring additional resources and state-level coordination. Oklahomas Self-Employment Entrepreneurial Development Systems (SEEDS) program is one such program, providing start-up funding and business training sessions for eligible clients desiring to become self employed.

The committee commends those States which have used all or part of their allocation for innovative locally-designed responses to poverty. The committee has noted that no States have used their authority to pass through CSBG funds to other federal block grant programs and has therefore eliminated that authority.

Unobligated funds

Section 675(c)(A)(3) of the Act provides that beginning on October 1, 2000, a State may recapture and redistribute funds distributed to an eligible entity that are unobligated at the end of a fiscal year if such unobligated funds exceed 20 percent of the amount distributed to the eligible entity. If the state elects to recapture funds in accordance with this provision they shall redistribute such funds to an eligible entity within the State or require the original recipient of the funds to redistribute the funds to a private, nonprofit organization located within the community served by the original recipient of the funds. In either event, the committee intends that the states keep an accurate account of funds recaptured and how they are redistributed within the state and that they report on these actions as part of their annual report to the Secretary.

Accountability, monitoring and evaluation

The committee has paid particular attention to the organizational structure at the State level in this reauthorization for the purpose of enhancing and ensuring program accountability. We have, for the first time, required the chief executive officer of the State to designate a lead agency in the State to develop the State plan to be submitted to the Secretary; to hold at least one public hearing in the State on the proposed use and distribution of funds and one legislative hearing every 3 years in conjunction with the development of the State plan; to conduct reviews of eligible entities funded under this Act, and where necessary, terminate eligibility or reduce funding for poor performing agencies.

Monitoring is a critically important piece of the quality assurance process. The committee believes that the best way to work with poor performing local agencies is for States to develop performance and financial management standards and to hold local agencies accountable to those standards, and, where appropriate, to demand improved agency performance. The legislation therefore requires States to conduct an in-depth triennial review of each entity receiving funds under CSBG and to provide training and technical assistance where the need is indicated.

The committee recognizes the need for an equitable process which allows CSBG recipients an opportunity to address quality deficiencies, but which terminates programs which cannot meet minimum requirements or their own outcome measures. If a program falls short of minimum program standards, the State is required to notify the program of the identified deficiencies. The State may require immediate correction, or depending on the seriousness of the problem and the time reasonably required to correct it, may allow the program to develop a quality improvement plan. This plan shall be developed by the program in a timely manner and approved by the State. The State shall establish a timetable to document the dates by which each problem must be corrected and must provide training and technical assistance to the program if requested, and determined to be needed.

The committee intends that no deficiency be permitted to persist beyond one year of the date on which the agency was first notified of the problems. If the agency fails to correct the deficiencies within the time specified in the quality improvement plan, the Secretary shall initiate proceedings to terminate that agencys designation as an eligible entity.

Grantees which feel that their funding has been terminated, suspended or reduced unfairly may appeal the decision to the Secretary. The committee intends by this process to ensure quality services, and not to deny services to a community served by a poor performing grantee. The State shall work to identify a more capable grantee and provide, to the greatest extent possible, a smooth transition of services from one grantee to the next.

Outcome-based measures

The committee feels strongly that program effectiveness is the key to continued growth in the CSBG program and had directed the Secretary, in collaboration with the States and eligible entities throughout the Nation, to establish one or more model performance measurement systems, which may be used by the States and by eligible entities to measure their performance in carrying out the requirements of the Act.

The committee understands that developing an outcome based measurement system for a program in which local grantees have enormous flexibility to pursue a diverse range of programs in a complex undertaking. The committee applauds the Administrations initiative in developing the results-oriented management and accountability (ROMA) process, which is designed to measure the impact of local agencies in bringing about change in their communities. ROMA establishes a set of broad national goals, along with a menu of outcome measures for each of these goals.

Under this system, the tripartite boards of eligible entities receiving CSBG funds identify the particular goals appropriate to their communities and then select from the menu specific measures they will use to assess their progress toward achieving those goals. Local agencies will use ROMA to report annually the results they have achieved. The committee believes that ROMA is a useful tool to assist local agencies in monitoring their success in promoting self-sufficiency, family stability and community revitalization, as well as to allow States to provide result driven oversight, and to paint a clear national picture of the use of CSBG dollars.

Data collection

The committee applauds the work of the National Association of Community Services Programs in preparing an annual CSBG statical report. However, the committee is concerned that the Office of Community Services (OCS) does not collect any additional information from States and or local agencies on the use of CSBG funds, other than the annual statistical report. The committee is encouraged that this will soon change as part of the implementation of the National CSBG Results Oriented Management and Accountability (ROMA) process.

According to OCS, the results of local agency activities related to the goals for increased self-sufficiency, improved living conditions, increased involvement in the community, more and better partnerships and strengthened families and improved stability will be reported by States to OCS by the end of FY 1999. Although the initial report will not be comprehensive, they will begin to provide a better picture of the CSBG program. This will be particularly important in the area of administrative costs used in connection with CSBG funded activities and in obtaining specific information on the number of CSBG service providers that operate services and activities directly versus the number that operate services through grants and contracts with other organizations.

Reports

Section 679(b) of current law requires the Secretary of HHS to conduct evaluations of the use of CSBG funds in several States each fiscal year. Among other things, these evaluations are required to assess the programs impact on children, pregnant adolescents, homeless families, and the elderly poor. The committee is very concerned that the Department has ignored this requirement and has not submitted an annual report to Congress since 1991. The Office of Community Services anticipates a consolidated report for years 1992-1997 by the end of this summer. The committee looks forward to receiving this report.

Discretionary program and related activities

The committee has included a new Neighborhood Innovation Project under the 9 percent discretionary account provided for the Secretary. The committee intends that these funds be made available to entities that are not the eligible entities under CSBG. The purpose of these grants is to support local, neighborhood-based, private non-profit organizations to test or assist in the development of new approaches or methods that will aid in overcoming special problems identified by communities or neighborhoods.

The committee also wishes to point out that while it has added a new program as an allowable activity when may be funded under the 9 percent discretionary set-aside, it does not anticipate a shortfall I funds for the Community Economic Development (CED) and Rural Community Facilities (RCF) programs. The Appropriations committee and traditionally been providing funds for four separate programs out of the 9 percent set-aside the CED and RCF programs, which are allowable activities under this section, and the National Youth Sports Programs (NYSP) and the Community Food and Nutrition Program (CFNP) which are separate discretionary programs. The authorizing language clearly provides the CFNP and the NYSP with their own separately appropriated accounts. The committee intends for these two programs to be provided with their own appropriations, rather than including them under the 9 percent set-aside where they compete with funds for programs specifically authorized under the block grant.

National Youth Sports Program

The National Youth Sports Program (NYSP) is a program for low-income youth that provides academic, athletic, and youth development services through participation in a 5 week summer program. The program has been administered by the National Collegiate Athletic Association (NCAA) through a grant from the Department of Health and Human Services since 1969. In the 1994 reauthorization of the program, the national grant was open to competitive bids. Since that time, HHS has negotiated a 5-year continuation grant with the NCAA for managing, monitoring, and conducting the NYSP. None of the funds for NYSP can be used for administrative costs, which must be fully borne by the national grantee entity.

Conducted by colleges and universities at 182 sites around the country in 1998, the NYSP provides youth with medical and dental examinations, as well as physical and academic activities utilizing the existing staff and facilities of a college campus. For many youth participating in the program, it is their first exposure to a college environment and the possibilities of higher education.

The committee has been concerned about mechanisms to increase the effectiveness of this summer program and to reinforce the positive effects of the program throughout the year. To achieve that goal, the committee has included provisions in this reauthorization requiring each NYSP site to develop partnerships with youth development and other appropriate community-based organizations to continue the support and activities begun with the youths participation in NYSP. By creating the linkages between the summer program and local community organizations, youth will have a year-round opportunity to participate in positive youth development activities, including academic enrichment, sports and recreation, and other programs. This linkage also can be used to strengthen the identification of other youth for participation in the NYSP and promote closer collaboration and coordination between local youth-serving organizations and the colleges hosting the NYSP.

title iii low income energy assistance program

The Low Income Home Energy Assistance Program (LIHEAP) provides a critical safety net for approximately 4.3 million low-income families (in all 50 states) who cannot afford to heat their homes in the winter and cool them in the summer. Almost 70 percent of recipient families have annual incomes of less than $8,000, 33 percent have at least one member who is elderly, and 25 percent have one member who is disabled. In addition, approximately one-third of participating households have children under the age of 6.

The committee has reauthorized LIHEAP at the current $2 billion level for each of the fiscal years 1999 through 2004. Unfortunately, this level of authorization is well above recent appropriations for the program despite the fact that the LIHEAP eligible population has grown from 23 million to 30 million during the last decade. As recently as 1994, approximately six million households received LIHEAP assistance.

The LIHEAP program is "forward-funded" and the committee anticipates that LIHEAP will be reauthorized again in 2003. The committee also continues to recognize the need in times of crisis for emergency/contingency funds to be released by the President and has authorized $600 million in emergency funds for this purpose.

Given the historical reduction in annual LIHEAP appropriations, the committee has reduced the amount available for the leveraging program from $50,000,000 to $30,000,000. Leveraging program funds are used to reward states for initiatives that raise matching state and private sector funds for LIHEAP-related activities. When annual appropriations for the program rise above $1.4 billion, the authorization level for the leveraging fund will increase to $50,000,000.

Since 1996, 25 percent of leveraging funds have been set aside for the Residential Energy Assistance Challenge (REACH) program. This program allows grantees to apply for funds to help eligible clients reduce their energy volunerability. The committee has asked the Comptroller General to conduct an evaluation of the REACH program and report its finding within two years of the date of enactment of this Act.

The committee continues to be concerned about programs related to the release of emergency LIHEAP funds. A new provision has been added to the statute to clarify the criteria by which the President can release LIHEAP funds during a natural disaster or emergency. The committee is very concerned that the President and the Secretary have felt constrained by the LIHEAP statute when called upon by Members of Congress and State Governors to release emergency funds during crises that may not be exclusively temperature driven, such as the spike in heating oil prices during the winter of 1996-97 and the severe ice storms in the Northeast during the winter of 1997-98.

The committee specifically authorizes the President to release LIHEAP emergency funds during natural disasters that include, but are not limited to, cold or hot weather events, floods, earthquakes, tornadoes, hurricanes, or ice storms.

The committee has also clarified that the term emergency means a natural disaster: a significant home energy supply shortage or disruption; a significant increase in the cost of home energy, as determined by the Secretary; a significant increase in home energy disconnections reported by a utility, a State regulatory agency, or another agency with necessary data; a significant increase in participation in a public benefit program such as the Food Stamp program; a significant increase in unemployment or layoffs; or any other event meeting criteria as the Secretary may determine to be appropriate.

In determining whether a release of emergency funds should be made to a State, the Secretary shall take into account the extent to which the State was affected by the emergency or disaster; the availability of other resources and other relevant criteria. It is expected that the Secretary will notify Congress within 30 days of making a decision on the release of emergency funds, and shall notify individual Members of Congress of the status of their request for release of emergency funds within 30 days of receipt of such request.

The committee has increase, by $50,000, the amount of funds available to the Secretary for technical assistance to the States. It is the committees intent that these funds be used for on-site reviews of State programs and for technical assistance to states on utility restructuring.

title iv assets for independence

Current income maintenance policy raises people to the poverty line, often leaving them one sickness, accident or job loss away from crisis. While providing food, shelter and clothes to low income families is imperative, this aid alone will not produce viable escapes from poverty. Owning assets gives people a stake in the future a reason to save, dream and invest in creating a future for themselves and their future.

For this reason, the committee strongly supports the Assets for Independence Act, an Individual Development Accounts (IDAs) demonstration program, authorized for $125 million over 5 years. This legislation supports the work that states and community based organizations are doing in support of IDAs and other asset-based development strategies.

The committee believes that IDAs hold great promise as a strategy to enable low-income people and communities to move forward economically, participate in the mainstream economy, and realize their dreams of good jobs, opening their own small business, going to college, owning a home, and bequeathing a better future for their children. The Assets for Independence Act will not only fund a national demonstration on IDAs but will also measure the success or failure of efforts to establish effective IDA programs.

Investing in homes, education and small business has generated great social and economic returns to America, as well as to individual asset holders. No one can deny that America is stronger because we have educated our children, owned our homes and created jobs and services through businesses. It is the Committees belief that enabling the poor to make these investments investments which have build a large and successful middle class in this country will both help individuals and the country at large.

According to Michael Sherraden, "Few people have ever spent their way out of poverty. Those who escape do so through saving and investing in long term goals." An asset-based economic development strategy, like IDAs, is based on the belief that accumulation of assets is the key to development of poor households. For the vase majority of households, the pathway out of poverty is not through consumption, but through savings accumulation. Accumulating assets leads to important psychological and social effects that are not achieved in the same degree by receiving and spending an equivalent amount of regular income.

IDAs are spreading throughout the country at an unparalleled rate. The Corporation for Enterprise Development (CFED), one of the pioneer organizations supporting IDAs and related asset development policies, estimates that there are IDA projects in at least 43 States. Some States have relatively mature community-based programs, others contain young but ambitious programs, while others have displayed great interest and are pulling together the resources to start a program. While no exact count exists, CFED estimates that there are about 100 existing and developing IDA programs in the country, up from about 30-35 just a year ago.

In addition to the proliferation of community based IDA programs, states themselves are embracing IDAs at a rapid pace. To date, 25 States have decided as part of their Temporary Assistance for Needy families (TANF) plans, to allow welfare recipients to open IDAs although States are not required to fund them.

As further evidence of the growing interest in IDAs around the country, CFED received 233 letters of intent and 99 full proposals to participate in a privately funded IDA demonstration that was launched in 1997.

While limited funding permitted only 13 sites to participate in the demonstration, the response demonstrated the demand for funding to initiate community based IDA programs.

The committee believes it is time for the Federal Government to invest in strengthening the emerging field of IDA programs around the country and assist the field in demonstrating the impact that IDAs can have on individuals and their communities.

The committee is aware that software has been specifically designed to monitor and help evaluate IDA programs, and that such software is presently being used in a large and growing number of IDA programs throughout the country. To ensure consistency in data collection for purposes of monitoring and evaluation among IDA programs authorized under this demonstration, as well as to help ensure that IDA programs operating under this demonstration are consistent with and reflect best practices in the existing IDA field, the committee strongly recommends that IDA programs authorized under this Act utilize such IDA monitoring and evaluation software.

In order to prevent participating individuals from being penalized as a result of their utilization of an IDA account, the committee intends that funds (including interest accruing from those funds) deposited in individual development accounts shall not be considered to be income for purposes of determining eligibility for, or the amount of assistance furnished under, any Federal or federally assisted program (such as food stamps) based on need.

V. Administration Views The Secretary of Health and Human Services, Washington, DC, June 24, 1998. Hon. James M. Jeffords, Chairman, Committee on Labor and Human Resources, U.S. Senate, Washington, DC.

Dear Mr. Chairman:We take this opportunity to inform you of the Departments views on S. 2206, the Human Services Reauthorization Act of 1998. The Administration supports the work of your Committee to gain enactment of bipartisan legislation to reauthorize the Head Start program, the Low-Income Home Energy Assistance Program (LIHEAP) and the Community Services Block Grant (CSBG) program this year as well as to create a demonstration program for Individual Development Accounts (IDA). Based on our understanding of the provisions included in S 2206, which you have sponsored with Senators Kennedy, Coats and Dodd, we support the improvements that the bill makes to these essential human services programs.

head start

We are pleased that you bill maintains the critical improvements to the Head Start program initiated by the historic bipartisan legislation enacted in 1994 and incorporates many of the Administrations proposals submitted this year. We fully support the five-year reauthorization of the program contained in S. 2206 and its specific authority to increase the exciting new Early Head Start program over the next five years. We support provisions in your bill that build upon the promising efforts begun in 1994 and provide greater emphasis on collaboration with States and other providers of preschool services; full-day, full-year services; school readiness, literacy training and related teacher qualifications; and services for children with disabilities.

We also fully support efforts to learn more about the Head Start program and measure the outcomes for Head Start children. Since 1994, we have undertaken a wealth of new initiatives and systems to promote stronger acountability and program quality, including the Head Start Quality Research Consortium and the ground-breaking Family and Child Experience Study (FACES). As you know, FACES is an ambitious effort to assess the performance of the Head Start program on an ongoing basis through a national longitudinal study of a representative sample of Head Start children and families. We look forward to convening the expert panel of researchers and reviewing their recommendations on the best approach to carry out the research initiatives outlined in your bill.

We will work with the Committee to address remaining issues relating to the Head Start title of the bill.

csbg

We commend your efforts to strengthen accountability in the Community Services Block Grant program by improving the programs existing performance measurement system. We also appreciate your commitment to a fundamental aspect of the Community Services Block Grant program: the tripartite governing board. The tripartite board has been an important way for low-income persons to participate in planning services and activities to improve the conditions in which they live. Your bill expands the role of private, nonprofit organizations in a number of ways but we have concerns about ensuring the essential and historic role of the existing community services network and preserving the role of low-income persons in the planning and administration of the programs administered by these funds. We also have technical concerns, including concerns with the provision for the designation and redesignation of eligible entities in unserved areas, and the time frame for reviewing determinations by State agencies. We look forward to working with your staff on these and other issues.

liheap

We support the reauthorization of the LIHEAP program. We believe that the bills increased availability of resources for the administration of the program in the smaller States, Tribes and territories will make the program more effective. Additionally, the increased resources for technical assistance, training, and compliance reviews will also be crucial to improving the effectiveness of the program.

ida

We also are pleased that the bill includes a new demonstration project designed to encourage low-income persons to establish individual development accounts for the purpose of accumulating assets to be used for postsecondary education, home ownership and micro enterprise development expenses. The Clinton Administration has supported the concept of individual development accounts and looks forward to the increased utilization of such accounts that this legislation would create. The Administration will continue its discussions with the Committee about provisions regarding this new effort.

We greatly appreciate the leadership and cooperation with which your Committee and staff have approached the reauthorization of these vital programs, and will provide you with further comments as we continue to review S. 2206. We hope to work with you in the weeks ahead to gain Senate approval and final passage of legislation that takes Head Start, Community Services and the Low-Income Home Energy Assistance programs into the 21st century.

VI. Cost Estimate U.S. Congress, Congressional Budget Office, Washington, DC, July 20, 1998. Hon. James M. Jeffords, Chairman, Committee on Labor and Human Resources, U.S. Senate, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2206, the Humans Services Reauthorization Act of 1998.

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

Sincerely, James L. Blum For June E. ONeill, Director).

Enclosure.

S. 2206 Human Services Reauthorization Act of 1998

Summary: S. 2206 would reauthorize the Head Start, Low-Income Home Energy Assistance, and Community Service Block Grant programs. It would also authorize a new demonstration program designed to encourage saving by individuals with low income and assets. Assuming appropriation of the authorized amounts, outlays for these programs would total $38 billion over the 1999-2003 period, including adjustments for inflation. Without adjustments for inflation, outlays would total $37 billion. Because enactment of S. 2206 would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

S. 2206 contains no intergovernmental or private sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would, however, impose new data collection and monitoring requirements on state, local, and tribal governments that administer community service programs. CBO estimates that the costs of meeting these requirements would total about $1 million annually. Under UMRA, such conditions of federal assistance are not mandates.

Estimated cost to the Federal Government: The estimated budgetary effect of S. 2206 is summarized in Table 1. The costs of this legislation fall within budget function 500 (education, training, employment, and social services) and function 600 (income security).

Basis of estimate: Tables 2 and 3 detail the estimated impact of S. 2206 on spending subject to appropriation by title, with and without adjustments for inflation. In general, CBO assumes current spending patterns in estimates of outlays.

Title I: Head Start. S. 2206 would reauthorize Head Start, a program which provides comprehensive early child development services to low-income children, at such sums as are necessary for 1999-2003. Title I contains increased research requirements that would raise the estimated authorization level, along with several program changes that would not affect the resources necessary to run the program. CBO estimates authorizations would equal the 1998 appropriation plus $5 million a year to meet the new research requirements. Estimated authorizations under Title I of S. 2206 would total $4.36 billion in fiscal year 1999 and $21.8 billion for fiscal years 1999-2003, not including adjustments for inflation.

S. 2206 authorizes $5 million each year for 1999 through 2003 for a new national study of the impact of Head Start. The Secretary would use the funds to contract with an organization to conduct the research and to pay the expenses of an expert panel to review and advise on the research. CBO assumes that the funds would be spent at the same rate as funds in similar research programs.

S. 2206 would make several other program changes, but CBO estimates they would not have a significant budgetary effect. The major changes are an increase in the set-aside for the Early Head Start program, an emphasis on educational performance measures, and encouragement of collaboration between Head Start and child care agencies to provide full-day, full-year services. The bill would also reserve a portion of the Early Head Start funds for training and technical assistance and make for-profit organizations eligible to compete for Head Start grants.

Title II: Community Services Block Grant. S. 2206 would reauthorize CSBG and related programs. CSBG is a grant to states to provide a wide variety of anti-poverty activities. Authorizations would total $665 million in 1999 and $3.3 billion for 1999 through 2003, not including adjustments for inflation.

The bill would authorize CSBG at $625 million in 1999 and such sums as necessary for the following four years. It would make several changes to the program that CBO estimates would have no budgetary effect including allowing states to recapture and reobligate funds that had been passed through to local agencies and remain unspent for a given period of time, clarifying that nonprofit organizations include faith-based organizations, requiring states to participate in a performance measurement system, and establishing a new program of grants to neighborhood-based nonprofit organizations.

The bill would also reauthorize the Community Food and Nutrition programs at $25 million in 1999 and such sums as necessary for the following four years and the National Youth Sports programs at $15 million annually for 1999 through 2003.

Title III: Low-Income Home Energy Assistance. S. 2206 would reauthorize the LIHEAP program at $2.65 billion annually for 2000 through 2004. The program is currently authorized through the end of 1999. The bill makes three separate authorizations for LIHEAP.

First, the bill would authorize the basic LIHEAP grant, a formula grant to states to provide energy assistance to low-income households, at $2 billion annually over the 2000-2004 period.

Second, the bill would authorize additional energy assistance needed by states because of a natural disaster or other emergency at $600 million annually for 2000 through 2004. Such funds would be made available only after a formal request by the President that includes a designation of the amount requested as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985.

Third, the bill authorizes $50 million to be spent each year on an incentive program to encourage states to develop nonfederal energy assistance resources and the Residential Energy Assistance Challenge (REACh) program that gives grants to states to operate energy-efficiency education programs. If less than $1.4 million is appropriated for the basic grant program and emergency assistance, then only $30 million is authorized to be appropriated for the incentive and REACh programs. For the purpose of this estimate CBO assumes appropriations at the authorized levels, so $50 million is estimated to be available.

S. 2206 would include a new definition of emergency that would result in a greater share of available emergency funds being spent than in the past. Under current law, in an average year, 50 percent of the emergency funds made available are distributed by the administration. The bill would define emergency to include: a natural disaster; a significant shortage of home energy supply; or a significant increase in the cost of home energy, the number of home energy disconnections, participation in public benefit programs or the number of unemployed. That definition of emergency is much broader than the one the administration currently uses to determine whether to declare an emergency and release additional LIHEAP funds. CBO estimates that under the new definition, 75 percent of the emergency funds available would be spent. The provision would affect outlays starting in 1999.

Title IV: Assets for Independence. S. 2006 would establish a new demonstration program designed to encourage saving by individuals with low income and assets. The program would be authorized at $25 million annually for 1999 through 20003. Demonstration grants would be awarded to nonprofit organizations up to the lesser of $1 million or the aggregate amount of funds committed as matching funds by nonfederal sources. Grantees would deposit federal and nonfederal funds received for the demonstration project in a reserve fund pending disbursement to program participants. Grantees would use the interest earned on the reserve fund for program purposes.

Individuals with low incomes and assets would be eligible to participate in the program. Grantees would match participants deposits into savings accounts, called individual development accounts (IDAs). The matching contributions would be between $0.50 and $4 for every $1 of earned income deposited in the IDA by a participant. Participants could withdraw funds from the IDA only for specified purposes such as paying for postsecondary education, first-time home purchase, or business capitalization.

Because it would take several months for the Secretary to award grants and for the grantees to accumulate matching funds, CBO estimates that only 10 percent of the grant would be spent in 1999. The rate of spending would accelerate in each of the following three years.

Estimated impact on State, local, and tribal governments: S. 2206 contains no intergovernmental mandates as defined in UMRA. The bill would reauthorize the Head Start, Community Services Block Grant, and Low-Income Home Energy Assistance programs that provide grants to state, local, and tribal governments and nonprofit agencies. S. 2206 would impose new data collection and monitoring requirements on state, local, and tribal governments that operate these programs. CBO estimates that the costs of meeting these requirements would total about $1 million annually. Under UMRA, such conditions of federal assistance are not mandates. For fiscal 1998, CBO estimates that state, local, and tribal governments will receive approximately $2.8 billion in grants from the programs being reauthorized under the bill. Some of these funds will be distributed to individuals and nonpfofit organizations.

Estimated impact on the private sector: H.R. 3874 contains no private-sector mandates as defined in UMRA.

Estimate prepared by: Federal Costs: Sheila Dacey; Impact on State, Local, and Tribal Governments; Marc Nicole; and Impact on the Private Sector: Bruce Vavrichek

Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

VII. Application of Law to the Legislative Branch

Section 102(b)(3) of Public Law 104-1, the Congressional Accountability Act (CAA) requires a description of the application of this bill to the legislative branch. S. 2206 authorizes various federal human services programs and does not amend any act that applies to the legislative branch.

VIII. Regulatory Impact Statement

The committee has determined that there will be minimal increases in the regulatory burden imposed by this bill.

IX. Section-by-Section Analysis

title i head start

Section 101. Short title

Provides the short title, "Head Start Amendments of 1998."

Section 102. References

Provides that, unless otherwise noted, any references to sections or provisions of law are to sections or provisions of the Head Start Act (hereafter referred to as the Act).

Section 103. Statement of purpose

Amends section 636 of the Act to revise the statement of purpose to promote school readiness by enhancing the social and cognitive development of low income children.

Section 104. Definitions

Amends section 637 of the Act to revise the definitions of "family literacy services" and "full-working-day;" to revise the definitions of "migrant Head Start program" to include "seasonal;" and to add definitions of "child with a disability," and "reliable and replicable" (when used with respect to research).

Section 105. Financial assistance for Head Start programs

Provide that financial assistance will be provided to Head Start programs that enable children to attain school readiness, as well as to attain their full potential.

Section 106. Authorization of appropriations

Authorizes the appropriation of such sums as necessary for an additional five years, from FY 1999 through FY 2003, and to require the Secretary to make available in each of those years; not more than $35 million, and not less than provided in FY 1998, for Head Start transition activities (authorized under a new section 642A); not more than $5 million for impact studies (authorized under a new section 649(f) of the Act) and not more than $12 million of other research and evaluation activities, including longitudinal studies (authorized under section 649 of the Act).

Section 207. Allotment of funds

Makes technical amendments to section 640(a)(2) of the Act (13 percent set-aside for specified priorities); also amends the subsection with regard to funding for Indian and migrant and seasonal Head Start programs; allows set-aside funds to be used for activities related to correcting deficiencies and conducting proceedings to terminate the designation of Head Start agencies, and for research and evaluation under section 649 of the Act; and requires the Secretary to continue the administrative arrangement for meeting the needs of migrant and Indian children and to assure that appropriate funds are provided to meet the needs of such children.

Makes several amendments to section 640(a)(3) of the Act (quality improvement funds), regarding the use of these funds for children with disabilities, to encourage staff training, and for staff training related to promotion of language skills and literacy growth of children and the acquisition of English for children from non-English-speaking backgrounds.

Section 107(a)(3) requires that each state initially receive an amount of Head Start funds equal to the amount the state received in FY 1998 (instead of FY 1981, as in current law).

Section 107(a)(4) specifies that collaboration grants are intended to encourage Head Start agencies to actively collaborate with other entities to meet the needs of low-income children and families; to add the appropriate regional office of the federal Administration for Children and Families to the list of agencies and individuals that the state liaison must coordinate with; to delete "national service activities" from, and add "services for homeless children" to, the list of services and activities that Head Start must be coordinated with; and to acquire that states receiving collaboration grants must include representatives of the state Head Start Association and local Head Start agencies in unified planning regarding early care and education services at the state and local level. In addition, this subsection requires the Secretary to provide supplemental funding to states that (in consultation with the state Head Start associations) develop unified plans for early childhood education and child care that include participation of Head Start agencies, and to states that engage in other innovative collaborations. The Secretary must review barriers to collaboration, develop initiatives to eliminate such barriers, and develop a mechanism to resolve conflicts between programs.

Section 107(a)(5) amends section 640(a)(6) of the Act to increase the amount of funds set-aside for Early Head Start to 7.5 percent in FY 1999, 8 percent in FY 2000, 9 percent in FY 2001, 10 percent in FY 2002, and 10 percent in FY 2003. The Secretary may reduce these amounts, if necessary to avoid a reduction in Head Start services or quality, subject to certain conditions.

Section 107(b) makes technical amendments to section 640(d) of the Act (enrollment of children with disabilities).

Section 107(c) amends section 640(g) of the Act (expansion funds) to require the Secretary to consider, in awarding expansion funds, an applicants performance history in providing services under other federal programs, the extent to which the applicant has conducted planning and needs assessments involving other agencies serving children with disabilities, the applicants ability to collaborate and participate with other providers to provide full-day and full-year services, and the extent to which the applicant proposes to enhance its resource capacity through partnerships with other providers.

Section 107 (d) and (e) make technical and conforming amendments to section 641 and section 644(f)(2) of the Act.

Section 108. Designation of Head Start agencies

Section 108 amends section 641 of the Act (designation of Head Start agencies) to allow designation of for-profit organizations; to require the Secretary to consult with the chief executive officer of a state in making designations within that state; to require the Secretary to give priority in designations to existing Head Start grantees or their successors, unless the Secretary determines that the agency has failed to meet certain requirements; to require the Secretary to give priority to Head Start agencies that have met or exceeded performance standards and performance measures; to require the Secretary to consider an applicants plan to seek parent involvement both at home and in the center, where practicable, and to meet the needs of non-English background children and children with disabilities; and authorizes the Secretary to designate an interim Head Start grantee until a qualified applicant from the community is designated.

Section 109. Quality standards

Section 109 amends section 641A(a) of the Act (quality standards) to require the establishment of education performance standards to ensure school readiness and that children develop a minimum level of literacy awareness and understanding; amends section 641A(b) of the Act (performance measures) to require that such measures assess the impact of the services provided to children and their families; amends section 641A(c) of the Act (monitoring of local agencies and programs) to require that review teams include individuals knowledgeable about the needs of children with disabilities, and that the reviews include a review and assessment of program effectiveness in accordance with outcome-based performance measures and performance standards; and amends section 641A(d) of the Act to require Head Start agencies to immediately correct any identified deficiencies, that threaten health or safety or the integrity of federal funds; to correct a deficiency within 90 days of being informed, if the Secretary determines that 90 days if reasonable; and to develop and obtain approval for a quality improvement plan, if required by the Secretary.

Section 110. Powers and functions of Head Start agencies

Section 110 amends section 642 of the Act (powers and functions of Head Start agencies) to add a reference to for-profit organizations; updates a reference to federal child care programs; and makes other minor revisions.

Section 111. Head Start transition

Section 111 establishes a new section 642A of the Act (Head Start transition), requiring each Head Start agency to coordinate with the local education agency and schools in which participating Head Start children will enroll.

Section 112. Submission of plans to Governors

Section 112 amends section 643 of the Act (submission of plans to Governors), to allow the chief executive officer of a state 45 days in which to disapprove any plan to carry out a Head Start program within the state through contract, agreement, grant, or other assistance. The Secretary may not overrule the Governors disapproval in cases in which the disapproval is because of failure to comply with state health, safety and child care laws (including regulations) applicable to comparable programs within the state.

Section 113. Participation in Head Start programs

Section 113 amends section 645 of the Act (participation in Head Start), regarding the continuing eligibility of children who have participated in the Head Start program and whose families have met the low-income criteria; regarding the use of a sliding fee scale for extended day services in full-day programs that operate through collaborations with other agencies or entities; and requiring continuous recruitment and acceptance of applications for Head Start throughout the year.

Section 114. Early Head Start programs for families with infants and toddlers

Section 114 amends section 645A (Early Head Start), to eliminate outdated references; to add a reference to infants and toddlers with disabilities; to limit eligibility to pregnant women and families with children under age 3; and to require the use of Early Head Start funds for monitoring, training, technical assistance, and evaluation.

Section 115. Technical assistance and training

Section 115 amends section 648 of the Act (technical assistance and training), to require the Secretary to ensure provision of technical assistance to Head Start agencies, other entities and states in collaborative efforts to promote full-day, full-year services; and to require the Secretary to assist Head Start agencies and programs in expediting information sharing about innovative models for providing full-day, full-year services; and to require the Secretary to assist Head Start agencies in ensuring school readiness of children and meeting education performance standards.

Section 116. Staff qualifications and training

Section 116 amends section 648A of the Act (staff qualifications and developments) to ensure that each Head Start classroom has a teacher with demonstrated competency to perform certain functions (in addition to certificate and degree requirements already contained in current law); and require the Secretary to grant a 180-day waiver of degree requirements for Head Start teachers, upon request, if the Head Start agency has unsuccessfully attempted to recruit an individual with the required credential, certificate or degree. Such a waiver would be for an individual who is enrolled in a program that grants the appropriate credential, and who will receive the appropriate credential within 180 days of beginning employment as a Head Start teacher.

Section 117. Research, demonstration, and evaluation

Section 117 amends section 649 (research, demonstrations and evaluation), to require comparative studies of children participating Head Start with eligible children who did not participate, and to require national Head Start impact research and a quality improvement study.

title ii community service block grant program Section 201. Reauthorization

Section 201 amends the Community Services Block Grant Act (hereafter referred to as the Act) as follows:

Section 671 of the Act provides the short title, "Community Services Block Grant Act."

Section 672 of the Act establishes the purposes and goals.

Section 673 of the Act establishes definitions of "eligible entity," "poverty line," "private nonprofit organization," "Secretary," and "state."

Section 674 of the Act authorizes appropriations of $625 million for FY 1999 and such sums as may be necessary for each of FYs 2000 through 2003 to carry out the Act (other than sections 681 and 682). Of annual appropriations, the Secretary must reserve half of 1 percent for payments to territories, not less than half of 1 percent and not more than 1 percent for training and technical assistance and other activities under section 678A, and 9 percent for discretionary activities under section 680.

Section 675 of the Act authorizes the Secretary to establish a community services block grant program and to make grants through the program to states to ameliorate the causes of poverty in communities within the states.

Section 675A of the Act authorizes the Secretary to apportion reserved funds among the territories on the basis of need, and requires each territory wishing to receive a grant to submit to the Secretary, and obtain approval of, an application that describes the program for which assistance is sought.

Section 675B of the Act establishes provisions for allotment and payment of funds to states.

Section 675C of the Act establishes provisions for the use of funds by states, including a requirement that not less than 90 percent of the funds used by the state to make grants to eligible entities.

Section 676 of the Act requires each state wishing to receive an allotment of funds to designate a lead agency to carry out state activities under the Act, and to submit an application and plan to the Secretary, containing specified assurances and information.

Section 676A of the Act establishes provisions regarding the designation and redesignation by states of eligible entities in unserved areas of the state.

Section 676B establishes provisions regarding tripartite boards for eligible entities.

Section 677 of the Act establishes provisions regarding direct payment of funds by the Secretary to Indian tribes and tribal organizations.

Section 678 of the Act requires the Secretary to carry out functions of the Act through an Office of Community Services, and through grants, contracts, or cooperative agreements.

Section 678A of the Act establishes provisions regarding the use of funds, set-aside under section 674, by the Secretary for training, technical assistance, planning, evaluation, and data collection activities.

Section 678B of the Act establishes provisions for state monitoring of eligible entities to determine whether such entities meet performance goals, administrative standards, financial management requirements, and other requirements of the state.

Section 678C of the Act establishes provisions for corrective action, termination and reduction of funding, in cases where a state determines that an eligible entity materially fails to comply with the terms of an agreement or the state plan, or to meet appropriate standards, goals, and other requirements established by the state.

Section 678D of the Act establishes provisions for fiscal controls, audits, and withholding of federal funds.

Section 678E of the Act establishes state and federal accountability and reporting provisions, requiring states and eligible entities to participate in a performance measurement system established by the Secretary; requiring states to submit an annual report to the Secretary on the performance of eligible entities within the state; and requiring the Secretary to submit to Congress an annual report containing specified information.

Section 678F of the Act establishes limitations on the use of funds for construction of facilities and political activities and establishes nondiscrimination provisions.

Section 679 of the Act establishes provisions regarding the participation of faith-based organizations in programs under the Act.

Section 680 of the Act establishes provisions regarding the use of funds, set-aside under section 674, by the Secretary for specified discretionary activities: community economic development; rural community development; and neighborhood innovation projects.

Section 681 of the Act authorizes appropriations and establishes provisions for community food and nutrition programs.

Section 682 of the Act authorizes appropriations and establishes provisions for national or regional programs designed to provide instructional activities for low-income youth (i.e., the National Youth Sports Program).

Section 683 of the Act provides that any reference in law to the poverty line set forth in section 624 or 625 of the Economic Opportunity Act shall be construed as a reference to the poverty line defined in section 673 of the Act. Any reference in law to a community action agency designated under title II of the Economic Opportunity Act shall be construed to be a reference to an eligible entity under the Act.

Section 202. Conforming amendments

Section 202 requires the Secretary to recommend technical and conforming amendments within six months of the date of enactment of these amendments.

Section 203. Repealers

Section 203 repeals sections 407 and 408 of the Human Services Reauthorization Act of 1986.

title iii low-income home energy assistance

Section 301. Authorization

Section 301 amends section 2602(b) of the Act to reauthorize the program at the current level of $2 billion for each of the fiscal years 1999 through 2004. The amount available for leveraging is reduced from $50,000,000 to $30,000,000 except in any year in which appropriations rise above $1.4 billion at which time the leveraging pot goes back to $50,000,000.

Section 302. Definitions

Section 302 makes technical amendments to section 2603 containing the Acts definitions.

Section 303. Natural disasters and other emergencies

Section 303 amends section 2603 by adding a new section pertaining to natural disasters and other emergencies. This section clarifies the criteria by which LIHEAP funds can be released in an emergency or natural disaster. Currently, there is an arbitrary standard for determining an emergency or natural disaster, this language will rectify this problem by listing a standards under which funds may be released which may include: (1) a natural disaster; (2) a significant home energy supply shortage or disruption; (3) a significant increase in the cost of home energy, as determined by the Secretary; (4) a significant increase in home energy disconnections reported by a utility, a State regulatory agency, or another agency with necessary data; (5) a significant increase in participation in a public benefit program such as the food stamp program; (6) a significant increase in unemployment or layoffs; or (7) any other event meeting criteria as the Secretary may determine to be appropriate.

Section 304. State allotments

Section 304 amends section 2604 of the Act to include the Commonwealth of the Northern Mariana Islands and the combined Freely Associated States as participants in the LIHEAP program.

Section 305. Administration

Section 305 amends section 2605 of the Act to make certain technical and conforming amendments.

Section 306. Payments to States

Section 306 amends section 2607(b)(2)(B) to disallow certain transfers out of the program.

Section 307. Residential Energy Assistance Challenge option

Section 307 amends the Act to require the Comptroller General to conduct an evaluation of the Residential Energy Assistance Challenge program and to report on its finding within 2 years of the date of enactment of this Act.

Section 308. Technical assistance, training, and compliance reviews

Section 308 amends section 2609(A)(a) of the Act to increase the amount of funds available for technical assistance from $250,000 to $300,000 and to allow the Secretary to use such funds to conduct onsite reviews of programs supported under this title, and for interagency agreements, including agreements with federal agencies.

title iv assets for independence act

Section 401. Short title

Section 401 establishes the short title of this title to be the "Assets for Independence Act."

Section 402. Findings

Section 402 contains the findings for this title.

Section 403.

Purposes

Section 403 contains the purposes of this title which are to determine how the accumulation of assets through savings benefits individuals and families of limited means and increases their economic self-sufficiency.

Section 404. Definitions

Section 404 defines the terms relevant to this title including "eligible individual", "emergency withdrawal", "individual development account", "qualified entity", and "qualified expenses" which are defined as "postsecondary educational expenses", "first-home purchase", "business capitalization", and "transfers to IDAs of family members".

Section 405. Applications

Section 405 sets forth the application process for an eligible entity to participate in the IDA demonstration program. Eligible applicants will be required to submit applications to the Secretary of HHS that demonstrate their ability to administer an IDA demonstration site and assist qualified individuals participating in an IDA. In addition, applicants will be required to demonstrate their ability to commit non-federal funds to the project. The legislation also requires HHS to give preference to applicants that are able to choose individuals who are caring for their own children, able to commit non-federal funds to the projects and able to target low-income communities.

Section 406. Demonstration authority; annual grants

Section 406 authorizes the Secretary of HHS to approve applications from eligible entities to administer an IDA demonstration for four project years and limits the grants that HHS can make to any qualified entity in a single year to the lesser of $1 million or an amount equal to the amount of non-federal matching funds secured by the eligible entity.

Section 407. Reserve fund

Section 407 sets out the requirements relating to the reserve fund which must be established by each entity participating in the demonstration. All funds provided to the participating entity and any proceeds from investments of these funds must be deposited in the reserve fund. The amounts in the reserve fund to be used for technical assistance, provide deposits to individual IDAs, administer the demonstration project, and provide evaluation information. The participating entity has authority to invest the reserve fund under guidelines established by the Secretary. Each participating entity may use no more than 9.5 percent of their federal grant for technical assistance, administrative and evaluation costs, with no more than 2 percent of the 9.5 percent being used for evaluation costs.

Section 408. Eligibility for participation

Section 408 establishes the eligibility requirements for individuals interested in participating in the IDA demonstration program. An individuals income must not exceed the earned income amount described in section 32 of the Internal Revenue Code and their net worth cannot exceed $10,000.

Section 409. Selection of individuals to participate

Section 409 describes how eligible individuals will be selected to participate in the IDA demonstration.

Section 410. Deposits by qualified entities

Section 410 establishes that deposits will be made by participating entities at least once every 3 months into the IDA of each participant. Not more than $2,000 per individual, and not more than $4,000 per household may be deposited into an IDA from federal funds over the course of the demonstration. The Secretary shall ensure that funds in an IDA are not withdrawn except for one or more qualified expense which are (1) post secondary educational expenses; (2) purchase of a first home; (3) business capitalization; (4) emergency withdrawals (i.e. for medical care, to prevent eviction from a residence, or to meet necessary living expenses following the loss of a job). No individual may withdraw funds for any purpose until 6 months after they first deposit funds. Individuals who withdraw funds under an emergency withdrawal may only withdraw their contributions and must agree to reimburse their account within 12 months.

Section 411. Local control over demonstration projects

Section 411 provides that qualified entities, other than state or local government agencies, shall MD11 have sole authority over the administration of the project. The Secretary may prescribe only such regulations and guidelines as are necessary to ensure compliance.

Section 412. Annual progress reports

Section 412 requires participating entities to submit annual progress reports which includes the number of individuals making a deposit into an IDA, amounts in Reserve Fund, amounts deposited in the IDA, amounts withdrawn from the IDA, and purposes for which funds were withdrawn, and balances remaining in the IDAs. The reports shall be submitted to the Secretary and the Treasurer (or equivalent) of the state in which the demonstration project resides. The first report is due not later than 60 days after the end of the calendar year in which the Secretary authorized the qualified entity to conduct the project; subsequent reports are due every 12 months thereafter.

Section 413. Sanctions

Section 413 grants the Secretary authority to terminate any demonstration projects authority, if the Secretary determines that the participating entity is not operating the project in accordance with its application or the requirements of this title. If a project is terminated, the Secretary shall take control of the Reserve Fund and make every effort to identify another qualified entity to conduct the project. If no such entity can be found, the Secretary shall terminate the project and ensure that any amounts remaining in the Reserve Fund will be returned into their place of origin.

Section 414. Evaluations

Section 414 authorizes the Secretary of HHS to contract with an independent research organization to evaluate the IDA demonstration program by evaluating the performance of the qualified organizations as well as the qualifying individuals participating in the IDA demonstration projects. The section identifies the factors that the independent evaluator will be required to look at in conducting the evaluation in addition to the methodology that the independent evaluator will be required to abide by.

Section 415. Treatment of Funds

Section 415 provides that of the funds deposited in an IDA account, only the contributions of an individual to his own account may be considered to be income, assets or resources of the individual for purposes of determining eligibility for, or the amount of assistance furnished under, any Federal or federally assisted program based on need.

Section 416. Authorization of appropriations

Section 416 authorizes the program at $25 million for each of the fiscal years 1999-2003.

X. ADDITIONAL VIEWS

In general, I am very pleased with the direction the committee has taken in reauthorizing the Head Start program, which has improved the lives of millions of children and their families. However, in a significant departure from past policies, this bill allows for for-profit entities to directly participate in Head Start. While clearly children should have access to the best local provider of early childhood services, I have concerns about the potential conflict between the mission of Head Start to serve the most vulnerable children and the mission of for-profit entities to show a financial gain.

Recent and past studies have indicated cause for some concern in this area as they have found that the quality of non-profit child care centers was higher than the quality of care in for-profit centers. Most recently, a study entitled, "Cost, Quality, and Child Outcomes Study," found that teacher turnover was higher in for-profit programs. In addition, this four State study found that the non-profit centers had a better child to staff ratio than for-profit entities, suggesting that children in non-profit centers have a better opportunity for one on one attention. A study by the Center for the Child Care Workforce found that the wages in for-profit centers are significantly lower than those in non-profit centers, which may contribute to turnover problems. Finally, a 1990 study entitled, "A Profile of Child Care Settings: Early Education And Care in 1990," demonstrated that for-profit programs that are a part of national chains have particular problems with quality, including higher number of children per staff members, high teacher turnover rates and the lowest wages.

I believe it is critical that the expansion of grantees to include for-profit programs be closely monitored. While the Secretary should exercise appropriate oversight over all grantees, I anticipate that any for-profit grantees will be carefully monitored in these critical quality areas. In addition, I am pleased that the committee adopted my amendment giving the Secretary clear authority to give priority consideration to non-profit applicants over for-profits where the applications are equivalent. Chris Dodd.

XI. Changes in Existing Law

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

\* \* \* \* \* \* \*

statement of purpose and policy

Sec. 36. (a) In recognition of the role which Project Head Start has played in the effective delivery of comprehensive health, educational, nutritional, social, and other services to economically disadvantaged children and their families, it is the purpose of this subchapter to extend the authority for the appropriation of funds for such program.

(b) In carrying out the provisions of this subchapter, the Secretary of Health and Human Services shall continue the administrative arrangement responsible for meeting the needs of migrant, non-English language background, and Indian children and shall assure that appropriate funding is provided to meet such needs.

SEC. 636. STATEMENT OF PURPOSE.

 It is the purpose of this subchapter to promote school readiness by enhancing the social and cognitive development of low-income children through the provision, to low-income children and their families, of health, educational, nutritional, social, and other services that are determined to be necessary, based on family needs assessments.

definitions

Sec. 37. For purposes of this subchapter:

 (1) \* \* \*

\* \* \* \* \* \* \*

 (3) The term "child with a disability" means

 (A) a child with a disability, as defined in section 602(3) of the Individuals with Disabilities Education Act; and

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

 (3) (4) he term "financial assistance" includes assistance provided by grant, agreement, or contract, and payments may be made in installments and in advance or by way of reimbursement with necessary adjustments on account of overpayments or underpayments.

 (4) he term "family literacy services" means services and activities that include interactive literacy activities between parents and their children, training for parents on techniques for being the primary teacher of their children and full partners in the education of their children, parent literacy training (including training in English as a second language), and early childhood education.

 (5) The term "family literacy services" means services that

 (A) are provided to participants who receive the services on a voluntary basis;

 (B) are of sufficient intensity, and of sufficient duration, to make sustainable changes in a family (such as eliminating or reducing dependence on income-based public assistance); and

 (C) integrate each of

 (i) interactive literacy activities between parents and their children;

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

 (iii) parent literacy training, including training that contributes to economic self-sufficiency; and

 (iv) appropriate instruction for children of parents receiving the parent literacy training.

 (5) (6) he term "full calendar year" means all days of the year other than Saturday, Sunday, and a legal public holiday.

 (6) (7) he term "full-working-day" means not less than 10 hours per day. Nothing in this paragraph shall be construed to require an agency to provide services to a child who has not reached the age of compulsory school attendance for more than the number of hours per day permitted by State law (including regulation) for the provision of services to such a child.

 (7) (8) he term "Head Start classroom" means a group of children supervised and taught by two paid staff members (a teacher and a teachers aide or two teachers) and, where possible, a volunteer.

 (8) (9) he term "Head Start family day care" means Head Start services provided in a private residence other than the residence of the child receiving such services.

 (9) (10) he term "home-based Head Start program" means a Head Start program that provides Head Start services in the private residence of the child receiving such services.

 (10) (11) he term "Indian tribe" means any tribe, band, nation, pueblo, or other organized group or community of Indians, including any Native village described in section 3(c) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(c)) or established pursuant to such Act (43 U.S.C. 1601 et seq.), that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

 (11) (12) he term "local educational agency" has the meaning giving such term in the Elementary and Secondary Education Act of 1965.

 (12) he term "migrant Head Start program" means a Head Start program that serves families who are engaged in agricultural work and who have changed their residence from one geographical location to another in the preceding 2-year period.

 (13) The term "migrant or seasonal Head Start program" means

 (A) with respect to services for migrant farmworkers, a Head Start program that serves families who are engaged in agricultural labor and who have changed their residence from one geographic location to another in the preceding 2-year period; and

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

 (13) (14) he term "mobile Head Start program" means the provision of Head Start services utilizing transportable equipment set up in various community-based locations on a routine, weekly schedule, operating in conjunction with home-based Head Start programs, or as a Head Start classroom.

 (14) (15) he term "poverty line" means the official poverty line (as defined by the Office of Management and Budget)

 (A) adjusted to reflect the percentage change in the Consumer Price Index For All Urban Consumers, issued by the Bureau of Labor Statistics, occurring in the 1-year period or other interval immediately preceding the date such adjustment is made; and

 (B) adjusted for family size.

 (16) The term "reliable and replicable", used with respect to research, means an objective, valid, scientific study that

 (A) includes a rigorously defined sample of subjects, that is sufficiently large and representative to support the general conclusions of the study;

 (B) relies on measurements that meet established standards of reliability and validity;

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

 (D) discovers effective strategies for enhancing the development and skills of children.

financial assistance for head start programs

Sec. 38. The Secretary may, upon application by an agency which is eligible for designation as a Head Start agency pursuant to section 641, provide financial assistance to such agency for the planning, conduct, administration, and evaluation of a Head Start program focused primarily upon the children from low-income families who have not reached the age of compulsory school attendance which (1) will provide such comprehensive health, education, parental involvement, nutritional, social, and other services as will aid the enable the children to attain their full potential; and attain school readiness; and (2) will provide for direct participation of the parents of such children in the development, conduct, and overall program direction at the local level.

authorization of appropriations

Sec. 39. (a) There are authorized to be appropriated for carrying out the provisions of this subchapter such sums as may be necessary for fiscal years 1995 through 1998 1999 through 2003.

(b) From the amount appropriated under subsection (a), the Secretary shall make available

 (1) $35,000,000 for each of the fiscal years 1995 through 1998 to

 (A) carry out the Head Start Transition Project Act; and

 (B) carry out activities authorized under section 642(d); and

 (2) not more than $3,000,000 for fiscal year 1995, and such sums as may be necessary for each of the fiscal years 1996 through 1998, to carry out longitudinal research under section 649(e).

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

 (2) not more than $5,000,000 for each of fiscal years 1999 through 2003 to carry out impact studies under section 649(g); and

 (3) not more than $12,000,000 for fiscal year 1999, and such sums as may be necessary for each of fiscal years 2000 through 2003, to carry out other research, demonstration, and evaluation activities, including longitudinal studies, under section 649.

allotment of funds; limitations on assistance

Sec. 40. (a)(1) \* \* \*

\* \* \* \* \* \* \*

(2) The Secretary shall reserve 13 percent of the amount appropriated for each fiscal year for use in accordance with the following order of priorities

 (A) Indian and migrant Head Start programs and services for handicapped children children with disabilities except that there shall be made available for each fiscal year for use by Indian and migrant Head Start programs migrant or seasonal Head Start programs on a national wide basis, not less than the amount that was obligated for use by Indian and migrant Head Start programs migrant or seasonal Head Start programs for fiscal year 1994 1998

\* \* \* \* \* \* \*

 (C) training and technical assistance activities which are sufficient to meet the needs associated with program expansion and to foster program and management improvement activities as described in section 648 of this subchapter, in an amount for each fiscal year which is not less than 2 percent of the amount appropriated for such fiscal year; and

 (D) discretionary payments made by the Secretary (including payments for all costs (other than compensation of Federal employees) of reviews of Head Start agencies and programs under section 641A(c), and of activities related to the development and implementation of quality improvement plans under section 641A(d)(2)). carried out under paragraph (1), (2), or (3) of section 641A(d) related to correcting deficiencies and conducting proceedings to terminate the designation of Head Start agencies; and

 (E) payments for research, demonstration, and evaluation activities under section 649.

In carrying out this subchapter, the Secretary shall continue the administrative arrangement responsible for meeting the needs of migrant or seasonal farmworker and Indian children and shall assure that appropriate funding is provided to meet such needs.

No funds reserved under this paragraph or paragraph (3) may be combined with funds appropriated under any other Act if the purpose of combining funds is to make a single discretionary grant or a single discretionary payment, unless such funds appropriated under this subchapter are spearately identified in such grant or payment and are used for the purpose of this subchapter. In determining the need and demand for migrant and seasonal Head Start programs, and services provided through such programs, the Secretary shall consult with appropriate entities, including providers of services for seasonal and migrant Head Start programs. The Secretary shall, after taking into consideration the need and demand for migrant and seasonal Head Start programs, and such services, ensure that there is an adequate level of such services for the children of eligible migrant farmworkers before approving an increase in the allocation provided for children of eligible seasonal farmworkers.

(3)(A)(i) \* \* \*

\* \* \* \* \* \* \*

(ii) Ensuring that such programs have adequate qualified staff adequate number of qualified staff nd that such staff are furnished adequate training, including developing skills in working with children with non-English language background and children with disabilities when appropriate.

\* \* \* \* \* \* \*

(iv) Using salary increases to improve staff qualifications, and to assist with the implementation of career development programs, for the staff of Head Start programs, and to encourage the staff to continually improve their skills and expertise by informing the staff of the availability of State and Federal incentive and loan forgiveness programs for professional development and by providing for preferences in the awarding of salary increases, in excess of cost of living allowances, to staff who obtain additional training or education related to their responsibilities as employees of a Head Start program or to advance their careers within the Head Start program.

\* \* \* \* \* \* \*

(vi) Ensuring that the physical environments of Head Start programs are conducive to providing effective program services to children and families., and are physically accessible to children with disabilities and their parents.

(vii) Ensuring that such programs have qualified staff that can promote language skills and literacy growth of children and that provide children with a variety of skills that have been identified, through research that is reliable and replicable, as predictive of later reading achievement.

(vii) (viii) Making such other improvements in the quality of such programs as the Secretary may designate.

(C) Quality improvement funds shall be used to carry out any or all of the following activities:

 (i)(I) Not less than one-half of the amount reserved under this subparagraph, to improve the compensation (including benefits) of staff of classroom teachers not other staff f Head Start agencies and thereby enhance recruitment and retention of such staff qualified staff, including recruitment and retention pursuant to section 648A(a). he expenditure of funds under this clause shall be subject to section 653.

\* \* \* \* \* \* \*

 (ii) To pay transportation costs incurred by Head Start agencies to enable eligible children to participate in a Head Start program.

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

 (I) language and literacy growth; and

 (II) the acquisition of the English language for non-English background children and families.

 (vi) (iii) o supplement amounts provided under paragraph (2)(C) to provide training necessary to improve the qualifications of the staff of the Head Start agencies, and to support staff training, child counseling, and other services necessary to address the problems of children participating in Head Start programs, including children from dysfunctional families, children who experience chronic violence of their communities, and children who experience substance abuse in their families.

 (iii) (iv) o employ additional Head Start staff, including staff necessary to reduce the child-staff ratio and staff necessary to coordinate a Head Start program with other services available to children participating in such program and to their families.

 (iv) (v) o pay costs incurred by Head Start agencies to purchase insurance (other than employee benefits) and thereby maintain or expand Head Start services.

 (v) (vi) o make nonstructural and minor structural changes, and to acquire and install equipment, for the purpose of improving facilities necessary to expand the accessibility or vailability, or enhance the quality, of Head Start programs.

\* \* \* \* \* \* \*

(D)(i) Funds reserved under subparagraph (A) shall be allotted by the Secretary as follows:

 (I) \* \* \*

\* \* \* \* \* \* \*

 (II) 20 percent of such funds shall be allotted among the States, geographical areas specified in subsection (a)(2)(B) and Indian and migrant Head Start programs migrant or seasonal Head Start programs and used to make grants to Head Start agencies, at the discretion of the Secretary.

\* \* \* \* \* \* \*

(4) Subject to section 639(b), the Secretary shall allot the remaining amounts appropriated in each fiscal year among the States, in accordance with latest satisfactory data so that

 (A) each State receives an amount which is equal to the amount the State received for fiscal year 1981 1998 and

\* \* \* \* \* \* \*

(5)(A) From amounts reserved and allotted pursuant to paragraph (4), the Secretary shall reserve such sums as may be necessary to award the collaboration grants described in subparagraph (B) subparagraph (B) and (D).

(B) From the reserved sums, the Secretary may award a collaboration grant to each State to facilitate collaboration regarding activities carried out in the State under this subchapter, and other activities carried out in, and by, the State that are designed to benefit low-income children and families and encourage Head Start agencies to collaborate with entities involved in State and local planning processes (including the State lead agency administering the financial assistance received under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) and the entities providing resource and referral services in the State) in order to better meet the needs of low-income children and families.

(C) A State that receives a grant under subparagraph (B) shall

 (i) appoint an individual to serve as a State liaison between

 (I) the appropriate regional office of the Administration for Children and Families and agencies and individuals carrying out Head Start programs in the State; and

\* \* \* \* \* \* \*

 (iii) ensure that the individual holds a position with sufficient authority and access to ensure that the collaboration described in subparagraph (B) is effective and involves a range of State agencies; and

 (iv) ensure that the collaboration described in subparagraph (B) involves coordination of Head Start services with health care, welfare, child care, education, and national service activities, education, and community service activities, family literacy services, and activities activities elating to children with disabilities., and services for homeless children; and

 (v) include representatives of the State Head Start Association and local Head Start agencies in unified planning regarding early care and education services at both the State and local levels, including collaborative efforts to plan for the provision of full-working-day, full calendar year early care and education services for children.

(D) Following the award of collaboration grants described in subparagraph (B), the Secretary shall provide, from the reserved sums, supplemental funding for collaboration grants

 (i) to States that (in consultation with their State Head Start Associations) develop statewide, regional, or local unified plans for early childhood education and child care that include the participation of Head Start agencies; and

 (ii) to States that engage in other innovative collaborative initiatives, including plans for collaborative training and career development initiatives for child care, early childhood education, and Head Start service managers, providers, and staff.

(E)(i) The Secretary shall

 (I) review on an ongoing basis evidence of barriers to effective collaboration between Head Start programs and other Federal child care and early childhood education programs and resources;

 (II) develop initiatives, including providing additional training and technical assistance and making regulatory changes, in necessary cases, to eliminate barriers to the collaboration; and

 (III) develop a mechanism to resolve administrative and programmatic conflicts between such programs that would be a barrier to service providers, parents, or children related to the provision of unified services and the consolidation of funding for child care services.

(ii) In the case of a collaborative activity funded under this subchapter and another provision of law providing for Federal child care or early childhood education, the use of equipment and nonconsumable supplies purchased with funds made available under this subchapter or such provision shall not be restricted to children enrolled or otherwise participating in the program carried out under that subchapter or provision, during a period in which the activity is predominantly funded under this subchapter or such provision.

(D) (F) s used in this paragraph, the term "low-income", used with respect to children or families, shall not be considered to refer only to children or families that meet the low-income criteria prescribed pursuant to section 645(a)(1)(A).

(6)(A) from amounts reserved and allotted pursuant to paragraphs (2) and (4), the Secretary shall use, for grants for programs described in section 645A(a), a portion of the combined total of such amounts equal to 3 percent for fiscal year 1995, 4 percent for each of fiscal years 1996 and 1997, and 5 percent for fiscal year 1998, of the amount appropriated pursuant to section 639(a). 7.5 percent for fiscal year 1999, 8 percent for fiscal year 2000, 9 percent for fiscal year 2001, 10 percent for fiscal year 2002, and 10 percent for fiscal year 2003, of the amount appropriated pursuant to section 639(a), except as provided in subparagraph (B).

(B)(i) For any fiscal year for which the Secretary determines that the amount appropriated under section 639(a) is not sufficient to permit the Secretary to reserve the portion described in subparagraph (A) without reducing the number of children served by Head Start programs or negatively impacting the quality of Head Start services, relative to the number of children served and the quality of the services during the preceding fiscal year, the Secretary may reduce the percentage of funds required to be reserved for the portion described in subparagraph (A) for the fiscal year for which the determination is made, but not below the percentage required to be so reserved for the preceding fiscal year.

(ii) For any fiscal year for which the amount appropriated under section 639(a) is lowered to a level that requires a reduction in the amount made available under this subchapter to Head Start agencies and entities described in section 645A, relative to the amount made available to the agencies and entities for the preceding fiscal year, adjusted as described in paragraph (3)(A)(ii), the Secretary shall proportionately reduce

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

 (II) the amounts made available to Head Start agencies for Head Start programs.

\* \* \* \* \* \* \*

(d) The Secretary shall establish policies and procedures designed to assure that for fiscal year 1982 1999and thereafter no less than 10 percent of the total number of enrollment opportunities in Head Start programs in each State shall be available for children with disabilities (as defined in section 602(a) of the Individuals with Disabilities Education Act) and that services shall be provided to meet their special needs.

\* \* \* \* \* \* \*

(g)(1) \* \* \*

\* \* \* \* \* \* \*

 (A) the quality of the applicants programs (including Head Start and other child care or child development programs) in existence on the date of the allocation, including, in the case of Head Start programs in existence on the date of the allocation, the extent to which such programs meet or exceed performance standards and other requirements under this subchapter; and the performance history of the applicant in providing services under other Federal programs (other than the program carried out under this subchapter);

\* \* \* \* \* \* \*

 (C) the extent to which the applicant has undertaken community-wide strategic planning and needs assessments involving other community organizations and public agencies serving children and families (including organizations serving families in whose homes English is not the language customarily spoken); and organizations serving children with disabilities;

 (D) the extent to which the family and community needs assessment of the applicant reflects a need to provide full-working-day or full calendar year services and the extent to which, and manner in which, the applicant demonstrates the ability to collaborate and participate with other local community providers of child care or preschool services to provide full working day, full calendar year services;

 (E) the numbers of eligible children in each community who are not participating in a Head Start program; and or any other early childhood program;

 (F) the concentration of low-income families in each community.; and

 (G) the extent to which the applicant proposes to foster partnerships with other service providers in a manner that will enhance the resource capacity of the applicant.

\* \* \* \* \* \* \*

(4) Notwithstanding subsection (a)(2), after taking into account the provisions of paragraph (1), the Secretary may allocate a portion of the remaining additional funds under subsection (a)(2)(A) for the purpose of increasing funds available for the activities described in such subsection.

\* \* \* \* \* \* \*

(l) With funds made available under section 640(a)(2) to migrant Head Start programs migrant or seasonal Head Start programs the Secretary shall give priority to migrant Head Start programs migrant or seasonal Head Start programs that serve eligible children of migrant families migrant or seasonal farmworker families whose work requires them to relocate most frequently.

\* \* \* \* \* \* \*

DESIGNATION OF HEAD START AGENCIES

Sec. 41. (a) The Secretary is authorized to designate as a Head Start agency any local public or private nonprofit or for-profit agency, within a community, which (1) has the power and authority to carry out the purposes of this subchapter and perform the functions set forth in section 642 within a community; and (2) is determined by the Secretary (in consultation with the chief executive officer of the State in which the community is located) o be capable of planning, conducting, administering, and evaluating, either directly or by other arrangements, a Head Start program.

\* \* \* \* \* \* \*

(c)(1) In the administration of the provisions of this section (subject to paragraph (2)), the Secretary shall give priority shall, in consultation with the chief executive officer of the State, give priority n the designation of Head Start agencies to any local public or private nonprofit or for-profit agency which is receiving funds under any Head Start program on the date of the enactment of this Act unless the Secretary makes a finding that the agency involved fails to meet program, financial management, and other requirements established by the Secretary. unless the Secretary determines that the agency involved fails to meet program and financial management requirements, performance standards described in section 641A(a)(1), and other requirements established by the Secretary.

(2) If there is no agency of the type referred to in paragraph (1) because of any change in the assistance furnished to programs for economically disadvantaged persons, the Secretary shall give priority shall, in consultation with the chief executive officer of the State, give priority in the designation of Head Start agencies to any successor agency that is operating a Head Start program in substantially the same manner as the predecessor agency that did receive funds in the fiscal year preceding the fiscal year for which the determination is made.

(3) Notwithstanding any other provision of this subsection, the Secretary shall not give such priority to any agency with respect to which financial assistance has been terminated, or an application for refunding has been denied, under this subchapter by the Secretary after affording such agency reasonable notice and opportunity for a full and fair hearing in accordance with section 646(a)(3).

(d) If no entity in a community is entitled to the priority specified in subsection (c), then the Secretary may designate a Head Start agency from among qualified applicants in such community. In selecting from among qualified applicants for designation as a Head Start agency, the Secretary shall give priority to any qualified agency that functioned as a Head Start delegate agency in the community and carried out a Head Start program that the Secretary determines has met or exceeded the performance standards and outcome-based performance measures described in section 641A.In selecting from among qualified applicants for designation as a Head Start agency, the Secretary shall consider the effectiveness of each such applicant to provide Head Start services, based on

\* \* \* \* \* \* \*

 (4) the plan of such applicant

 (A) to seek the involvement of parents of participating children in activities (at home and in the center involved where practicable)designed to help such parents become full partners in the education of their children;

\* \* \* \* \* \* \*

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

 (8) the plan of such applicant to meet the needs of children with disabilities;

 (7) (9)the plan of such applicant to met the needs of non-English language background children and their families in the community; and

 (8) (10)the plan of such applicant who chooses to assist younger siblings of children who will participate in the proposed Head Start program to obtain health services from other sources.

(e) If, in a community served by a Head Start program, there is no applicant qualified for designation as a Head Start agency to carry out such program, the Secretary may appoint an interim grantee to carry out such program until a qualified applicant is so designated.

(e) If no agency in the community receives priority designation, and there is no qualified applicant in the community, the Secretary shall designate an agency to carry out the Head Start program in the community on an interim basis until a qualified applicant from the community is so designated.

\* \* \* \* \* \* \*

SEC. 641A. QUALITY STANDARDS: MONITORING OF HEAD START AGENCIES AND PROGRAMS.

(a) Quality Standards.

 (1) Establishment of standards. The Secretary shall establish by regulation standards, including minimum levels of overall accomplishment, applicable to Head Start agencies, programs, and projects under this subchapter, including

 (A) performance standards with respect to services required to be provided, including health, education, parental involvement, nutritional, social, transition activities described in section 642(d), and other services;

 (B)(i) education performance standards to ensure the school readiness of children participating in a Head Start program, on completion of the Heat Start program and prior to entering school; and

 (ii) additional education performance standards to ensure that the children participating in the program, at a minimum

 (I) develop phonemic, print, and numeracy awareness;

 (II) understand and use oral language to communicate needs, wants, and thoughts;

 (III) understand and use increasingly complex and varied vocabulary;

 (IV) develop and demonstrate an appreciation of books; and

 (V) in the case of non-English background children, progress toward acquisition of the English language.

 (B) (C)administrative and financial management standards;

 (C) (D)standards relating to the condition and location of facilities for such agencies, programs, and projects; and

 (D) (E)such other standards as the Secretary finds to be appropriate.

 (2) Minimum requirements. The regulations promulgated under this subsection shall establish the minimum levels of overall accomplishment that a Head Start agency shall achieve in order to meet the standards specified in paragraph (1).

 (3) (2)Considerations in developing standards. In developing the regulations required under paragraph (1), the Secretary shall

 (A) \* \* \*

\* \* \* \* \* \* \*

 (B) take into consideration

 \* \* \* \* \* \* \*

 (iii) developments concerning best practices with respect to child early childhood education and development, children with disabilities, family services, program administration, and financial management;

 \* \* \* \* \* \* \*

 (C)(i) not later than 1 year after the date of enactment of this section, review and revise as necessary the performance standards in effect under section 651(b) on the day before the date of enactment of this section; and this subsection; and

 (ii) ensure that any such revisions in the performance standards will not result in the elimination of or any reduction in the scope or types of health, education, parental involvement, nutritional, social, or other services required to be provided under such standards as in effect on November 2, 1978 the date of enactment of the Human Services Reauthorization Act of 1998.

 (4) (3)Standards relating to obligations to delegate agencies. In developing standards under this subsection, the Secretary shall describe the obligations of a Head Start agency to an agency (referred to in this subchapter as the "delegate agency") to which the Head Start agency has delegated responsibility for providing services under this subchapter and determine whether the Head Start agency complies with the standards. The Secretary shall consider such compliance during the review described in subsection (c)(1)(A) and in determining whether to renew financial assistance to the Head Start agency under this subchapter.

(b) Outcome-Based Performance Measures.

 (1) In general. Not later than 1 year after the date of enactment of this section, the The Secretary, in consultation with representatives of Head Start agencies and with experts in the fields of child early childhood education and development, family services, and program management, shall develop methods and procedures for measuring, annually and over longer periods, the quality and effectiveness of programs operated by Head Start agencies (referred to in this subchapter as "performance measures"). and the impact of the services provided through the programs to children and their families. The performance measures shall include the performance standards described in subsection (a)(1)(B)(ii).

 (2) Design Characteristics of measures. he performance measures developed under this subsection shall be designed shall

 (A) to assess the impact of the various services provided by Head Start programs and, to the extent the Secretary finds appropriate, administrative and financial management practices of such programs;

 (B) to be adaptable for use in self-assessment and peer review peer review, and program evaluation of individual Head Start agencies and programs; and

 (C) be developed for other program purposes as determined by the Secretary.

\* \* \* \* \* \* \*

(c) Monitoring of Local Agencies and Programs.

 (1) In general.\* \* \*

\* \* \* \* \* \* \*

 (B) are supervised by such an employees at the site of such Head Start agency; and;

 (C) are conducted by review teams that shall include individuals who are knowledgeable about Head Start programs and, to the maximum extent practicable, the diverse (including linguistic and cultural) needs of eligible children (including children with disabilities)and their families.; and

 (D) as part of the reviews of the programs, include a review and assessment of program effectiveness, as measured in accordance with the outcome-based performance measures developed pursuant to subsection (b) and with the performance standards established pursuant to subparagraphs (A) and (B) of subsection (a)(1).

(d) Corrective Action; Termination.

 (1) Determination. \* \*

\* \* \* \* \* \* \*

 (B) with respect to each identified deficiency, require the agency

 (i) to correct the deficiency immediately; or

 (ii) at the discretion of the Secretary (taking into consideration the seriousness of the deficiency and the time reasonably required to correct the deficiency), to comply with the requirements of paragraph (2) concerning a quality improvement plan; and

 (B) with respect to each identified deficiency, require the agency

 (i) to correct the deficiency immediately, if the Secretary finds that the deficiency threatens the health or safety of staff or program participants or poses a threat to the integrity of Federal funds;

 (ii) to correct the deficiency not later than 90 days after the identification of the deficiency if the Secretary finds, in the discretion of the Secretary, that such a 90-day period is reasonable, in light of the nature and magnitude of the deficiency; or

 (iii) in the discretion of the Secretary (taking into consideration the seriousness of the deficiency and the time reasonably required to correct the deficiency) to comply with the requirements of paragraph (2) concerning a quality improvement plan; and

\* \* \* \* \* \* \*

 (2) Quality improvement plan.

 (A) Agency responsibilities. n order to retain a designation as a Head Start agency under this subchapter, a Head Start agency that is the subject of a determination described in paragraph (1) (other than an agency able to correct a deficiency immediately or during a 90-day period under clause (i) or (ii) of paragraph (1)(B) shall

\* \* \* \* \* \* \*

powers and functions of head start agencies

Sec. 42. (a) In order to be designated as a Head Start agency under this subchapter, an agency must have authority under its charter or applicable law to receive and administer funds under this subchapter, funds and contributions from private or local public sources which may be used in support of a Head Start program, and funds under any Federal or State assistance program pursuant to which a public or private nonprofit or for-profit agency (as the case may be) organized in accordance with this subchapter, could act as grantee, contractor, or sponsor of projects appropriate for inclusion in a Head Start program. Such an agency must also be empowered to transfer funds so received, and to delegate powers to other agencies, subject to the powers of its governing board and its overall program responsibilities. The power to transfer funds and delegate powers must include the power to make transfers and delegations covering component projects in all cases where this will contribute to efficiency and effectiveness or otherwise further program objectives.

\* \* \* \* \* \* \*

(c) The head of each Head Start agency shall coordinate and collaborate ith the State agency responsible for administering section 402(g) of the Social Security Act, and other the State program carried out under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), and other early childhood education and development programs, including Even Start programs under part B of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2741 et seq.), serving the children and families served by the Head Start agency to carry out the provisions of this subchapter.

(d)(1) Each Head Start agency shall carry out the actions specified in this subsection, to the extent feasible and appropriate in the circumstances (including the extent to which such agency is able to secure the cooperation of parents and schools) to enable children to maintain shall take steps to ensure, to the maximum extent possible, that children maintain he developmental developmental and educational gains achieved in Head Start programs and to build upon such gains in further schooling.

(2) The Head Start agency shall take steps to coordinate with the local educational agency serving the community involved and with schools in which children participating in a Head Start program operated by such agency will enroll following such program, including

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

 (B) establishing channels of communication between Head Start staff and their counterparts in the schools (including teachers, social workers, and health staff) to facilitate coordination of programs;

 (C) conducting meetings involving parents, kindergarten or elementary school teachers, and Head Start program teachers to discuss the developmental and other needs of individual children; and

 (D) organizing and participating in join transition-related training of school staff and Head Start staff.

(3) (2) Head Start agency may take steps to coordinate with the local educational agency serving the community involved and with schools in which children participating in a Head Start program operated by such agency will enroll following such program, including

\* \* \* \* \* \* \*

(4) (3)In order to promote the continued involvement of the parents of children that participate in Head Start programs in the education of their children upon transition to school, the Head Start agency shall

\* \* \* \* \* \* \*

(5) (4)The Secretary, in cooperation with the Secretary of Education, shall

\* \* \* \* \* \* \*

SEC. 642A. HEAD START TRANSITION.

Each Head Start agency shall take steps to coordinate with the local educational agency serving the community involved and with schools in which children participating in a Head Start program operated by such agency will enroll following such program, including

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

 (2) establishing channels of communication between Head Start staff and their counterparts in the schools (including teachers, social workers, and health staff) to facilitate coordination of programs;

 (3) conducting meetings involving parents, kindergarten or elementary school teachers, and Head Start program teachers to discuss the developmental and other needs of individual children;

 (4) organizing and participating in joint transition-related training of school staff and Head Start staff;

 (5) developing and implementing a family outreach and support program in cooperation with entities carrying out parental involvement efforts under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.); and

 (6) assisting families, administrators, and teachers in enhancing developmental continuity between Head Start services and elementary school classes.

submission of plans to governors

Sec.643. In carrying out the provisions of this subchapter, no contract, agreement, grant, or other assistance shall be made for the purpose of carrying out a Head Start program within a State unless a plan setting forth such proposed contract, agreement, grant, or other assistance has been submitted to the chief executive officer of the State, and such plan has not been disapproved by such officer within 30 days within 45 days of such submission, or, if so disapproved, disapproved (for reasons other than failure of the program to comply with State health, safety, and child care laws, including regulations, applicable to comparable child care program within the State)has been reconsidered by the Secretary and found by the Secretary to be fully consistent with the provisions and in furtherance of the purpose of this subchapter. Funds to cover the costs of the proposed contract, agreement, grant, or other assistance

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administrative requirements and standards

Sec.644. (a) \* \* \*

\* \* \* \* \* \* \*

(f)(1) \* \* \*

\* \* \* \* \* \* \*

(2) Except as provided in section 640(a)(3)(C)(v) 640(a)(3)(C)(vi) financial assistance provided under his subchapter may not be used by a Head Start agency to purchase a facility (including paying the cost of amortizing the principal, and paying interest on, loans) to be used to carry out a Head Start program unless the Secretary approves a request that is submitted by such agency and contains

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participation in head start programs

Sec.645. (a)(1) The Secretary shall by regulation prescribe eligibility for the participation of persons in Head Start programs assisted under this subchapter. Except as provided in paragraph (2), such criteria may provide (A) that children from low-income families shall be eligible for participation in programs assisted under this subchapter if their families incomes are below the poverty line, or if their families are eligible or, in the absence of child care, would potentially be eligible for public assistance; and (B) pursuant to such regulations as the Secretary shall prescribe, that programs that (i) programs assisted under this subchapter may include, to a reasonable extent, participation of children in the area served who would benefit from such programs but whose families do not meet the low-income criteria prescribed pursuant to clause (A)., and (ii) a child who has been determined to meet the low-income criteria and who is participating in a Head Start program in a program year shall be considered to continue to meet the low-income criteria through the end of the succeeding program year. In determining, for purposes of this paragraph, whether a child who has applied for enrollment in a Head Start program meets the low-income criteria, an entity may consider evidence of family income during the 12 months preceding the month in which the application is submitted, or during the calendar year preceding the calendar year in which the application is submitted, whichever more accurately reflects the needs of the family at the time of application.

\* \* \* \* \* \* \*

(b) The Secretary shall not prescribe any fee schedule or other-wise provide for the charging of any fees for participation in Head Start programs, unless such fees are authorized by legislation here-after enacted. Nothing in this subsection shall be construed to prevent the families of children who participate in Head Start programs and who are willing and able to pay the full cost of such participation from doing so. A Head Start agency that provides a Head Start program with full-working-day services in collaboration with other agencies or entities may collect a family copayment to support extended day services if a copayment is required in conjunction with the partnership. The copayment shall not exceed the copayment charged to families with similar incomes and circumstances who are receiving the services through participation in a program carried out by another agency or entity.

(c) Each Head Start program operated in a community shall be permitted to provide more than 1 year of Head Start services to eligible children (age 3 compulsory school attendance) in the State. Each Head Start program operated in a community shall be permitted to recruit and accept applications for enrollment of children throughout the year.

\* \* \* \* \* \* \*

SEC. 645A. EARLY HEAD START PROGRAMS FOR FAMILIES WITH INFANTS AND TODDLERS.

(a) In General. he Secretary shall make grants, in accordance with the provisions of this section for

 (1) programs providing for programs providing family-centered services for low-income families with very young children designed to promote the development of the children, and to enable their parents to fulfill their roles as parents and to move toward self-sufficiency; and.

 (2) provision of training and technical assistance to entities carrying out programs, and evaluation of programs, that were supported under the Comprehensive Child Development Act (42 U.S.C. 9881 et seq.), as in effect on the day before the date of enactment of this section.

(b) Scope and Design of Programs. In carrying out a program described in subsection (a), an entity receiving assistance under this section shall

 (1) \* \* \*

\* \* \* \* \* \* \*

 (5) coordinate service with services provided by programs in the State and programs in the community (including programs for infants and toddlers with disabilities) to ensure a comprehensive array of services (such as health and mental health services);

\* \* \* \* \* \* \*

(c) Persons Eligible To Participate. Persons who may participate in programs described in subsection (a)(1) subsection (a)include

\* \* \* \* \* \* \*

 (2) families with children under age 3 (or under age 5, in the case of children served by an entity specified in subsection (e)(3)); 3;

\* \* \* \* \* \* \*

(d) Eligible Service Providers. \* \* \*

\* \* \* \* \* \* \*

 (2) entities that, on the day before the date of enactment of this section, were operating

 (A) Parent-Child Centers receiving financial assistance under section 640(a)(4), as in effect on such date; or

 (B) programs receiving financial assistance under the Comprehensive Child Development Act, as in effect on such date; and

 (3) (2) the public entities, and nonprofit private entities, capable of providing child and family services that meet the standards for participation in programs under this subchapter and meet such other appropriate requirements relating to the activities under this section as the Secretary may establish.

(e) Time-Limited Priority for Certain Entities

 (1) In General From amounts allotted pursuant to paragraphs (2) and (4) of section 640(a), the Secretary shall provide financial assistance in accordance with paragraphs (2) through (4).

 (2) Parent-child centers The Secretary shall make financial assistance available under this section for each of fiscal years 1995, 1996, and 1997 to any entity that

 (A) complies with subsection (b); and

 (B) received funding as a Parent-Child Center pursuant to section 640(a)(4), as in effect on the day before the date of enactment of this section, for fiscal year 1994.

 (3) Comprehensive child development centers

 (A) In the case of an entity that received a grant for fiscal year 1994 to operate a project under the Comprehensive Child Development Act, the Secretary

 (i) shall make financial assistance available under this section, in a comparable amount and scope to the assistance provided for fiscal year 1994, for the duration of the project period specified in the grant award to such entity under such Act; and

 (ii) shall permit such entity, in carrying out activities assisted under this section, to serve children from birth through age 5.

 (B) In the case of an entity that received a grant for fiscal year 1989 to operate a project under the Comprehensive Child Development Act, the Secretary shall make assistance available under this section for each of fiscal years 1995, 1996, and 1997 to any entity that complies with subsection (b).

 (4) Evaluations, training, and technical assistance The Secretary shall make financial assistance available under this section as necessary to provide for the evaluation of, and furnishing of training and technical assistance to, programs specified in paragraph (3)(A).

(f) (e) Selection of Other Grant Recipients. From the balance remaining of the portion specified in section 640(a)(6), after making grants to the eligible entities specified in subsection (e), From the portion specified in section 640(a)(6),the Secretary shall award grants under this subsection on a competitive basis to applicants meeting the criteria specified in subsection (d) (giving priority to entities with a record of providing early, continuous, and comprehensive childhood development and family services).

(g) (f) Distribution. In awarding grants to eligible applicants under this section, the Secretary shall

 (1) ensure an equitable national geographic distribution of the grants; and

 (2) award grants to applicants proposing to serve communities in rural areas and to applicants proposing to serve communities in urban areas.

(h) Secretarial Responsibilities.

 (1) Guidelines. Not later than September 30, 1994, the Secretary shall develop program guidelines concerning the content and operation of programs assisted under this section

 (A) in consultation with experts in early childhood development, experts in health, and experts in family services; and

 (B) taking into consideration the knowledge and experience gained from other early childhood program, including programs under the Comprehensive Child Development Act, and from migrant Head Start programs that serve a large number of infants and toddlers.

 (2) Standards. Not later than December 30, 1994, the Secretary shall develop and publish performance standards for programs assisted under this section, and a grant announcement based on the guidelines developed under paragraph (1).

 (3) Monitoring, training, technical assistance, and evaluation. In order to ensure the successful operation of programs assisted under this section, the Secretary shall use funds from the balance described in subsection (f) to monitor the operation of such programs, evaluate their effectiveness, and provide training and technical assistance tailored to the particular needs of such programs.

(g) Monitoring, Training, Technical Assistance, and Evaluation. In order to ensure the successful operation of programs assisted under this section, the Secretary shall use funds from the portion specified in section 640(a)(6) to monitor the operation of such programs, evaluate their effectiveness, and provide training and technical assistance tailored to the particular needs of such programs.

(h) Training and Technical Assistance Account.

 (1) In general. Of the amount made available to carry out this section for any fiscal year, not less than 5 percent and not more than 10 percent shall be reserved to fund a training and technical assistance account.

 (2) Activities Funds in the account may be used for purposes including

 (A) making grants to, and entering into contracts with, organizations with specialized expertise relating to infants, toddlers, and families and the capacity needed to provide direction and support to a national training and technical assistance system, in order to provide such direction and support;

 (B) providing ongoing training and technical assistance for regional and program staff charged with monitoring and overseeing the administration of the program carried out under this section;

 (C) providing ongoing training and technical assistance for existing recipients of grants under subsection (a) and support and program planning and implementation assistance for new recipients of such grants; and

 (D) providing professional development and personnel enhancement activities, including the provision of funds to recipients of grants under subsection (a) for the recruitment and retention of qualified staff with an appropriate level of education and experience.

\* \* \* \* \* \* \*

technical assistance and training

Sec.648. (a) \* \* \*

\* \* \* \* \* \* \*

 (1) ensure that the needs of local Head Start agencies and programs relating to improving program quality and to program expansion are addressed to the maximum extent feasible; and;

 (2) incorporate mechanisms to ensure responsiveness to local needs, including an ongoing procedure for obtaining input from the individuals and agencies carrying out Head Start programs.; and

 (3) ensure the provision of technical assistance to assist Head Start agencies, entities carrying out other child care and early childhood programs, communities, and States in collaborative efforts to provide quality full-working-day, full calendar year services, including technical assistance related to identifying and assisting in resolving barriers to collaboration.

(c) In allocating resources for technical assistance and training under this section, the Secretary shall

 (1) \* \* \*

\* \* \* \* \* \* \*

 (4) assist Head Start agencies and programs in developing developing and implementing full-working-day and full-calendar-year programs where community need is clearly identified and making the transition to such programs, with particular attention to involving parents and programming for children throughout a longer day; the day, and assist the agencies and programs in expediting the sharing of information about innovative models for providing full-working-day, full calendar year services for children;

\* \* \* \* \* \* \*

 (7) assist in efforts to secure and maintain adequate facilities for Head Start programs; and;

 (8) assist Head Start agencies in developing innovative program models, including mobile and home-based programs.; and

 (9) assist Head Start agencies in

 (A) ensuring the school readiness of children; and

 (B) meeting the education performance standards described in this subchapter.

\* \* \* \* \* \* \*

(e) The Secretary shall provide, either directly or through grants or other arrangements, funds from programs authorized under this subchapter to support an organization to administer a centralized child development and national assessment program leading to recognized credentials for personnel working in early childhood development and child care programs, training for personnel providing services to non-English language background children (including services to promote the acquisition of the English language) training for personnel in helping children cope with community violence, and resource access projects for personnel working with disabled children.

SEC. 648A. STAFF QUALIFICATIONS AND DEVELOPMENT.

(a) Classroom Teachers.

 (1) Degree requirements. he Secretary shall ensure that not later than September 30, 1996, each Head Start classroom in a center-based program is assigned one teacher who has

 (A) demonstrated competency to perform functions that include

 (i) planning and implementing learning experiences that advance the intellectual and physical development of children, including improving the readiness of children for school by developing their literacy and phonemic, print, and numeracy awareness, their understanding and use of oral language, their understanding and use of increasingly complex and varied vocabulary, their appreciation of books, and their problem solving abilitie;

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

 (iii) supporting the social and emotional development of children; and

 (iv) encouraging the involvement of the families of the children in a Head Start program and supporting the development of relationships between children and their families; and

 (A) (B)(i) child development associate (CDA) credential that is appropriate to the age of the children being served in center-based programs;

 (B) (ii) State-awarded certificate for preschool teachers that meets or exceeds the requirements for a child development associate credential;

 (C) (iii) an associate, a baccalaureate, or an advanced degree in early childhood education; or

 (D) (iv) degree in a field related to early childhood education with experience in teaching preschool children and a State-awarded certificate to teach in a preschool program.

 (2) Waiver. a request, the Secretary shall grant a 180-day waiver of the requirements of paragraph (1) with respect to an individual who

 (A) is first employed after September 30, 1996, by a Head Start agency as a teacher for a Head Start classroom;

 (B) is enrolled in a program that grants any credential, certificate, or degree specified in subparagraph (A), (B), (C), or (D) of paragraph (1); and

 (C) will receive such credential under the terms of such program not later than 180 days after beginning employment as a teacher with such agency.

 (2) Waiver. n request, the Secretary shall grant a 180-day waiver of the requirements of paragraph (1)(B), for a Head Start agency that can demonstrate that the agency has unsuccessfully attempted to recruit an individual who has a credential, certificate, or degree described in paragraph (1)(B), with respect to an individual who

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

 (B) will receive such credential, certificate, or degree under the terms of such program not later than 180 days after beginning employment as a teacher with such agency.

\* \* \* \* \* \* \*

SEC. 649. RESEARCH, DEMONSTRATIONS, AND EVALUATION.

(a) In General.

 (1) Requirement; general purposes. \* \* \*

\* \* \* \* \* \* \*

(d) Specific Objectives. The research, demonstration, and evaluation activities under this subchapter shall include components designed to

 (1) \* \* \*

\* \* \* \* \* \* \*

 (6) provide for disseminating and promoting the use of the findings from such research, demonstration, and evaluation activities; and;

 (7) promote exploration of areas in which knowledge is insufficient, and that will otherwise contribute to fulfilling the purposes of this subchapter.; and

 (8) study the experiences of small, medium, and large States with Head Start programs in order to permit comparisons of children participating in the programs with eligible children who did not participate in the programs, which study

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

 (B) shall compare the educational achievement, social adaptation, and health status of the participating children and the eligible nonparticipating children.

The Secretary shall ensure that an appropriate entity carries out a study described in paragraph (8), and prepares and submits to the appropriate committees of Congress a report containing the results of the study, not later than September 30, 2002.

\* \* \* \* \* \* \*

(g) National Head Start Impact Research.

 (1) Expert panel.

 (A) In general. The Secretary shall appoint an independent panel consisting of experts in program evaluation and research, education, and early childhood programs

 (i) to review, and make recommendations on, the design and plan for the research (whether conducted as a single assessment or as a series of assessments), described in paragraph (2), within 1 year after the date of enactment of the Human Services Reauthorization Act of 1998;

 (ii) to maintain and advise the Secretary regarding the progress of the research; and

 (iii) to comment, if the panel so desires, on the interim and final research reports submitted under paragraph (7).

 (B) Travel expenses. The members of the panel shall not receive compensation for the performance of services for the panel, but shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the panel. Notwithstanding section 1342 of title 31, United States Code, the Secretary may accept the voluntary and uncompensated services of members of the panel.

 (2) General authority. After reviewing the recommendations of the expert panel the Secretary shall enter into a grant, contract, or cooperative agreement with an organization to conduct independent research that provides a national analysis of the impact of Head Start programs. The Secretary shall ensure that the organization shall have expertise in program evaluation, and research, education, and early childhood programs.

 (3) Designs and techniques. The Secretary shall ensure that the research uses rigorous methodological designs and techniques (based on the recommendations of the expert panel), including longitudinal designs, control groups, nationally recognized standardized measures, and random selection and assignment, as appropriate. The Secretary may provide that the research shall be conducted as a single comprehensive assessment or as a group of coordinated assessments designed to provide, when taken together, a national analysis of the impact of Head Start programs.

 (4) Programs The Secretary shall ensure that the research focuses primarily on Head Start programs that operate in the 50 States, the Commonwealth of Puerto Rico, or the District of Columbia and that do not specifically target special populations.

 (5) Analysis The Secretary shall ensure that the organization conducting the research

 (A)(i) determines if, overall, the Head Start programs have impacts consistent with their primary goal of increasing the social competence of children, by increasing the everyday effectiveness of the children in dealing with their present environments and future responsibilities, and increasing their school readiness;

 (ii) considers whether the Head Start programs

 (I) enhance the growth and development of children in cognitive, emotional, and physical health areas;

 (II) strengthen families as the primary nurturers of their children; and

 (III) ensure that children attain school readiness; and

 (iii) examines

 (I) the impact of the Head Start programs on increasing access of children to such services as educational, health, and nutritional services, and linking children and families to needed community services; and

 (II) how receipt of services described in subclause (I) enriches the lives of children and families participating in Head Start programs;

 (B) examines the impact of Head Start programs on participants on the date the participants leave Head Start programs, at the end of kindergarten, and at the end of first grade, by examining a variety of factors, including educational achievement, referrals for special education or remedial course work, and absenteeism;

 (C) makes use of random selection from the population of all Head Start programs described in paragraph (4) in selecting programs for inclusion in the research; and

 (D) includes comparisons of individuals who participate in Head Start programs with control groups (including comparison groups) composed of

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

 (ii) individuals who do not participate in any other early childhood program.

 (6) Consideration of sources of variation In designing the research, the Secretary shall, to the extent practicable, consider addressing possible sources of variation in impact of Head Start programs, including variations in impact related to such factors as

 (A) Head Start program operations;

 (B) Head Start program quality;

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

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

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

 (F) the number of hours and days of program operation of the Head Start program (such as whether the program is a full-working-day, full calendar year program, a part-day program, or a part-year program); and

 (G) other characteristics and features of the Head Start program (such as geographic location, location in an urban or a rural service area, or participant characteristics), as appropriate.

 (7) Reports.

 (A) Submission of interim reports. he organization shall prepare and submit to the Secretary 2 interim reports on the research. The first interim report shall describe the design of the research, and the rationale for the design, including a description of how potential sources of variation in impact of Head Start programs have been considered in designing the research. The second interim report shall describe the status of the research and preliminary findings of the research, as appropriate.

 (B) Submission of final report. he organization shall prepare and submit to the Secretary a final report containing the findings of the research.

 (C) Transmittal of reports to congress.

 (i) In general. he Secretary shall transmit, to the committees described in clause (ii), the first interim report by September 30, 1999, the second interim report by September 30, 2001, and the final report by September 30, 2003.

 (ii) Committees. he committees referred to in clause (i) are the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

 (8) Definition. n this subsection, the term "impact", used with respect to a Head Start program, means a difference in an outcome for a participant in the program that would not have occurred without the participation in the program.

(g) Quality Improvement Study.

 (1) Study. he Secretary shall conduct a study regarding the use and effects of use of the quality improvement funds made available under section 640(a)(3) of the Head Start Act (42 U.S.C. 9835(a)(3)) since fiscal year 1991.

 (2) Report. he Secretary shall prepare and submit to Congress not later than September 2000 a report containing the results of the study, including

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

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

 (C) the effect of use of the quality improvement funds on teacher training, salaries, benefits, recruitment, and retention; and

 (D) the effect of use of the quality improvement funds on the cognitive and social development of children receiving services under the this subchapter.

SEC. 650. REPORTS.

\* \* \* \* \* \* \*

 (1) \* \* \*

\* \* \* \* \* \* \*

 (13) a summary of information concerning the research, demonstration, and evaluation activities conducted under section 649, including

\* \* \* \* \* \* \* COMMUNITY SERVICES BLOCK GRANT ACT

\* \* \* \* \* \* \*

Subtitle B Community Services Block Grant Program

short title

Sec. 71. this subtitle may be cited as the "Community Services Block Grant Act".

community services grants authorized

Sec. 72. (a) The Secretary is authorized to make grants in accordance with the provisions of this subtitle, to States to ameliorate the causes of poverty in communities within the State.

(b) There are authorized to be appropriated $451,500,000 for fiscal year 1990, $451,500,000 for fiscal year 1991, $460,000,000 for fiscal year 1992, $480,000,000 for fiscal year 1993, and $500,000,000 for fiscal year 1994 to carry out the provisions of this subtitle (other than section 681A).

definitions

Sec. 73. For purposes of this subtitle:

 (1) The term "eligible entity" means any organization which was officially designated a community action agency or a community action program under the provisions of section 210 of the Economic Opportunity Act of 1964 for fiscal year 1981, or which came into existence during fiscal year 1982 as a direct successor in interest to such a community action agency or community action program and meets all the requirements under section 675(c)(3) of this Act with respect to the composition of the board, unless such community action agency or a community action program lost its designation under section 210 of such Act as a result of a failure to comply with the provisions of such Act. The term "eligible entity" also includes any limited purpose agency designated under title II of the Economic Opportunity Act of 1964 for fiscal year 1981 which served the general purposes of a community action agency under title II of such Act, unless such designated agency lost its designation under title II of such Act as a result of a failure to comply with the provisions of such Act, any grantee which received financial assistance under section 222(a)(4) of the Economic Opportunity Act of 1964 in fiscal year 1981, and any organization to which a State which applied for and received a waiver from the Secretary under Public Law 98-139 made a grant under this Act in fiscal year 1984. If any geographic area of a State is not, or ceases to be, served by an eligible entity, the chief executive officer of the State may decide to serve such a new area by

 (A) requesting an existing eligible entity which is located and provides services in an area contiguous to the new area to serve the new area;

 (B) if no existing eligible entity is located and provides services in an area contiguous to the new area, requesting the eligible entity located closest to the area to be served or an existing eligible entity serving an area within rea- sonable proximity of the new area to provide services in the new area; or

 (C) where no existing eligible entity requested to serve the new area decides to do so, designating any existing eligible entity, any organization which has a board meeting the requirements of section 675(c)(3) or any political subdivision of the State to serve the new area. In making a designation under this subparagraph, such chief executive officer shall give priority to such organization. Such officers designation of an organization which has a board meeting the requirements of section 675(c)(3) or a political subdivision of the State to serve the new area shall qualify such organization as an eligible entity under this Act.

 (2) The term "poverty line" means the official poverty line defined by the Office of Management and budget based on Bureau of Census data. The Secretary shall revise the poverty line annually (or at any shorter interval the Secretary deems feasible and desirable) which shall be used as a criterion of eligibility in community service block grant programs. The required revision shall be accomplished by multiplying the official poverty line by the percentage change in the Consumer Price Index For All Urban Consumers during the annual or other interval immediately preceding the time at which the revision is made. Whenever the State determines that it serves the objectives of the block grant established by this subtitle the State may revise the poverty line to not to exceed 125 percent of the official poverty line otherwise applicable under this paragraph.

 (3) The term "Secretary" means the Secretary of Health and Human Services.

 (4) The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

state allocations

Sec.674. (a)(1) The Secretary shall from the amount appropriated under section 672 for each fiscal year which remains after

 (A) the Secretary makes the apportionment required in subsection (b)(1); and

 (B) the Secretary determines the amount necessary for the purposes of section 681(c);

allot to each State an amount which bears the same ratio to such remaining amount as the amount received by the State for fiscal year 1981 under section 221 of the Economic Opportunity Act of 1964 bore to the total amount received by all States for fiscal year 1981 under such part, except that no State shall receive less than one-quarter of 1 percent of the amount appropriated under section 672 for such fiscal year

(2)(A) Subject to subparagraphs (B) and (C), if the amount appropriated under section 672 for each fiscal year which remains after

 (i) the Secretary makes the apportionment required in subsection (b)(1); and

 (ii) the Secretary determines the amount necessary for the purposes of section 681(c);

exceeds $345,000,000, the Secretary shall allot to each State not less than one-half of 1 percent of the amount appropriated under section 672 for such fiscal year.

(B) Subparagraph (A) shall not apply with respect to a fiscal year if the amount allotted under paragraph (1) to any State is less than the amount allotted under such paragraph to such State for fiscal year 1990.

(C) The amount allotted under subparagraph (A) to a State shall be reduced, if necessary, so that the aggregate amount allotted to such State under such subparagraph and paragraph (1) does not exceed 140 percent of the aggregate amount so allotted to such State for the fiscal year preceding the fiscal year for which a determination is made under this paragraph.

(3) For purposes of this subsection, the term "State" does not include Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

(b)(1) The Secretary shall apportion one-half of 1 percent of the amount appropriated under section 672 for each fiscal year on the basis of need among Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

(2) Each jurisdiction to which paragraph (1) applies may receive grants under this subtitle upon an application submitted to the Secretary containing provisions which describe the programs for which assistance is sought under this subtitle, and which are consistent with the requirements of section 675.

(c)(1) If, with respect to any State, the Secretary

 (A) receives a request from the governing body of an Indian tribe or tribal organization within the State that assistance under this subtitle be made directly to such tribe or organization; and

 (B) determines that the members of such tribe or tribal organization would be better served by means of grants made directly to provide benefits under this subtitle;

the Secretary shall reserve from amounts which would otherwise be allotted to such State under this subtitle for the fiscal year the amount determined under paragraph (2).

(2) The Secretary shall reserve for the purpose of paragraph (1) from sums that would otherwise be allotted to such State not less than 100 percent of an amount which bears the same ratio to the States allotment for the fiscal year involved as the population of all eligible Indians for whom a determination under this paragraph has been made bears to the population of all individuals eligible for assistance under this subtitle in such State.

(3) The sums reserved by the Secretary on the basis of a determination under this subsection shall be granted to the Indian tribe or tribal organization serving the individuals for whom such a determination has been made.

(4) In order for an Indian tribe or tribal organization to be eligible for an award for a fiscal year under this subsection, it shall submit to the Secretary a plan for such fiscal year which meets such criteria as the Secretary may prescribe by regulation.

(5) The terms "Indian tribe" and "tribal organization" means those tribes, bands, or other organized groups of Indians recognized in the State in which they reside or considered by the Secretary of the Interior to be an Indian tribe or an Indian organization for any purpose.

applications and requirements

Sec. 75. (a) Each State desiring to receive an allotment for a fiscal year under this subtitle shall submit an application to the Secretary. Each such application shall be in such form as the Secretary shall require. Each such application shall contain assurances by the chief executive officer of the State that the State will comply with subsection (b) and will meet the conditions enumerated in subsection (c).

(b) After the expiration of the first fiscal year in which a State received funds under this subtitle, no funds shall be alloted to such State for any fiscal year under this subtitle unless the legislature of the State conducts public hearings on the proposed use and distribution of funds to be provided under this subtitle for such fiscal year.

(c) As part of the annual application required by subsection (a), the chief executive officer of each State shall certify that the State agrees to

 (1) use the funds available under this subtitle

 (A) to provide a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem;

 (B) to provide activities designed to assist low-income participants including the elderly poor

 (i) to secure and retain meaningful employment;

 (ii) to attain an adequate education;

 (iii) to make better use of available income;

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

 (v) to obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the need for health services, nutritious food, housing, and employment-related assistance;

 (vi) to remove obstacles and solve problems which block the achievement of self-sufficiency;

 (vii) to achieve greater participation in the affairs of the community; and

 (viii) to make more effective use of other programs related to the purposes of this subtitle;

 (C) to provide on an emergency basis for the provision of such supplies and services, nutritious foodstuffs, and related services, as may be necessary to counteract conditions of starvation and malnutrition among the poor;

 (D) to coordinate and establish linkages between governmental and other social services programs to assure the effective delivery of such services to low-income individuals; and

 (E) to encourage the use of entities in the private sector of the community in efforts to ameliorate poverty in the community;

 (2)(A) use, for fiscal year 1985 and for each subsequent fiscal year, not less than 90 percent of the funds allotted to the State under section 674 to make grants to use for the purposes described in clause (1) to eligible entities (as defined in section 673(1)) or to organizations serving seasonal or migrant farmworkers, except that no more than 7 percent of the funds available for this subclause shall be granted to organizations which were not eligible entities during the previous fiscal year; and

 (B) provide assurances that the State will not expend more than the greater of $55,000 or 5 percent of it allotment under section 674 for administrative expenses at the State level;

 (3) provide assurances that, in the case of a community action agency or nonprofit private organization, each board will be constituted so as to assure that (A) one-third of the members of the board are elected public officials, currently holding office, or their representatives, except that if the number of elected officials reasonably available and willing to serve is less than one-third of the membership of the board, membership on the board of appointive public officials may be counted in meeting such one-third requirement; (b) at least one-third of the members are persons chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served; and (C) the remainder of the members are officials or members of business, industry, labor, religious, welfare, education, or other major groups and interests in the community;

 (4) give special consideration in the designation of local community action agencies under this subtitle to any community action agency which is receiving funds under any Federal antipoverty program on the date of the enactment of this Act, except that (A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and (B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, the State shall give special consideration in the designation of community action agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds in the fiscal year preceding the fiscal year for which the determination is made;

 (5) provide assurances that the State may transfer funds, but not to exceed 5 percent of its allotment under section 674, for the provisions set forth in this subtitle to services under the Older Americans Act of 1965, the Head Start program under subchapter B of chapter 8 of subtitle A of this title, the energy crisis intervention program under title XXVI of this Act (relating to low-income home energy assistance), or the Emergency Food Assistance Act of 1983;

 (6) prohibit any political activities in accordance with subsection (e);

 (7) prohibit any activities to provide voters and prospective voters with transportation to the polls or provide similar assistance in connection with an election or any voter registration activity;

 (8) provide for coordination between antipoverty programs in each community, where appropriate, with emergency energy crisis intervention programs under title XXVI of this Act (relating to low-income home energy assistance) conducted in such community;

 (9) provide that fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursal of and accounting for Federal funds paid to the State under this subtitle, including procedures for monitoring the assistance provided under this subtitle, and provide that at least every year each State shall prepare, in accordance with subsection (f), an audit of its expenditures of amounts received under this subtitle and amount transferred to carry out the purposes of this subtitle;

 (10) permit and cooperate with Federal investigations undertaken in accordance with section 679;

 (11) provide assurances that any community action agency or migrant and seasonal farmworker organization which received funding in the previous fiscal year under this Act will not have its present or future funding terminated under this Act, or reduced below the proportional share of funding it received in the previous fiscal year, unless after notice, and opportunity for hearing on the record, the State determines that cause existed for such termination or such reduction subject to the procedures and review by the Secretary as provided in section 676A. For purposes of making a determination with respect to a funding reduction, the term "cause" includes

 (A) a statewide redistribution of funds under this subtitle to respond to

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

 (ii) the establishment of a new eligible entity;

 (iii) severe economic dislocation; and

 (B) the failure of an eligible entity to comply with the terms of its agreement to provide services under this subtitle; and

 (12) in the case of a State which applied for and received a waiver from the Secretary under Public Law 98-139, provide assurances that funds will not be provided under this subtitle by such State to an organization to which such State made a grant under this subtitle in fiscal year 1984 unless such organization allows, before expending such funds, low-income individuals to comment on the uses for which such organization proposes to expend such funds.

The Secretary may not prescribe the manner in which the States will comply with the provisions of this subsection. The Secretary shall provide to the chief executive officer of each State appropriate information regarding designated limited purpose agencies and grantees which meet the requirements of the second sentence of section 673(1).

(d)(1) In addition to the requirements of subsection (c), the chief executive officer of each State shall prepare and furnish to the Secretary a plan which contains provisions describing how the State will carry out the assurances contained subsection (c). The chief executive officer of each State may revise any plan prepared under this paragraph and shall furnish the revised plan to the Secretary.

(2) Each plan prepared under paragraph (1) shall be made available for public inspection within the State in such a manner as will facilitate review of, and comment on, the plan.

(e) For purposes of chapter 15 of title 5, United States Code, any nonprofit private organization receiving assistance under this subtitle which has responsibility for planning, developing, and coordinating community antipoverty programs shall be deemed to be a State or local agency. For purposes of clauses (1) and (2) of section 1502(a) of such title, any such organization receiving assistance under this subtitle shall be deemed to be a State or local agency.

(f) Each audit required by subsection (c)(9) shall be conducted by an entity independent of any agency administering activities or services carried out under this subtitle and shall be conducted in accordance with generally accepted accounting principles. Within 30 days after the completion of each audit, the chief executive officer of the State shall submit a copy of such audit to the legislature of the State and to the Secretary.

(g) The State shall repay to the United States amounts found not to have been expended in accordance with this subtitle or the Secretary may offset such amounts against any other amount to which the State is or may become entitled under this subtitle.

(h) The Comptroller General of the United States shall, from time to time, evaluate the expenditures by States of grants under this subtitle in order to assure that expenditures are consistent with the provisions of this subtitle and to determine the effectiveness of the State in accomplishing the purposes of this subtitle.

Administration

Sec.676. (a) There is established in the Department of Health and Human Services an Office of Community Services. The Office shall be headed by a Director.

(b) The Secretary shall carry out his functions under this sub-title through the Office of Community Services established in subsection (a).

Procedures for a Review of Termination or Reduction of Funding

Sec.676A. (a) Whenever a State violates the assurances contained in section 675(c)(11) and terminates or reduces the funding of a community action agency or migrant and seasonal farmworker organization prior to the completion of the States hearing and the Secretarys review as required in section 679 of this Act, the Secretary shall assume responsibility for providing financial assistance to the community action agency or migrant and seasonal farmworker organization affected. The allotment for the State shall be reduced by an amount equal to the funds provided under this section by the Secretary to such agency or organization.

(b) The Secretary shall upon request review any termination or reduction of funding to a community action agency or migrant and seasonal farmworker organization protected by a States assurance under section 675(c)(11). Such review shall be conducted promptly and shall be based upon the record and no determination shall become effective until a finding by the Secretary confirming the States finding of cause.

(c) The Secretary shall conduct the review under subsection (b) through the Office of Community Services, which shall promptly conduct such review and issue a written determination together with the reasons of the Secretary therefor.

Nondiscrimination Provisions

Sec.677. (a) No person shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this subtitle. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in section 504 of the Rehabilitation Act of 1973 shall also apply to any such program or activity.

(b) Whenever the Secretary determines that a State that has received a payment under this subtitle has failed to comply with subsection (a) or an applicable regulation, he shall notify the chief executive officer of the State and shall request him to secure compliance. If within a reasonable period of time, not to exceed 60 days, the chief executive officer fails or refuses to secure compliance, the Secretary is authorized to (1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; (2) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation Act of 1973, as may be applicable; or (3) take such other action as may be provided by law.

(c) When a matter is referred to the Attorney General pursuant to subsection (b), or whenever he has reason to believe that the State is engaged in a pattern or practice in violation of the provisions of this section, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

Payments to States

Sec.678. (a) From its allotment under section 674, the Secretary shall make payments to each State in accordance with section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 42313), for use under this subtitle.

(b) Payments to a State from its allotment for any fiscal year shall be expended by the State in such fiscal year or in the succeeding fiscal year.

Withholding

Sec.679. (a)(1) The Secretary shall, after adequate notice and an opportunity for a hearing conducted within the affected State, withhold funds from any State which does not utilize its allotment substantially in accordance with the provisions of this subtitle and the assurances such State provided under section 675.

(2) The Secretary shall respond in an expeditious and speedy manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the provisions of this subtitle or the assurances provided by the State under section 675. For purposes of this paragraph, a violation of any one of the assurances contained in section 675(c) that constitutes a disregard of that assurance shall be considered a serious complaint.

(b)(1) The Secretary shall conduct in several States in each fiscal year evaluations and investigations of the use of funds received by the States under this subtitle in order to evaluate compliance with the provisions of this subtitle, and especially with respect to compliance with subsections (a) and (b) of section 675, and clauses (1) through (11) of subsection (c) of such section. Each such evaluation shall include identifying the impact that assistance furnished under this subtitle has on children, pregnant adolescents, homeless families, and the elderly poor. A report of the evaluation, together with recommendations of improvements designed to enhance the benefit and impact to people in need, will be sent to each State evaluated. Upon receiving the report the State will then submit a plan of action in response to the recommendation contained in the report. The results of the evaluation shall be submitted annually to the Chairman of the Committee on Education and Labor of the House of Representatives and the Chairman of the Committee on Labor and Human Resources of the Senate.

(2) Whenever the Secretary determines that there is a pattern of complaints from any State in any fiscal year, the Secretary shall conduct an investigation of the use of funds received under this subtitle by such State in order to ensure compliance with the provisions of this subtitle.

(3) The Comptroller General of the United States shall conduct an investigation of the use of funds received under this subtitle by a State in order to ensure compliance with the provisions of this subtitle.

(c) Pursuant to an investigation conducted under subsection (b), a State shall make appropriate books, document, papers, and records available to the Secretary or the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request therefor.

limitation on use of grants for construction

Sec.680. (a) Except as provided in subsection (b), grants made under this subtitle (other than amounts made available under section 681(c)) may not be used by the State, or by any other person with which the State makes arrangements to carry out the purposes of this subtitle, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or other facility.

(b) The Secretary may waive the limitation contained in subsection (a) upon the States request for such a waiver if he finds that the request describes extraordinary circumstances to justify the purchase of land or the construction of facilities (or the making of permanent improvements) and that permitting the waiver will contribute to the States ability to carry out the purposes of this subtitle.

discretionary authority of secretary

Sec.681. (a) The Secretary is authorized to make grants, loans, or guarantees to States and public agencies and private nonprofit organizations, or to enter into contracts or jointly financed cooperative arrangements with States and public agencies and private nonprofit organizations, to provide for

 (1) training related to the purposes of this subtitle, including national conferences, newsletters, and collection and dissemination of data about programs and projects assisted under this subtitle;

 (2) ongoing activities of national or regional significance related to the purposes of this subtitle, including special emphasis programs for

 (A) special programs of assistance, awarded on a competitive basis, to private, locally initiated, nonprofit community development corporations, (or affiliates of such corporations) governed by a board consisting of residents of the community and business and civic leaders, which sponsor enterprises providing employment and business development opportunities for low-income residents of the community designed to increase business and employment opportunities in the community;

 (B) Rural Development Loan Fund revolving loans and guarantees under subchapter A of chapter 8 of subtitle A of this title;

 (C) community development credit union programs administered under subchapter A of chapter 8 of subtitle A of this title;

 (D) technical assistance and training programs in the planning and development of rural housing (including rental housing for low-income individuals) and community facilities (in selecting entities to carry out such programs, the Secretary shall give priority to private nonprofit organizations that before the date of the enactment of the Human Services Reauthorization Act of 1986 carried out such programs under this subparagraph);

 (E) assistance for migrants and seasonal farmworkers; and

 (F) national or regional programs designed to provide instructional activities described in subsection (b) for low-income youth; and

 (3) training and technical assistance to aid States in carrying out their responsibilities under this subchapter.

In addition, grants, loans, and guarantees made pursuant to this subsection may be made to a private nonprofit organization applying jointly with a business concern.

(b) Any instructional activity carried out under subsection (a)(2)(F) shall be carried out on the campus of an institution of higher education (as defined in section 1201(a) of the Higher Education Act of 1965) and shall include

 (1) access to the facilities and resources of such institution;

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

 (3) at least one nutritious meal daily, without charge, for participating youth during each day of participation;

 (4) high quality instruction in a variety of sports (that shall include swimming and that may include dance and any other high quality recreational activity) provided by coaches and teachers from institutions of higher education and from elementary and secondary schools (as defined in sections 1471(8) and 1471(21) of the Elementary and Secondary Education Act of 1965); and

 (5) enrichment instruction and information on matters relating to the well-being of youth, such as educational opportunities and study practices, the prevention of drug and alcohol abuse, health and nutrition, career opportunities, and job responsibilities.

(c)(1) The final reports submitted by recipients of assistance under this section on projects completed with such assistance shall be summarized and reported by the Secretary annually to the Chairman of the Committee on Education and Labor of the House of Representatives and the Chairman of the Committee on Labor and Human Resources of the Senate. The report shall contain a list of recipients who have received assistance under this section outside of the competitive process.

(2) The Secretary shall, at the end of each fiscal year, prepare and distribute a catalog listing all the projects assisted under clause (A) of subsection (a)(2) in such fiscal year. The catalog shall include

 (A) a description of each project;

 (B) an identification of the agency receiving the award, including the name and address of the principal investigator;

 (C) a description of the project objectives; and

 (D) a statement of the accomplishments of the project.

(d) Of the amounts appropriated under section 672(b) for any fiscal year, not more than 9 percent of such amounts shall be available to the Secretary for purposes of carrying out this section, section 682, and subchapter A of chapter 8 of subtitle A of this title.

community food and nutrition

Sec. 81A. (a) The Secretary may through grants to public and private nonprofit agencies, provide for community-based, local, Statewide, and national programs

 (1) to coordinate existing private and public food assistance resources, whenever such coordination is determined to be inadequate, to better serve low-income populations;

 (2) to assist low-income communities to identify potential sponsors of child nutrition programs and to initiate new programs in underserved or unserved areas; and

 (3) to develop innovative approaches at the State and local level to meet the nutrition needs of low-income people.

(b)(1) Of the amount appropriated for a fiscal year to carry out this section, the Secretary shall allot funds for grants under subsection (a) as follows:

 (A) From 60 percent of such amount (but not to exceed $3,600,000), the Secretary shall allot for grants to eligible agencies for statewide programs in each State the amount that bears the same ratio to 60 percent of the amount appropriated for such fiscal year as the low-income and unemployed population of such State bear to the low-income and unemployed populations of all the States.

 (B) From 40 percent of such amount (but not to exceed $2,400,000), the Secretary shall allot for grants on a competitive basis to eligible agencies for local and statewide programs.

(2) Any amounts appropriated for a fiscal year to carry out this section in excess of $6,000,000 shall be allotted as follows:

 (A) The Secretary shall use 40 percent of such excess to make allotments for grants under subsection (a) to eligible agencies for statewide programs in each State in an aggregate amount that bears the same ratio to 40 percent of such excess as the low-income and unemployed populations of such State bears to the low-income and unemployed populations of all States.

 (B) The Secretary shall use 40 percent of such excess to award grants under subsection (a) on a competitive basis to eligible agencies for local and statewide programs.

 (C) The Secretary shall use the remaining 20 percent of such excess to award grants under subsection (a) on a competitive basis to eligible agencies for nationwide programs, including programs benefiting Native Americans and migrant farm workers. In any fiscal year, the Secretary may not make grants under this subparagraph to a particular eligible agency in an aggregate amount exceeding $300,000.

(3) For purposes of paragraphs (1)(A) and (2)(A), an eligible agency shall demonstrate that the proposed program is statewide in scope and represents a comprehensive and coordinated effort to alleviate hunger within the State.

(4) From the amounts allocated under paragraphs (1)(A) and (2)(A), the minimum total allotment for each State for each fiscal year shall by

 (A) $15,000 if the total amount appropriated to carry out this section is not less than $7,000,000 but less than $10,000,000;

 (B) $20,000 if the total amount appropriated to carry out this section is not less than $10,000,000 but less than $15,000,000; or

 (C) $30,000 if the total amount appropriated to carry out this section is not less than $15,000,000.

For purposes of this paragraph, the term "State" does not include Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

(5) From funds allotted under paragraphs (1)(B) and (2)(B) in any fiscal year, the Secretary may not make grants under subsection (a) to an eligible agency in an aggregate amount exceeding $50,000.

(c) For each fiscal year, the Secretary shall prepare and submit, to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate, a report concerning the grants awarded under this section. Such report shall include

 (1) a list of grantees;

 (2) the amount of funding awarded to each grantee; and

 (3) a summary of the activities performed by grantees with funds awarded under this section and a description of the manner in which such activities meet the objectives described in subsection (a).

(d) There is authorized to be appropriated $3,000,000 for fiscal year 1990, $10,000,000 for fiscal year 1991, $15,000,000 for fiscal year 1992, $20,000,000 for fiscal year 1993, and $25,000,000 for fiscal year 1994 to carry out this section.

annual report

Sec. 82. (a)(1) For each fiscal year beginning after September 30, 1991, the Secretary shall, by contract with an entity that is knowledgeable about programs and projects assisted under this subtitle, prepare a report containing the following information;

 (A) The identity of each eligible entity, agency, organization, and person that receives, directly or indirectly, funds to carry out this subtitle in such fiscal year.

 (B) With respect to each particular purpose or activity referred to in section 675(c)(1)

 (i) the aggregate amount of such funds expended in such fiscal year to achieve such purpose or carry out such activity; and

 (ii) the number of individuals who directly benefited from the amount so expended.

(2) For any fiscal year beginning after September 30, 1991, the Secretary may, by contract, include in such report any additional information the Secretary considers to be appropriate to carry out this subtitle, except that the Secretary may not require a State to provide such additional information until the expiration of the 1-year period beginning on the date the Secretary notifies such State that such additional information will be required to be provided by such State.

(3) The Secretary may not carry out this subsection by entering into a contract with any State, eligible entity, agency, organization, or person that receives, directly or indirectly, funds to carry out this subtitle.

(b) Not later than 180 days after the end of the fiscal year for which a report is required by subsection (a) to be prepared, the Secretary shall transmit to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate

 (1) such report in the form in which it was received by the Secretary; and

 (2) any comments the Secretary may have with respect to such report.

(c) Of the funds made available under section 681(d), not more than $250,000 shall be available to carry out this section.

repealer; reauthorization provisions; technical and conforming provisions

Sec. 83 (a) Effective October 1, 1981, the Economic Opportunity Act of 1964, other than titles VIII and X of such Act, is repealed.

(b) There is authorized to be appropriated such sums as may be necessary for each of the fiscal years 1982, 1983, and 1984, to carry out title VIII of the Economic Opportunity Act of 1964.

(c)(1) Any reference in any provision of law to the poverty line set forth in section 624 or 625 of the Economic Opportunity Act of 1964 shall be construed to be a reference to the poverty line defined in section 673(2) of this Act.

(2) Any reference in any provision of law to any community action agency designated under title II of the Economic Opportunity Act of 1964 shall be construed to be a reference to private nonprofit community organizations eligible to receive funds under this subtitle.

(3) No action or other proceeding commenced by or against any officer in the official capacity of such individual as an officer of any agency administering the Act repealed by subsection (a) of this section shall abate by reason of the enactment of this Act.

Subtitle B Community Services Block Grant Program

SEC. 671. SHORT TITLE.

This subtitle may be cited as the "Community Services Block Grant Act."

SEC. 672. PURPOSES AND GOALS.

The purposes of this subtitle are

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

 (2) to accomplish the goal described in paragraph (1) through

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

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

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

 (D) the development and implementation of all programs designated to serve low-income communities and groups with the maximum feasible participation of residents of the communities and members of the groups served, so as to best stimulate and take full advantage of capabilities for self-advancement and assure that the programs are otherwise meaningful to the intended beneficiaries of the programs; and

 (E) the broadening of the resource base of programs directed to the elimination of poverty.

SEC. 673. DEFINITIONS.

In this subtitle:

 (1) Eligible entity. he term "eligible entity" means an entity

 (A) that is an eligible entity described in section 673(1) (as in effect on the day before the date of enactment of the Human Services Reauthorization Act of 1998) as of such date of enactment or is designated by the process described in section 676A (including an organization serving migrant or seasonal farmworkers that is so described or designated); and

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

 (2) Poverty line. he term "poverty line" means the official poverty line defined by the Sec retary. The Secretary shall revise the poverty line annually (or at any shorter interval the Secretary determines to be feasible and desirable) which shall be used as a criterion of eligibility in the community services block grant program established under this subtitle. The required revision shall be accomplished by multiplying the official poverty line by the percentage change in the Consumer Price Index for All Urban Consumers during the annual or other interval immediately preceding the time at which the revision is made. Whenever a State determines that it serves the objectives of the block grant program established under this subtitle, the State may revise the poverty line to not to exceed 125 percent of the official poverty line otherwise applicable under this paragraph.

 (3) Private, nonprofit organization. The term "private, nonprofit organization" includes a faith-based organization, to which the provisions of section 679 shall apply.

 (4) Secretary. The term "Secretary" means the Secretary of Health and Human Services.

 (5) State. The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the United States Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, and the combined Freely Associated States.

SEC. 674. AUTHORIZATION OF APPROPRIATIONS.

(a) In General. There are authorized to be appropriated $625,000,000 for fiscal year 1999 and such sums as may be necessary for each of fiscal years 2000 through 2003 to carry out the provisions of this subtitle (other than sections 681 and 682).

(b) Reservations. Of the amounts appropriated under subsection (a) for each fiscal year, the Secretary shall reserve

 (1) 1/2 of 1 percent for carrying out section 675A (relating to payments for territories):

 (2) not less than 1/2 of 1 percent and not more than 1 percent for activities authorized in section 678A (relating to training and technical assistance); and

 (3) 9 percent for carrying out section 680 (relating to discretionary activities).

SEC. 675. ESTABLISHMENT OF BLOCK GRANT PROGRAM.

The Secretary is authorized to establish a community services block grant program and make grants through the program to States to ameliorate the causes of poverty in communities within the States.

SEC. 675A. DISTRIBUTION TO TERRITORIES.

(a) Apportionment. The Secretary shall apportion the amount reserved under section 674(b)(1) for each fiscal year on the basis of need among Guam, American Samoa, the United States Virgin Islands, the Commonwealth of Northern Mariana Islands, and the combined Freely Associated States.

(b) Application. Each jurisdiction to which subsection (a) applies may receive a grant under this subtitle for the amount apportioned under subsection (a) on submitting to the Secretary, and obtaining approval of, an application containing provisions that describe the programs for which assistance is sought under this subtitle, and that are consistent with the requirements of section 676.

SEC. 675B. ALLOTMENTS AND PAYMENTS TO STATES.

(a) Allotments in General. The Secretary shall, from the amount appropriated under section 674(a) for each fiscal year that remains after the Secretary makes the reservations required in section 674(b), allot to each State an amount that bears the same ratio to such remaining amount as the amount received by the State for fiscal year 1981 under section 221 of the Economic Opportunity Act of 1964 bore to the total amount received by all States for fiscal year 1981 under such section, except that no MD11 State shall receive less than 1/4 of 1 percent of the amount appropriated under section 674(a) for such fiscal year.

(b) Allotments in Years With Greater Available Funds

 (1) Minimum allotment Subject to paragraphs (2) and (3), if amounts appropriated under section 674(a) for each fiscal year that remains after the Secretary makes the reservations required in section 674(b) exceeds $345,000,000, the Secretary shall allot to each State not less than 1/2 of 1 percent of the amount appropriated under section 674(a) for such fiscal year.

 (2) Maintenance of 1990 levels Paragraph (1) shall not apply with respect to a fiscal year if the amount allotted under subsection (a) to any State for that year is less than the amount allotted under section 674(a)(1) to such State for fiscal year 1990.

 (3) Maximum allotments The amount allotted under paragraph (1) to a State shall be reduced, if necessary, so that the aggregate amount allotted to such State under such paragraph and subsection (a) does not exceed 140 percent of the aggregate amount allotted to such State under the corresponding provisions of this subtitle for fiscal year preceding the fiscal year for which a determination is made under this subsection.

(c) Payments The Secretary shall make grants to eligible States for the allotments described in subsections (a) and (b). The Secretary shall make payments for the grants in accordance with section 6503(a) of title 31, United States Code.

(d) Definition For purposes of this section, the term "State" does not include Guam, American Samoa, and the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Freely Associated States.

SEC. 675C. USES OF FUNDS.

(a) Grants to Eligible Entities and Other Organizations

 (1) In general Not less than 90 percent of the funds allotted to a State under section 675B shall be used by the State to make grants for the purposes described in section 672 to eligible entities.

 (2) Obligational authority Funds distributed to eligible entities through grants made in accordance with paragraph (1) for a fiscal year shall be available for obligation during that fiscal year and the succeeding fiscal year, in accordance with paragraph (3).

 (3) Recapture and restribution of unobligated funds

 (A) Amount Beginning on October 1, 2000, a State may recapture and redistribute funds distributed to an eligible entity through a grant made under paragraph (1) that are unobligated at the end of a fiscal year if such unobligated funds exceed 20 percent of the amount so distributed to such eligible entity for such fiscal year.

 (B) Redistribution In redistributing funds recaptured in accordance with this paragraph, States shall redistribute such funds to an eligible entity, or require the original recipient of the funds to redistribute the funds to a private, nonprofit organization, located within the community served by the original recipient of the funds, for activities consistent with the purposes of this subtitle.

(b) Other Activities

 (1) Use of remainder If a State uses less than 100 percent of the State allotment to make grants under subsection (a), the State shall use the remainder of the allotment (subject to paragraph (2)) for

 (A) providing training and technical assistance to those entities in need of such training and assistance;

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

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

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

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

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

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

 (2) Administrative cap No State may spend more than the greater of $55,000, or 5 percent, of the portion of the State allotment that remains after the State makes grants to eligible entities under subsection (a), for administrative expenses, including monitoring activities. The cost of activities conducted under paragraph (1)(A) shall not be considered to be administrative expenses.

SEC. 676. APPLICATION AND PLAN.

(a) Designation of Lead Agency

 (1) Designation The chief executive officer of a State desiring to receive an allotment under this subtitle shall designate, in an application submitted to the Secretary under subsection (b), an appropriate State agency that complies with the requirements of paragraph (2) to act as a lead agency for purposes of carrying out State activities under this subtitle.

 (2) Duties The lead agency shall

 (A) develop the State plan to be submitted to the Secretary under subsection (b);

 (B) in conjunction with the development of the State plan as required under subsection (b), hold at least 1 hearing in the State with sufficient time and statewide distribution of notice of such hearing, to provide to the public an opportunity to comment on the proposed use and distribution of funds to be provided through the allotment for the period covered by the State plan; and

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

 (3) Legislative hearing The State shall hold at least 1 legislative hearing every 3 years in conjunction with the development of the State plan.

(b) State Application and Plan Beginning with fiscal year 2000, to be eligible to receive an allotment under this subtitle, a State shall prepare and submit to the Secretary an application and State plan covering a period of not less than 1 fiscal year and not more than 2 fiscal years. The plan shall be submitted not later than 30 days prior to the beginning of the first fiscal year covered by the plan, and shall contain such information as the Secretary shall require, including

 (1) an assurance that funds made available through the allotment will be used to support activities that are designed to assist low-income families and individuals, including homeless families and individuals, migrant or seasonal farmworkers, and elderly low-income individuals and families, and a description of how such activities will enable the families and individuals

 (A) to remove obstacles and solve problems that block the achievement of self-sufficiency;

 (B) to secure and retain meaningful employment;

 (C) to attain an adequate education;

 (D) to make better use of available income;

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

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

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

 (H) to make more effective use of other programs related to the purposes of this subtitle (including State welfare reform efforts);

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

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

 (A) the service delivery system, for services provided or coordinated with funds made available through the allotment, targeted to low-income individuals and families in communities within the State;

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

 (C) a description of how funds made available through the allotment will be coordinated with other public and private resources; and

 (D) a description of how the funds will be used to support innovative community and neighborhood-based initiatives related to the purposes of this subtitle;

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

 (5) an assurance that the State will coordinate, and establish linkages between, governmental and other social services programs to assure the effective delivery of such services to low-income individuals;

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

 (7) an assurance that the State will permit and cooperate with Federal investigations undertaken in accordance with section 678D;

 (8) an assurance that any eligible entity that received funding in the previous fiscal year under this subtitle will not have its funding terminated under this subtitle, or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that cause exists for such termination or such reduction, subject to review by the Secretary as provided in section 678C(b);

 (9) an assurance that the State will, to the maximum extent possible, coordinate programs with and form partnerships with other organizations serving low-income residents of the communities and members of the groups served by the State, including faith-based organizations, charitable groups, and community organizations;

 (10) an assurance that the State will require each eligible entity to establish procedures under which a low-income individual, community organization, or faith-based organization, or representative of low-income individuals that considers its organization, or low-income individuals, to be inadequately represented on the board (or other mechanism) of the eligible entity to petition for adequate representation;

 (11) an assurance that the State will secure from each eligible entity, as a condition to receipt of funding by the entity under this subtitle for a program, a community action plan (which shall be submitted to the Secretary, at the request of the Secretary, with the State plan) that includes a community-needs assessment for the community served, which may be coordinated with community-needs assessments conducted for other programs;

 (12) an assurance that the State and all eligible entities in the State will, not later than fiscal year 2002, participate in the Results Oriented Management and Accountability System, any other performance measure system established by the Secretary under section 678E(b), or an alternative system for measuring performance and results that meets the requirements of that section, and a description of outcome measures to be used to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization; and

 (13) information describing how the State will carry out the assurances described in this subsection.

 (c) Determinations. For purposes of making a determination in accordance with subsection (b)(8) with respect to

 (1) a funding reduction, the term "cause" includes

 (A) a statewide redistribution of funds provided under this subtitle to respond to

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

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

 (iii) severe economic dislocation; or

 (B) the failure of an eligible entity to comply with the terms of an agreement to provide services under this subtitle; and

 (2) a termination, the term "cause" includes the material failure of an eligible entity to comply with the terms of such an agreement and the State plan to provide services under this subtitle or the consistent failure of the entity to achieve performance measures as determined by the State.

(d) Procedures and Information The Secretary may prescribe procedures only for the purpose of assessing the effectiveness of eligible entities in carrying out the purposes of this subtitle.

 (e) Revisions and Inspection.

 (1) Revisions. The chief executive officer of each State may revise any plan prepared under this section and shall submit the revised plan to the Secretary.

 (2) Public inspection Each plan or revised plan prepared under this section shall be made available for public inspection within the State in such a manner as will facilitate review of, and comment on, the plan.

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

 (a) Qualified Organization in or Near Area

 (1) In general If any geographic area of a State is not, or ceases to be, served by an eligible entity under this subtitle, and if the chief executive officer of the State decides to serve such area, the chief executive officer may solicit applications from, and designate as an eligible entity, 1 or more

 (A) private nonprofit organizations geographically located in the unserved area that meets the requirements of this subtitle: or

 (B) private nonprofit organizations (which may include eligible entities) located in an area contiguous to or within reasonable proximity of the unserved area that is already providing related services in the unserved area.

 (2) Requirement In order to serve as the eligible entity for the area, an entity described in paragraph (1)(B) shall agree to add additional members to the board of the entity to ensure adequate representation

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

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

(b) Special Consideration In designating an eligible entity under subsection (a), the chief executive officer shall grant the designation to an organization of demonstrated effectiveness in meeting the goals and purposes of this subtitle and may give priority, in granting the designation, to local entities that are providing services in the unserved area, consistent with the needs identified by a community-needs assessment.

(c) No Qualified Organization in or Near Area If no private, nonprofit organization is identified or determined to be qualified under subsection (a) to serve the unserved area as an eligible entity the chief executive officer may designate an appropriate political subdivision of the State to serve as an eligible entity for the area. In order to serve as the eligible entity for that area, the political subdivision shall have a board or other mechanism as required in section 676B(b).

SEC. 676B. TRIPARTITE BOARDS.

(a) Private Nonprofit Entities

 (1) Board In order for a private, nonprofit entity to be considered to be an eligible entity for purposes of section 673(1), the entity shall administer the community services block grant program through a tripartite board described in paragraph (2) that fully participates in the development and implementation of the program to serve low-income communities or groups.

 (2) Selection and composition of board The members of the board referred to in paragraph (1) shall be selected by the entity and the board shall be composed so as to assure that

 (A) 1/3 of the members of the board are elected public officials, holding office on the date of selection, or their representatives, except that if the number of elected officials reasonably available and willing to serve on the board is less than 1/3 of the membership of the board, membership on the board of appointive public officials or their representatives may be counted in meeting such 1/3 requirement;

 (B) not fewer than 1/3 of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members are representatives of low-income individuals and families in the neighborhood served;

 (C) the remainder of the members are officials or members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served; and

 (D)(i) each member resides in the community; and

 (ii) each representative of low-income individuals and families selected to represent a specific neighborhood within a community under this paragraph resides in the neighborhood represented by the member.

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

 (1) a tripartite board, which shall have members selected by the organization and shall be composed so as to assure that not fewer than 1/3 of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members

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

 (B) reside in the neighborhood served; and

 (C) are able to participate actively in the planning and implementation of programs funded under this subtitle; or

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

SEC. 677. PAYMENTS TO INDIAN TRIBES.

(a) Reservation If, with respect to any State, the Secretary

 (1) receives a request from the governing body of an Indian tribe or tribal organization within the State that assistance under this subtitle be made directly to such tribe or organization; and

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

the Secretary shall reserve from amounts that would otherwise be allotted to such State under section 675B for the fiscal year the amount determined under subsection (b).

(b) Determination of Reserved Amount The Secretary shall reserve for the purpose of subsection (a) from amounts that would otherwise be allotted to such State, not less than 100 percent of an amount that bears the same ratio to the State allotment for the fiscal year involved as the population of all eligible Indians for whom a determination has been made under subsection (a) bears to the population of all individuals eligible for assistance under this subtitle in such State.

(c) Awards The sums reserved by the Secretary on the basis of a determination made under subsection (a) shall be made available by grant to the Indian tribe or tribal organization serving the individuals for whom such a determination has been made.

(d) Plan In order for an Indian tribe or tribal organization to be eligible for a grant award for a fiscal year under this section, the tribe or tribal organization shall submit to the Secretary a plan for such fiscal year that meets such criteria as the Secretary may prescribe by regulation.

(e) Definitions. n this section:

 (1) Indian tribe; tribal organization. he terms "Indian tribe" and "tribal organization" mean a tribe, band, or other organized group recognized in the State in which the tribe, band, or group resides, or considered by the Secretary of the Interior, to be an Indian tribe or an Indian organization for any purpose.

 (2) Indian. he term "Indian" means a member of an Indian tribe or of a tribal organization.

SEC. 678. OFFICE OF COMMUNITY SERVICES.

(a) Office. he Secretary shall carry out the functions of this subtitle through an Office of Community Services, which shall be established in the Department of Health and Human Services. The Office shall be headed by a Director.

(b) Grants, Contracts, Cooperative Agreements. The Secretary shall carry out functions of this subtitle through grants, contracts, or cooperative agreements.

SEC. 678A. TRAINING AND TECHNICAL ASSISTANCE.

(a) Activities. The Secretary shall use the amounts reserved in section 674(b)(2) for training, technical assistance, planning, evaluation, and data collection activities related to programs carried out under this subtitle.

(b) Process. The process for determining the training and technical assistance to be carried out under this section shall

 (1) ensure that the needs of eligible entities and programs relating to improving program quality, including financial management practices, are addressed to the maximum extent feasible; and

 (2) incorporate mechanisms to ensure responsiveness to local needs, including an ongoing procedure for obtaining input from the national and State network of eligible entities.

SEC. 678B. MONITORING OF ELIGIBLE ENTITIES.

(a) In General. In order to determine whether eligible entities meet the performance goals, administrative standards, financial management requirements, and other requirements of a State, the State shall conduct the following reviews of eligible entities:

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

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

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

 (4) Other reviews as appropriate, including reviews of entities with programs that have had other Federal, State, or local grants terminated for cause.

(b) Requests. The State may request training and technical assistance from the Secretary as needed to comply with the requirements of this section.

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

(a) Determination. If the State determines, on the basis of a review pursuant to subsection 678B, that an eligible entity materially fails to comply with the terms of an agreement, or the State plan, to provide services under this subtitle or to meet appropriate standards, goals, and other requirements established by the State (including performance objectives), the State shall

 (1) inform the entity of the deficiency to be corrected;

 (2) require the entity to correct the deficiency;

 (3)(A) offer training and technical assistance; if appropriate, to help correct the deficiency, and prepare and submit to the Secretary a report describing the training and technical assistance offered; or

 (B) if the State determines that such training and technical assistance are not appropriate, prepare and submit to the Secretary a report stating the reasons for the determination;

 (4)(A) at the discretion of the State (taking into account the seriousness of the deficiency and the time reasonably required to correct the deficiency), allow the entity to develop and implement, within 60 days after being informed of the deficiency, a quality improvement plan to correct such deficiency within a reasonable period of time, as determined by the State; and

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

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

(b) Review. A determination to terminate the designation or reduce the funding of an eligible entity is reviewable by the Secretary. The Secretary shall, upon request, review such a determination. The review shall be completed not later than 60 days after the determination to terminate the designation or reduce the funding. If the review is not completed within 60 days, the determination of the State shall become final at the end of the 60th day.

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

(a) Fiscal Controls, Procedures, Audits, and Inspections.

 (1) In general. A State that receives funds under this subtitle shall

 (A) establish fiscal control and fund accounting procedures necessary to assure the proper disbursal of and accounting for Federal funds paid to the State under this subtitle, including procedures for monitoring the funds provided under this subtitle;

 (B) ensure that cost and accounting standards of the Office of Management and Budget apply to a recipient of funds under this subtitle;

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

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

 (2) Audits. Each audit required by subsection (a)(1)(C) shall be conducted by an entity independent of any agency administering activities or services carried out under this subtitle and shall be conducted in accordance with generally accepted accounting principles. Within 30 days after the completion of each such audit in a State, the chief executive officer of the State shall submit a copy of such audit to any eligible entity that was the subject of the audit at no charge, to the legislature of the State, and to the Secretary.

 (3) Repayments. he State shall repay to the United States amounts found not to have been expended in accordance with this subtitle or the Secretary may offset such amounts against any other amount to which the State is or may become entitled under this subtitle.

(b) Withholding.

 (1) In general. he Secretary shall, after providing adequate notice and an opportunity for a hearing conducted within the affected State, withhold funds from any State that does not utilize the State allotment substantially in accordance with the provisions of this subtitle, including the assurances such State provided under section 676.

 (2) Response to complaints. he Secretary shall respond in an expeditious and speedy manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the provisions of this subtitle, including the assurances provided by the State under section 676. For purposes of this paragraph, a complaint of a failure to meet any 1 of the assurances provided under section 676 that constitutes disregarding that assurance shall be considered to be a complaint of a serious nature.

 (3) Investigations. Whenever the Secretary determines that there is a pattern of complaints of failures described in paragraph (2) from any State in any fiscal year, the Secretary shall conduct an investigation of the use of funds received under this subtitle by such State in order to ensure compliance with the provisions of this subtitle.

SEC. 678e. ACCOUNTABILITY AND REPORTING REQUIREMENTS.

(a) State Accountability and Reporting Requirements.

 (1) Performance measurement.

 (A) In general. y October 1, 2001, each State that receives funds under this subtitle shall participate, and shall ensure that all eligible entities in the State participate, in a performance measurement system, which may be a performance measurement system established by the Secretary pursuant to subsection (b), or an alternative system that meets the requirements of subsection (b).

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

 (2) Annual report. Each State shall annually prepare and submit to the Secretary a report on the measured performance of the State and the eligible entities in the State. Each State shall also include in the report an accounting of the expenditure of funds received by the State through the community services block grant program, including an accounting of funds spent on administrative costs by the State and the eligible entities, and funds spent by eligible entities on the direct delivery of local services, and shall include information on the number of and characteristics of clients served under this subtitle in the State, based on data collected from the eligible entities. The State shall also include in the report a summary describing the training and technical assistance offered by the State under section 678C(a)(3) during the year covered by the report.

(b) Secretarys Accountability and Reporting Requirements.

 (1) Performance measurement. he Secretary, in collaboration with the States and with eligible entities throughout the Nation, shall establish 1 or more model performance measurement systems, which may be used by the States and by eligible entities to measure their performance in carrying out the requirements of this subtitle and in achieving the goals of community action plans. The Secretary shall provide technical assistance, including support for the enhancement of electronic data systems, to States and to eligible entities to enhance their capability to collect and report data for such a system and to aid in their participation in such a system.

 (2) Reporting requirements. t the end of each fiscal year beginning after September 30, 1999, the Secretary shall, directly or by grant or contract, prepare a report containing

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

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

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

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

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

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

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

 (4) Costs. of the funds reserved under section 674(b)(3), not more than $350,000 shall be available to carry out the reporting requirements contained in paragraph (2) and the provision of technical assistance described in paragraph (1).

SEC. 678F. LIMITATIONS ON USE OF FUNDS.

(a) Construction of Facilities.

 (1) Limitations. Except as provided in paragraph (2), grants made under this subtitle (other than amounts reserved under section 674(b)(3)) may not be used by the State, or by any other person with which the State makes arrangements to carry out the purposes of this subtitle, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or other facility.

 (2) Waiver The Secretary may waive the limitation contained in paragraph (1) upon a State request for such a waiver, if the Secretary finds that the request describes extraordinary circumstances to justify the purchase of land or the construction of facilities (or the making of permanent improvements) and that permitting the waiver will contribute to the ability of the State to carry out the purposes of this subtitle.

(b) Political Activities

 (1) Treatment as a state or local agency For purposes of chapter 15 of title 5, United States Code, any entity that assumes responsibility for planning, developing, and coordinating activities under this subtitle and receives assistance under this subtitle shall be deemed to be a State or local agency. For purposes of paragraphs (1) and (2) of section 1502(a) of such title, any entity receiving assistance under this subtitle shall be deemed to be a State or local agency.

 (2) Prohibitions Programs assisted under this subtitle shall not be carried on in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel, in a manner supporting or resulting in the identification of such programs with

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

 (B) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or

 (C) any voter registration activity.

 (3) Rules and regulations The Secretary, after consultation and regulations with the Office of Personnel Management, shall issue rules and regulations to provide for the enforcement of this subsection, which shall include provisions for summary suspension of assistance or other action necessary to permit enforcement on an emergency basis.

(c) Nondiscrimination

 (1) In general No person shall, on the basis of race, color, religion, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this subtitle. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) or with respect to an otherwise qualified individual with a disability as provided in section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) or title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 et seq.) shall also apply to any such program or activity.

 (2) Action of secretary Whenever the Secretary determines that a State that has received a payment under this subtitle has failed to comply with paragraph (1) or an applicable regulation, the Secretary shall notify the chief executive officer of the State and shall request that the officer secure compliance. If within a reasonable period of time, not to exceed 60 days, the chief executive officer fails or refuses to secure compliance, the Secretary is authorized to

 (A) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; MD11

 (B) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.), or section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), as may be applicable; or

 (C) take such other action as may be provided by law.

 (3) Action of attorney general. When a matter is referred to the Attorney General pursuant to paragraph (2), or whenever the Attorney General has reason to believe that the State is engaged in a pattern or practice of discrimination in violation of the provisions of this subsection, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

SEC. 679. OPERATING RULE.

(a) Faith-Based Organizations Included as Nongovernmental Providers. For any program carried out by the Federal Government, or by a State or local government under this subtitle, the government shall consider, on the same basis as other nongovernmental organizations, faith-based organizations to provide the assistance under the program, so long as the program is implemented in a manner consistent with the Establishment Clause of the first amendment to the Constitution. Neither the Federal Government nor a State or local government receiving funds under this subtitle shall discriminate against an organization that provides assistance under, or applies to provide assistance under, this subtitle, on the basis that the organization has a faith-based character.

(b) Additional Safeguards. Neither the Federal Government nor a State or local government shall require a faith-based organization to remove religious art, icons, scripture, or other symbols in order to be eligible to provide assistance under a program described in subsection (a).

(c) Limitations on Use of Funds for Certain Purposes. No funds provided through a grant or contract to a faith-based organization to provide assistance under any program described in subsection (a) shall be expended for sectarian worship, instruction, or proselytization.

(d) Fiscal Accountability.

 (1) In general. Except as provided in paragraph (2), any faith-based organization providing assistance under any program described in subsection (a) shall be subject to the same regulations as other nongovernmental organizations to account in accord with generally accepted accounting principles for the use of such funds provided under such program.

 (2) Limited audit. Such organization shall segregate government funds provided under such program into a separate account. Only the government funds shall be subject to audit by the government.

SEC. 680. DISCRETIONARY AUTHORITY OF THE SECRETARY.

(a) Grants, Contracts, Arrangements, Loans, and Guarantees.

 (1) In general. The Secretary shall, from funds reserved under section 674(b)(3), make grants, loans, or guarantees to States and public agencies and private, nonprofit organizations, or enter into contracts or jointly financed cooperative arrangements with States and public agencies and private, nonprofit organizations (and for-profit organizations, to the extent specified in paragraph (2)(E)) for each of the objectives described in paragraphs (2) through (4).

 (2) Community economic development.

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

 (B) Consultation. The Secretary shall exercise the authority provided under subparagraph (A) after consultation with other relevant Federal officials.

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

 (D) Geographic distribution. In making grants to carry out this paragraph, the Secretary shall take into consideration the geographic distribution of funding among States and the relative proportion of funding among rural and urban areas.

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

 (3) Rural community development activities. The Secretary shall provide the assistance described in paragraph (1) for rural community development activities, which shall include

 (A) grants to private, nonprofit corporations to provide assistance concerning home repair to rural low-income families and planning and developing low-income rural rental housing units; and

 (B) grants to multistate, regional, private, nonprofit organizations to provide training and technical assistance to small, rural communities in meeting their community facility needs.

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

(b) Evaluation. The Secretary shall require all activities receiving assistance under this section to be evaluated for their effectiveness. Funding for such evaluations shall be provided as a stated percentage of the assistance or through a separate grant awarded by the Secretary specifically for the purpose of evaluation of a particular activity or group of activities.

(c) Annual Report. The Secretary shall compile an annual report containing a summary of the evaluations required in subsection (b) and a listing of all activities assisted under this section. The Secretary shall annually submit the report to the Chairperson of the Committee on Education and the Workforce of the House of Representatives and the Chairperson of the Committee on Labor and Human Resources of the Senate.

SEC. 681. COMMUNITY FOOD AND NUTRITION PROGRAMS.

(a) Grants The Secretary may, through grants to public and private, nonprofit agencies, provide for community-based, local, statewide, and national programs

 (1) to coordinate private and public food assistance resources, wherever the grant recipient determines such coordination to be inadequate, to better serve low-income populations;

 (2) to assist low-income communities to identify potential sponsors of child nutrition programs and to initiate such programs in underserved or unserved areas; and

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

(b) Allotments and Distribution of Funds

 (1) In general Of the amount appropriated for a fiscal year to carry out this section, the Secretary shall distribute funds for grants under subsection (a) as follows:

 (A) Allotments From 60 percent of such amount (but not to exceed $3,600,000), the Secretary shall allot for grants to eligible agencies for statewide programs in each State the amount that bears the same ratio to 60 percent of such amount as the low-income and unemployed population of such State bears to the low-income and unemployed population of all the States.

 (B) Competitive grants From 40 percent of such amount (but not to exceed $2,400,000), the Secretary shall make grants on a competitive basis to eligible agencies for local and statewide programs.

 (2) Greater available appropriations Any amounts appropriated for a fiscal year to carry out this section in excess of $6,000,000 shall be allotted as follows:

 (A) Allotments The Secretary shall use 40 percent of such excess to make allotments for grants under subsection (a) to eligible agencies for statewide programs in each State in an amount that bears the same ratio to 40 percent of such excess as the low-income and unemployed population of such State bears to the low-income and unemployed population of all the States.

 (B) Competitive grants for local and statewide programs The Secretary shall use 40 percent of such excess to make grants under subsection (a) on a competitive basis to eligible agencies for local and statewide programs.

 (C) Competitive grants for nationwide programs The Secretary shall use the remaining 20 percent of such excess to make grants under subsection (a) on a competitive basis to eligible agencies for nationwide programs, including programs benefiting Indians as defined in section 677 and migrant or seasonal farmworkers.

 (3) Eligible for allotments for statewide programs To be eligible to receive an allotment under paragraph (1)(A) or (2)(A), an eligible agency shall demonstrate that the proposed program is statewide in scope and represents a comprehensive and coordinated effort to alleviate hunger within a State.

 (4) Minimum allotments for statewide programs

 (A) In general. From the amounts allotted under paragraphs (1)(A) and (2)(A), the minimum total allotment for each State for each fiscal year shall be

 (i) $15,000 if the total amount appropriated to carry out this section is not less than $7,000,000 but less than $10,000,000;

 (ii) $20,000 if the total amount appropriated to carry out this section is not less than $10,000,000 but less than $15,000,000; or

 (iii) $30,000 if the total amount appropriated to carry out this section is not less than $15,000,000.

 (B) Definition. In this paragraph, the term "State" does not include Guam, American Samoa, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, or the Freely Associated States.

 (5) Maximum grants. From funds made available under paragraphs (1)(B) and (2)(B) for any fiscal year, the Secretary may not make grants under subsection (a) to an eligible agency in an aggregate amount exceeding $50,000. From funds made available under paragraph (2)(C) for any fiscal year, the Secretary may not make grants under subsection (a) to an eligible agency in an aggregate amount exceeding $300,000.

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

 (1) a list of grant recipients;

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

 (3) a summary of the activities performed by the grant recipients with funding awarded under this section and a description of the manner in which such activities meet the objectives described in subsection (a).

(d) Authorization of Appropriations. There are authorized to be appropriated to carry out this section $25,000,000 for fiscal year 1999, and such sums as may be necessary for each of fiscal years 2000 through 2003.

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

(a) General Authority. The Secretary is authorized to make a grant to an eligible service provider to administer national or regional programs to provide instructional activities for low-income youth. In making such a grant, the Secretary shall give priority to eligible service providers that have a demonstrated ability to operate such a program.

(b) Program Requirements. Any instructional activity carried out by an eligible service provider receiving a grant under this section shall be carried out on the campus of an institution of higher education (as defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))) and shall include

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

 (2) an initial medical examination and followup referral or treatment, without charge, for youth during their participation in such activity;

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

 (4) high quality instruction in a variety of sports (that shall include swimming and that may include dance and any other high quality recreational activity) provided by coaches and teachers from institutions of higher education and from elementary and secondary schools (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801)); and

 (5) enrichment instruction and information on matters relating to the well-being of youth, to include educational opportunities and information on study practices, education for the prevention of drug and alcohol abuse, and information on health and nutrition, career opportunities, and family and job responsibilities.

(c) Advisory Committee; Partnerships The eligible service provider shall, in each community in which a program is funded under this section

 (1) ensure that

 (A) a community-based advisory committee is established, with representatives from local youth, family, and social service organizations, schools, entities providing park and recreation services, and other community-based organizations serving high-risk youth; or

 (B) an existing community-based advisory board, commission, or committee with similar membership is utilized to serve as the committee described in subparagraph (A); and

 (2) enter into formal partnerships with youth-serving organizations or other appropriate social service entities in order to link program participants with year-round services in their home communities that support and continue the objectives of this subtitle.

(d) Eligible Providers A service provider that is a national private, nonprofit organization, a coalition of such organizations, or a private, nonprofit organization applying jointly with a business concern shall be eligible for a grant under this section if

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

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

 (3) the applicant agrees to use no funds from a grant authorized under this section for administrative expenses; and

 (4) the applicant agrees to comply with the regulations or program guidelines promulgated by the Secretary for use of funds made available through the grant.

(e) Applications Process To be eligible to receive a grant under this section, a service provider shall submit to the Secretary, for approval, an application at such time, in such manner, and containing such information as the Secretary may require.

(f) Promulgation of Regulations or Program Guidelines The Secretary shall promulgate regulations or program guidelines to ensure funds made available through a grant made under this section are used in accordance with the objectives of this subtitle.

(g) Authorization of Appropriations There is authorized to be appropriated $15,000,000 for each of fiscal years 1999 through 2003 for grants to carry out this section.

SEC. 683. REFERENCES.

Any reference in any provision of law to the poverty line set forth in section 624 or 625 of the Economic Opportunity Act of 1964 shall be construed to be a reference to the poverty line defined in section 673. Any reference in any provision of law to any community action agency designated under title II of the Economic Opportunity Act of 1964 shall be construed to be a reference to an entity eligible to receive funds under the community services block grant program. LOW-INCOME HOME ENERGY ASSISTANCE ACT OF 1981

\* \* \* \* \* \* \*

home energy grants authorized

Sec. 602. (a) \* \* \*

\* \* \* \* \* \* \*

(b) There are authorized to be appropriated to carry out the provisions of this title (other than section 2607A), $2,000,000,000 for each of fiscal years 1995 through 1999 fiscal years 1999 through 2004 The authorizations of appropriations contained in this subsection are subject to the program year provisions of subsection (c).

(c)(1) In fiscal year 1993 and each fiscal year thereafter, amounts appropriated under this section for any fiscal year for programs and activities under this title shall be made available for obligation only on the basis of a program year. The program year shall begin on July 1 of the fiscal year for which the appropriation is made.

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

\* \* \* \* \* \* \*

(d) (d)(1)There are authorized to be appropriated to carry out section 2607A, $50,000,000 for each of the fiscal years 1996 and 1997, and such sums as may be necessary for each of the fiscal years 1998 and 1999. $30,000,000 for each of fiscal years 1999 through 2004, except as provided in paragraph (2).

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

(e) There are authorized to be appropriated in each fiscal year for payments under this title, in addition to amounts appropriated for distribution to all the States in accordance with section 2604 (other than subsection (g) subsection (e) of such section, $600,000,000 to meet the additional home energy assistance needs of one or more States arising from a natural disaster or other emergency. Funds appropriated pursuant to this subsection are hereby designated to be emergency requirements pursuant to section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985, except that such funds shall be made available only after the submission to Congress of a formal budget request by the President (for all or a part of the appropriation pursuant to this subsection) that includes a designation of the amount requested as an emergency requirement as defined in such Act.

definitions

Sec. 603. As used in this title:

 (1) Emergency. The term "emergency" means

 (A) a natural disaster;

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

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

 (D) a significant increase in home energy disconnections reported by a utility, a State regulatory agency, or another agency with necessary data;

 (E) a significant increase in participation in a public benefit program such as the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), the national program to provide supplemental security income carried out under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.), or the State temporary assistance for needy families program carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), as determined by the head of the appropriate Federal agency;

 (F) a significant increase in unemployment, layoffs, or the number of households with an individual applying for unemployment benefits, as determined by the Secretary of Labor; or

 (G) an event meeting such criteria as the Secretary, in the discretion of the Secretary, may determine to be appropriate.

 (1) (2)The term "energy burden" means the expenditures of the household for home energy divided by the income of the household.

 (2) (3)The term "energy crisis" means weather-related and supply shortage emergencies and other household energy-related emergencies.

 (3) (4)The term "highest home energy needs" means the home energy requirements of a household determined by taking into account both the energy burden of such household and the unique situation of such household that results from having members of vulnerable populations, including very young children, individuals with disabilities, and frail older individuals.

 (4) the term (5) The term "household" means any individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy in the form of rent;.

 (5) (6)The term "home energy" means a source of heating or cooling in residential dwellings.

 (7) Natural disaster The term "natural disaster" means a weather event (relating to cold or hot weather), flood, earthquake, tornado, hurricane, or ice storm, or an event meeting such other criteria as the Secretary, in the discretion of the Secretary, may determine to be appropriate.

 (6) (8)The term "poverty level" means, with respect to a household in any State, the income poverty line as prescribed and revised at least annually pursuant to section 673(2) of the Community Services Block Grant Act, as applicable to such State.

 (7) (9)The term "Secretary" means the Secretary of Health and Human Services.

 (8) (10)The term "State" means each of the several States and the District of Columbia.

 (9) (11)The term "State median income" means the State median income promulgated by the Secretary in accordance with procedures established under section 2002(a)(6) of the Social Security Act (as such procedures were in effect on the day before the date of the enactment of this Act) and adjusted, in accordance with regulations prescribed by the Secretary, to take into account the number of individuals in the household.

state allotments

Sec.2604. (a)(1)(A) \* \* \*

\* \* \* \* \* \* \*

(b)(1) The Secretary shall apportion not less than one-tenth of 1 percent, and not more than one-half of 1 percent, of the amounts appropriated for each fiscal year to carry out this title on the basis of need among the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands of the United States, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands. the Commonwealth of the Northern Mariana Islands, and the combined Freely Associated States. The Secretary shall determine the total amount to be apportioned under this paragraph for any fiscal year (which shall not exceed one-half of 1 percent) after evaluating the extent to which each jurisdiction specified in the preceding sentence requires assistance under this paragraph for the fiscal year involved.

\* \* \* \* \* \* \*

(2) \* \* \*

\* \* \* \* \* \* \*

 (ii) to travel to the sites at which such application applications are accepted by such entity.

\* \* \* \* \* \* \*

(f)(1) A State may transfer in accordance with paragraph (2) a percentage of the funds payable to it under this section for any fiscal year for its use for such fiscal year under other provisions of Federal law providing block grants for

 (A) support of activities under subtitle B of title VI (relating to community services block grant program);

 (B) support of activities under title XX of the Social Security Act; or

 (C) support of preventive health services, alcohol, drug, and mental health services, and primary care under title XIX of the Public Health Service Act, and maternal and child health services under title V of the Social Security Act;

or a combination of the activities described in subparagraphs (A), (B), and (C). Amounts allotted to a State under any provisions of Federal law referred to in the preceding sentence and transferred by a State for use in carrying out the purposes of this title shall be treated as if they were paid to the State under this title but shall not affect the computation of the States allotment under this title. The State shall inform the Secretary of any such transfer of funds.

(2)(A) Not to exceed 10 percent of the funds payable to a State under this section for each of the fiscal years 1991 through 1993 may be transferred under paragraph (1).

(B) Beginning in fiscal year 1994, no funds payable to a State under this section shall be transferred under paragraph (1).

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

applications and requirements

Sec. 605. (a)(1) \* \* \*

\* \* \* \* \* \* \*

(b) \* \* \*

\* \* \* \* \* \* \*

 (A) the State may use for planning and administering the use of funds under this title an amount not to exceed 10 percent of the funds payable to such State under this title for a fiscal year and not transferred pursuant to section 2604(f) for use under another block grant; and

\* \* \* \* \* \* \*

(14) cooperate with the Secretary with respect to data collecting and reporting under section 2610; and

\* \* \* \* \* \* \*

(c)(1) \* \* \*

\* \* \* \* \* \* \*

 (B) describes the benefit levels to be used by the States State or each type of assistance including assistance to be provided for emergency crisis intervention and for weatherization and other energy-related home repair;

\* \* \* \* \* \* \*

 (G) \* \* \*

 (i) one or more members who has had attained 60 years of age;

\* \* \* \* \* \* \*

payments to states

Sec. 607. (a)(1) \* \* \*

\* \* \* \* \* \* \*

 (B) No amount may be held available under this paragraph for a State from a prior fiscal year to the extent such amount exceeds 10 percent of the amount payable to such State for such prior fiscal year and not transferred pursuant to section 2604(f). For purposes of the preceding sentence, the amount payable to a State but not transferred by the State for a fiscal year shall be determined without regard to any amount held available under this paragraph for such State for such fiscal year from the prior fiscal year.

\* \* \* \* \* \* \*

SEC. 2607B. RESIDENTIAL ENERGY ASSISTANCE CHALLENGE OPTION (R.E.A.CH.).

(a) Purpose. \* \* \*

\* \* \* \* \* \* \*

(b) Funding

 (1) Allocation For each of the fiscal years 1969 through 1999 For each fiscal year the Secretary may allocate not more than 25 percent of the amount made available pursuant to section 2602(d) for such fiscal year to a R.E.A.Ch. fund for the purpose of making incentive grants to States that submit qualifying plans that are approved by the Secretary as R.E.A.Ch. initiatives. States may use such grants for the costs of planning, implementing, and evaluating the initiative.

\* \* \* \* \* \* \*

(e) State Plans

 (1) In general Each State plan shall include each of the elements described in paragraph (2), to be met by State and local agencies.

 (2) Elements of state plans Each State plan shall include

 (A) \* \* \*

\* \* \* \* \* \* \*

 (F) (E) method for targeting nonmonetary benefits;

 (G) (F) description of the crisis and emergency assistance activities the State will undertake that are designed to

 (i) discourage family energy crisis;

 (ii) encourage responsible vendor and consumer behavior; and

 (iii) provide only financial incentives that encourage household payment;

 (H) (G)a description of the activities the State will undertake to

 (i) provide incentives for recipients of assistance to pay home energy costs; and

 (ii) provide incentives for vendors to help reduce the energy burdens of recipients of assistance;

 (I) (H) n assurance that the State will require each entity that receives a grant or enters into a contract under this section to solicit and be responsive to the views of individuals who are financially eligible for benefits and services under this section in establishing its local program;

 (J) (I) description of performance goals for the State R.E.A.Ch. initiative including

 (i) a reduction in the energy costs on of participating households over one or more fiscal years;

 (ii) an increase in the regularity of home energy bill payments by eligible households; and

 (iii) an increase in energy vendor contributions towards reducing energy burdens by eligible households;

 (K) (J) description of the indicators that will be used by the State to measure whether the performance goals have been achieved;

 (L) (K) demonstration that the plan is consistent with section 2603, paragraphs (2), (3), (4), (5), (7), (9), (10), (11), (12), (13), and (14), of section 2605(b), subsections (d), (e), (f), (g), (h), (i), and (j), of section 2605, and section 2606 of this title;

 (M) (L) n assurance that benefits and services will be provided in addition to other benefit payments and services provided under this title and in coordination with such benefit payments and services; and

 (N) (M) n assurance that no regulated utility covered by the plan will be required to act in a manner that is inconsistent with applicable regulatory requirements.

(g) (f) T4Cost or Function None of the costs of providing services or benefits under this section shall be considered to be an administrative cost or function for purposes of any limitation on administrative costs or functions contained in this title.

\* \* \* \* \* \* \*

technical assistance and training

TECHNICAL ASSISTANCE, TRAINING, AND COMPLIANCE REVIEWS

Sec. 609A. (a) Of the amounts appropriated under section 2602(b) for any fiscal year, not more than $250,000 $300,000of such amounts may be reserved by the Secretary Secretary to conduct onsite compliance reviews of programs supported under this title or

 (1) to make grants to State and public agencies and private nonprofit organizations; or

 (2) to enter into contracts or jointly financed cooperative arrangements interagency agreements ith States and public agencies (including Federal agencies) nd private nonprofit organizations;

\* \* \* \* \* \* \* HUMAN SERVICES REAUTHORIZATION ACT OF 1986(Public Law 99-425, September 3, 1986 (100 Stat. 966))

\* \* \* \* \* \* \*TITLE IV COMMUNITY SERVICES BLOCK GRANT PROGRAM

\* \* \* \* \* \* \*

SEC. 407. INTEREST RATES PAYABLE ON CERTAIN RURAL DEVELOPMENT LOANS; ASSIGNMENT OF LOAN CONTRACTS.

(a) Modification of Interest Rates. Notwithstanding any other provision of law

 (1) any outstanding loan made after December 31, 1982, by the Secretary of Health and Human Services; or

 (2) any loan made after the date of the enactment of this Act;

with moneys from the Rural Development Loan Fund established by section 623(c)(1) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9812(c)(1)) or with funds available under section 681(a) of the Community Services Block Grant Act (42 U.S.C. 9910(a)) to an intermediary borrower shall bear interest at a fixed rate equal to the rate of interest that was in effect on the date of issuance for loans made in 1980 with such moneys or such funds if the weighted average rate of interest for all loans made after December 31, 1982, by such intermediary borrower with such moneys or such funds does not exceed the sum of 6 percent and the rate of interest payable under this subsection by such intermediary borrower.

(b) Assignment of Certain Loan Contracts. Any contract for a loan made during the period beginning on December 31, 1982, and ending on the date of the enactment of this Act with

 (1) moneys from the Rural Development Loan Fund established by section 623(c)(1) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9812(c)(1)); or

 (2) funds available under section 681(a) of the Community Services Block Grant Act (42 U.S.C. 9910(a));

to an intermediary borrower that is a county government may be assigned by such borrower to an entity to which such loan could have been made for the purpose for which such contract was made. Any entity to which such contract is so assigned shall be substituted as a party to such contract and shall be obligated to carry out such contract and the purpose for which such contract was made.

(c) Technical Amendment. Section 1323(b)(2) of the Food Security Act of 1985 (7 U.S.C. 1631(b)(2)) is amended

 (1) by striking out "authorized under" and inserting in lieu thereof "appropriated to, or repaid to";

 (2) in subparagraph (A) by striking out "and" at the end thereof;

 (3) in subparagraph (B) by striking out the period at the end thereof and inserting in lieu thereof "; and"; and

 (4) by adding at the end thereof the following new subparagraph:

 "(C) notwithstanding paragraph (1), all funds other than funds to which subparagraph (A) applies shall be used by the Secretary to make loans

 "(i) to the entities;

 "(ii) for the purposes; and

 "(iii) subject to the terms and conditions;

specified in the first, second, and last sentences of section 623(a) of the Community Economic Development Act of 1981 (42 U.S.C. 9812(a)). For purposes of this subparagraph, any reference in such sentences to the Secretary shall be deemed to be a reference to the Secretary of Agriculture.".

SEC. 408. DEMONSTRATION PARTNERSHIP AGREEMENTS ADDRESSING THE NEEDS OF THE POOR.

(a) General Authority. 1) In order to stimulate the development of new approaches to provide for greater self-sufficiency of the poor, to test and evaluate such new approaches, to disseminate project results and evaluation findings so that such approaches can be replicated, and to strengthen the integration, coordination, and redirection of activities to promote maximum self-sufficiency among the poor, the Secretary may make grants from funds appropriated under subsection (e) to eligible entities for the development and implementation of new and innovative approaches to deal with particularly critical needs or problems of the poor which are common to a number of communities. Grants may be made only with respect to applications which

 (A) involve activities which can be incorporated into or be closely coordinated with eligible entities ongoing programs;

 (B) involve significant new combinations of resources or new and innovative approaches involving partnership agreements; or

 (C) are structured in a way that will, within the limits of the type of assistance or activities contemplated, most fully and effectively promote the purposes of the Community Services Block Grant Act; and

 (D) contain an assurance that the applicant for such grants will obtain an independent, methodologically sound evaluation of the effectiveness of the activities carried out with such grant and will submit such evaluation to the Secretary.

(2) No grant may be made under this section unless an application is submitted to the Secretary at such time, in such manner, and containing or accompanied by such information, as the Secretary may require.

(b) Federal Share; Limitations. 1)(A) Subject to subparagraph (B), grants awarded pursuant to this section shall be used for new programs and shall not exceed 50 per centum of the cost of such new programs.

(B) After the first fiscal year for which an eligible entity receives a grant under this section to carry out a program, the amount of a subsequent grant made under this section to such entity to carry out such program may not exceed 80 percent of the amount of the grant previously received by such entity under this section to carry out such program.

(2) Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services.

(3) Not more than one grant in each fiscal year may be made to any eligible entity, and no grant may exceed $350,000. Not more than 2 grants may be made under this section to an eligible entity to carry out a particular program.

(4) No application may be approved for assistance under this section unless the Secretary is satisfied that

 (A) the activities to be carried out under the application will be in addition to, and not in substitution for, activities previously carried on without Federal assistance; and

 (B) funds or other resources devoted to programs designed to meet the needs of the poor within the community, area, or State will not be diminished in order to provide the matching contributions required under this section.

(c) Programs Directed to Special Populations.(1) In addition to the grant programs described in subsection (a), the Secretary shall make grants to eligible entities for the purpose of demonstrating new and innovative approaches to addressing the problems of, and providing opportunities for leadership development, community involvement, and educational success to, disadvantaged persons between the ages of 14 and 25 from populations experiencing conditions such as a high poverty rate, high unemployment, high dropout rate, low labor force participation, low enrollment in college or participation in other post high school training classes, high incidence of involvement in violence, and a high rate of incarceration. Services provided through approaches funded by such grants may include assessment and development of employability plans, remedial education, motivational activities, life skills instruction, community service, mentoring, access to information on available financial aid, campus visits, career education, cultural enrichment, and employment training, placement, and follow-up.

(2) Such grants may be made only with respect to applications that

 (A) identify and describe the population to be served, the problems to be addressed, the overall approach and methods of outreach and recruitment to be used, and the services to be provided;

 (B) describe how the approach to be used differs from other approaches used for the population to be served by the project;

 (C) describe the objectives of the project and contain a plan for measuring progress toward meeting those objectives; and

 (D) contain assurances that the grantee will report on the progress and results of the demonstration at such times and in such manner as the Secretary shall require.

(3) Notwithstanding subsection (b), such grants shall not exceed 80 percent of the cost of such programs.

(4) Such grants shall be made annually on such terms and conditions as the Secretary shall specify to eligible entities that serve the populations described in paragraph (1) and that are located within those areas were such populations are concentrated.

(d) Dissemination of Results. As soon as practicable, but not later than 180 days after the end of the fiscal year in which a recipient of a grant under this section completes the expenditure of such grant, the Secretary shall prepare and make available to each State and each eligible entity a description of the program carried out with such grant, any relevant information developed and results achieved, and a summary of the evaluation of such program received under subsection (a)(1)(D) so as to provide a model of innovative programs for other eligible entities.

(e) Replication of Programs.(1) The Secretary shall annually identify programs that receive grants under this section that demonstrate a significant potential for dealing with particularly critical needs or problems of the poor that exist in a number of communities.

(2) Not less than 10 percent, and not more than 25 percent, of the funds appropriated for each fiscal year to carry out this section shall be available to make grants under this section to replicate in additional geographic areas programs identified under paragraph (1).

(f) Report to Congress. The Secretary shall submit annually, to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate, a report containing

 (1) a description of

 (A) programs for which grants under this section in the then most recently completed fiscal year; and

 (B) the evaluations received under subsection (a)(1)(D) in such fiscal year; and

 (2) a description of the methods used by the Secretary to comply with subsection (d);

 (3) recommendations of the Secretary regarding the suitability of carrying our such programs with funds made available under other Federal laws; and

 (4) a description of each program identified under subsection (d)(1) or replicated under subsection (e)(2), and an identification of the geographical location where such program was carried out.

(g) Definitions. As used in this section

 (1) the term "eligible entity" has the same meaning given such term by section 673(1) of the Community Services Block Grant Act (42 U.S.C. 9902(1)), except that such term includes an organization that serves migrant and seasonal farm workers and that receives a grant under the Community Services Block Grant Act (42 U.S.C. 9901 et seq.) in the fiscal year preceding the fiscal year for which such organization requests a grant under this section; and

 (2) the term "Secretary" means the Secretary of Health and Human Services.

(h)(1) Authorization of Appropriations. There are authorized to be appropriated $10,000,000 for fiscal year 1991, and such sums as may be necessary for each of the fiscal years 1992, 1993, and 1994, to carry out this section (other than subsection (c)).

(2) There are authorized to be appropriated $10,000,000 for fiscal year 1991 and such sums as may be necessary in each of the fiscal years 1992 through 1994, to carry out subsection (c).

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