PRAYER

The Chaplain, Reverend James David Ford, D.D., offered the following prayer:

We read in the Psalm that You, O God, are our good shepherd and we shall not want.

As the shepherd protects the sheep from any harm, so we pray, O God, that You will keep your people from any harm or hurt; as the shepherd nourishes the sheep in green pastures, so may we be nourished by Your forgiving word; as the shepherd walks through any difficulty or danger, so may You walk with us and with our companion along life's way; as the shepherd's great joy is goodness and mercy, so may Your compassion never depart from us. For all these gifts, O loving God, we offer these words of thanksgiving and praise. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Nevada (Mr. GIBBONS) come forward and lead the House in the Pledge of Allegiance.

Mr. GIBBONS led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 1956. An act to amend the Fish and Wildlife Act of 1956 to direct the Secretary of the Interior to conduct a volunteer pilot project at one national wildlife refuge in each United States Fish and Wildlife Service region, and for other purposes.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2094. An act to amend the Fish and Wildlife Improvement Act of 1978 to enable the Secretary of the Interior to more effectively use the proceeds of sales of certain items.

PUT MILITARY BACK ON FIRM FOOTING TO MEET CHALLENGES OF 21ST CENTURY

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, no doubt about it, we are living in a more dangerous world today than ever before. Weapons of mass destruction are possessed and are increasingly available around the world and the violence of terrorism is about to take a step toward us on every day that we possess.

A world class military is composed of world class leaders, world class soldiers, sailors, airmen and marines. Why then, Mr. Speaker, are the United States pilots saying no to military careers and why are our sailors choosing to get out of the Navy rather than face long months at sea? It is because our military families are being asked to live in substandard housing and to endure long family separations.

Even the chairman of the Joint Chiefs has argued that operational readiness, quality of life, and modernization cannot be sustained at current budget levels.

A recent internal Army memorandum made it clear that maintaining go-to-war readiness meant sacrificing infrastructure maintenance, as well as repairs and quality-of-life initiatives. The memo's bottom line was clear: Funding has fallen below the survival level.

This administration has mortgaged our military and is about to default on the obligation. Mr. Speaker, we have an obligation to provide for the security of our Nation. I urge my colleagues to join me in placing our military back on firm footing to meet the challenges of the 21st century. Our Nation demands it, our military deserves it.

CONGRESS MUST DEAL WITH CRISES ACROSS THE GLOBE—TIME TO MOVE BEYOND ''TOPIC NUMBER ONE''

(Mr. LANTOS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LANTOS. Mr. Speaker, this weekend, along with millions of other Americans, I was inundated with the media's preoccupation with recent developments involving the White House. Since everything has been said on this subject, my contribution will be not to add to this cacophony.

I am announcing that beginning tonight, with every day we are in legislative session, I will be devoting a segment of time each evening to an important international event or issue which is of relevance to the security and safety of the American people.

The world has not come to a standstill. People across the globe are not as mesmerized by ''Topic Number One'' as the media seem to be here in the United States. From Southeast Asia to South America, from Bosnia to Brazil, from Russia to Rwanda, crises abound and are mounting. It is critical we deal with them, and I intend to do so.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken after debate has concluded on all motions to suspend the rules, but not before 5 p.m. today.

HUMAN SERVICES REAUTHORIZATION ACT OF 1998

Mr. GOODLING. Mr. Speaker, I move to suspend the rules and pass the Senate 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, as amended.

The Clerk read as follows:

S. 2206

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Human Services Reauthorization Act of 1998''.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—AMENDMENTS TO THE HEAD START ACT

Sec. 101. Short title.
Sec. 102. Statement of purpose.
Sec. 103. Definitions.
Sec. 104. Financial assistance for Head Start programs.
Sec. 105. Authorization of appropriations.
Sec. 106. Allotment of funds.
Sec. 107. Designation of Head Start agencies.
Sec. 108. Quality standards.
Sec. 109. Powers and functions of Head Start agencies.
Sec. 110. Head Start transition.
Sec. 111. Submission of plans to governors.
Sec. 112. Participation in Head Start programs.
Sec. 113. Early Head Start programs for families with infants and toddlers.
Sec. 114. Technical assistance and training.
Sec. 115. Professional requirements.
Sec. 116. Family literacy services.
Sec. 117. Research and evaluation.
Sec. 118. Reports.
Sec. 119. Repeal of consultation requirement.
Sec. 120. Repeal of Head Start Transition Project Act.
Sec. 121. Effective date; application of amendments.

TITLE II—AMENDMENTS TO THE COMMUNITY SERVICES BLOCK GRANT ACT

Sec. 201. Short title.
Sec. 202. Reauthorization.
Sec. 203. Related amendments.
Sec. 204. Assets for independence.
Sec. 205. Effective date; application of amendments.

TITLE III—AMENDMENTS TO THE LOW-INCOME HOME ENERGY ASSISTANCE ACT OF 1981

Sec. 301. Short title.
Sec. 302. Authorization.

Sec. 303. Definitions.
Sec. 304. Natural disasters and other emergencies.
Sec. 305. State allotments.
Sec. 306. Administration.
Sec. 307. Payments to States.
Sec. 308. Residential energy assistance challenge option.

TITLE I—AMENDMENTS TO THE HEAD START ACT

SEC. 101. SHORT TITLE.

This title may be cited as the ''Head Start Amendments Act of 1998''.

SEC. 102. STATEMENT OF PURPOSE.

Section 636 of the Head Start Act (42 U.S.C. 9831) is amended to read as follows:

''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, based on family needs assessments, to be necessary.''.

SEC. 103. DEFINITIONS.

Section 637 of the Head Start Act (42 U.S.C. 9832) is amended—

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

(2) in paragraph (2)—

(i) by striking '', and the Commonwealth of the Northern Mariana Islands'';

(ii) by inserting ''of the United States, and the Commonwealth of the Northern Mariana Islands, but for fiscal years ending before October 1, 2001, also means'' after ''Virgin Islands''; and

(iii) by inserting ''and'' after ''Marshall Islands'';

(3) by inserting after paragraph (2) the following:

''(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.'';

(4) by striking paragraph (5) (as redesignated in paragraph (1)) and inserting the following:

''(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) in paragraph (7) (as redesignated in paragraph (1)), by adding at the end the following: ''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 for the provision of services to such a child.'';

(6) by striking paragraph (13) (as redesignated in paragraph (1)) and inserting the following:

''(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 1 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.''; and

(7) by adding at the end the following:

''(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.''.

SEC. 104. FINANCIAL ASSISTANCE FOR HEAD START PROGRAMS.

Section 638(1) of the Head Start Act (42 U.S.C. 9833(1)) is amended—

(1) by striking ''aid the'' and inserting ''enable the''; and

(2) by striking the semicolon and inserting ''and attain school readiness;''.

SEC. 105. AUTHORIZATION OF APPROPRIATIONS.

Section 639 of the Head Start Act (42 U.S.C. 9834) is amended—

(1) in subsection (a)—

(A) by inserting ''$4,660,000,000 for fiscal year 1999 and'' after ''subchapter''; and

(B) by striking ''1995 through 1998'' and inserting ''2000 through 2003''; and

(2) in subsection (b), by striking paragraphs (1) and (2) and inserting the following:

''(1) for each of the fiscal years 1999 through 2003, not more than $35,000,000 and not less than the aggregate amount made available to carry out section 642(d) of this Act and the Head Start Transition Project Act (42 U.S.C. 9855–9855g) for fiscal year 1998, to carry out activities authorized under section 642A;

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

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

''(4) not less than $5,000,000 for each of the fiscal years 1999 through 2003, to carry out activities authorized under section 648B.''.

SEC. 106. ALLOTMENT OF FUNDS.

(a) ALLOTMENTS.—Section 640(a) of the Head Start Act (42 U.S.C. 9835(a)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking ''and migrant'' the 1st place it appears and all that follows through ''handicapped children'', and inserting ''Head Start programs and services for children with disabilities and migrant or seasonal Head Start programs''; and

(ii) by striking ''and migrant'' each other place it appears and inserting ''Head Start programs and by migrant or seasonal''; and

(iii) by striking ''1994'' and inserting ''1998'';

(B) in subparagraph (B) by striking ''(B) payments'' and all that follows through ''Virgin Islands'' and inserting the following:

''(B) payments, subject to paragraph (7)—

''(i) to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Virgin Islands of the United States; and

''(ii) for fiscal years ending before October 1, 2001, to the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau;'';

(C) in subparagraph (C), by striking ''and'' at the end;

(D) in subparagraph (D), by striking ''related to the development and implementation of quality improvement plans under section 641A(d)(2)).'' and inserting ''carried out under paragraph (1), (2), or (3) of section 641A(d) relating to correcting deficiencies and conducting proceedings to terminate the designation of Head Start agencies); and'';

(E) by inserting after subparagraph (D) the following:

''(E) payments for research and evaluation activities under section 649.''; and

(F) by adding at the end the following: ''In carrying out this subchapter, the Secretary shall continue the administrative arrangement responsible for meeting the needs of children of migrant and seasonal farmworkers and Indian children, and shall ensure that appropriate funding is provided to meet such needs.'';

(2) in paragraph (3)—

(A) in subparagraph (A)(i) by striking ''equal'' and all that follows through ''activities'' and inserting ''subject to subsection (m)'';

(B) in subparagraph (B)—

(i) in clause (ii)—

(I) by striking ''adequate qualified staff'' and inserting ''adequate numbers of qualified staff''; and

(II) by inserting ''and children with disabilities'' before '', when'';

(ii) in clause (iv) by inserting ''and to encourage the staff to continually improve their skills and expertise by informing staff of the availability of State and Federal loan forgiveness programs for professional development'' before the period at the end;

(iii) in clause (v) by inserting ''and collaboration efforts for such programs'' before the period at the end; and

(iv) by amending clause (vi) to read as follows:

''(vi) Ensuring that such programs have adequate numbers of 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.''; and

(C) in subparagraph (C)—

(i) in clause (i)(I)—

(I) by striking ''of staff'' and inserting ''of classroom teachers and other staff''; and

(II) by striking ''such staff'' and inserting ''qualified staff, including recruitment and retention pursuant to achieving the requirements set forth in section 648A(a)'';

(ii) by redesignating subclause (II) as subclause (III);

(iii) by inserting after subclause (I) the following:

''(II) Preferences in awarding salary increases, in excess of cost of living allowances, shall be granted to classroom teachers and staff who obtain additional training or education related to their responsibilities as employees of a Head Start program.'';

(iv) by amending clause (ii) to read as follows:

''(ii) Of the amount remaining after carrying out clause (i), the highest priority shall be placed on training classroom teachers and other staff to meet the education performance standards described in section 641A(a)(1)(B), through activities—

''(I) to promote children's language and literacy growth, through techniques identified through reliable, replicable research;

''(II) to promote the acquisition of the English language for non-English background children and families;

''(III) to foster children's school readiness skills through activities described in section 648A(a)(1); and

''(IV) 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 in their communities, and children who experience substance abuse in their families.'';

(v) by striking clause (v);

(vi) by redesignating clause (vi) as clause (v); and

(vii) by inserting after clause (v), as so redesignated, the following:

''(vi) To carry out any or all of such activities, but none of such funds may be used for construction or renovation (including nonstructural or minor structural changes).'';

(D) in subparagraph (D)(i)(II) by striking ''and migrant'' and inserting ''Head Start programs and by migrant or seasonal'';

(3) in paragraph (4)—

(A) in subparagraph (A), by striking ''1981'' and inserting ''1998'';

(B) by amending subparagraph (B) to read as follows:

''(B) any amount available after all allotments are made under subparagraph (A) for such fiscal year shall be distributed proportionately on the basis of the number of children less than 5 years of age who live with families whose income is below the poverty line.''; and

(C) by adding at the end the following:

''For each fiscal year the Secretary shall use the most recent data available on the number of children under the age of 5, from families below the poverty level that is consistent with that published for counties, by the Department of Commerce, unless the Secretary and the Secretary of Commerce determine that use of the updated poverty data would be inappropriate or unreliable. If the Secretary and the Secretary of Commerce determine that some or all of the data referred to in this paragraph are inappropriate or unreliable, they shall issue a report setting forth their reasons in detail.'';

(4) in paragraph (5)—

(A) in subparagraph (B), by inserting before the period the following ''and encourage Head Start agencies to actively collaborate with entities involved in State and local planning processes in order to better meet the needs of low-income children and families'';

(B) in subparagraph (C)—

(i) in clause (i)(I), by inserting ''the appropriate regional office of the Administration for Children and Families and'' before ''agencies'';

(ii) in clause (iii), by striking ''and'' at the end;

(iii) in clause (iv)—

(I) by striking ''education, and national service activities,'' and inserting ''and education and community service activities,'';

(II) by striking ''and activities'' and inserting ''activities''; and

(III) by striking the period and inserting ''(including coordination with those State officials who are responsible for administering part C and section 619 of the Individuals with Disabilities Education Act (20 U.S.C. 1431–1445, 1419)), and services for homeless children;''; and

(iv) by adding at the end the following:

''(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;

''(vi) encourage local Head Start agencies to appoint a State level representative to speak on behalf of Head Start agencies within the State on collaborative efforts described in subparagraphs (B) and (D), and in clause (v); and

''(vii) 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) by redesignating subparagraph (D) as subparagraph (F); and

(D) by inserting after subparagraph (C) the following:

''(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 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 professional 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 in 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.'';

(5) by amending paragraph (6) to read as follows:

''(6)(A) From the amounts reserved and allotted pursuant to paragraphs (2) and (4), and except as provided in subparagraph (C)(i), the Secretary shall use for grants for programs described in section 645A(a) a portion of the combined total of such amount equal to—

''(i) 7.5 percent for fiscal year 1999;

''(ii) 8 percent for fiscal year 2000;

''(iii) 8.5 percent for fiscal year 2001;

''(iv) not less than 8.5 and not more than 10 percent for fiscal year 2002; and

''(v) not less than 8.5 and not more than 10 percent for fiscal year 2003;

of the amount appropriated pursuant to section 639(a) for the respective fiscal year.

''(B) If the Secretary does not submit to—

''(i) the Committee on Education and the Workforce and the Committee on Appropriations of the House of Representatives; and

''(ii) to the Committee on Labor and Human Resources and the Committee on Appropriations of the Senate;

by January 1, 2001, a report on the results of the Early Head Start impact study currently being conducted by the Secretary, then the amount required to be used in accordance with subparagraph (A) for fiscal years 2002 and 2003 shall be 8.5 percent of the amount appropriated pursuant to section 639(a) for the respective fiscal year.

''(C)(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 use 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 used as 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 used for the preceding fiscal year.

''(ii) For any fiscal year for which the amount appropriated under section 639(a) 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.''; and

(6) by redesignating paragraph (7) as paragraph (8); and

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

''(7)(A) For purposes of paragraph (2)(A), in determining the need and demand for migrant or seasonal Head Start programs (and services provided through such programs), the Secretary shall consult with appropriate entities, including providers of services for migrant or seasonal Head Start programs. The Secretary shall, after taking into consideration the need and demand for migrant or seasonal Head Start programs (and such services), ensure that there is an adequate level of such services for eligible children of migrant farmworkers before approving an increase in the allocation provided for unserved eligible children of seasonal farmworkers. In serving the children of seasonal farmworkers, the Secretary shall ensure that services provided by migrant or seasonal Head Start programs do not duplicate or overlap with other Head Start services available in the same geographical area.

''(B)(i) Funds available under this subsection for payments to the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau shall be used by the Secretary to make grants on a competitive basis, pursuant to recommendations submitted to the Secretary by the Pacific Region Educational Laboratory of the Department of Education, to the Federated States of Micronesia, the Republic of the Marshall Islands, Palau, Guam, American Samoa, and

the Commonwealth of the Northern Mariana Islands, for the purpose of carrying out Head Start programs in accordance with this subchapter.

''(ii) Not more than 5 percent of such funds may be used by the Secretary to compensate the Pacific Region Educational Laboratory of the Department of Education for administrative costs incurred in connection with making recommendations under clause (i).

''(iii) Notwithstanding any other provision of law, the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau shall not receive any funds under this subchapter for any fiscal year that begins after September 30, 2001.''.

(b) CHILDREN WITH DISABILITIES.—Section 640(d) of the Head Start Act (42 U.S.C. 9835(d)) is amended—

(1) by striking ''1982'' and inserting ''1999'';

(2) by striking ''(as defined in section 602(a) of the Individuals with Disabilities Education Act)''; and

(3) by adding at the end the following:

''Such policies and procedures shall require Head Start programs to coordinate programmatic efforts with efforts to implement part C and section 619 of the Individuals with Disabilities Education Act (20 U.S.C 1431–1445, 1419).''.

(c) INCREASED APPROPRIATIONS.—Section 640(g) of the Head Start Act (42 U.S.C. 9835(g)) is amended—

(1) in paragraph (1), by inserting at the end the following: ''In awarding funds to serve an increased number of children, the Secretary shall give priority to those applicants that provide full-working-day, full-calendar year Head Start services through collaboration with entities carrying out programs that are in existence on the date of the allocation and with other private, nonprofit agencies. Any such additional funds remaining may be used to make nonstructural and minor structural changes, and to acquire and install equipment, for the purpose of improving facilities necessary to expand the availability of Head Start programs and to serve an increased number of children.'';

(2) in paragraph (2)—

(A) in subparagraph (A), by striking the semicolon and inserting '', and the performance history of the applicant in providing services under other Federal programs (other than the program carried out under this subchapter);'';

(B) in subparagraph (C), by striking the semicolon and inserting '', and organizations and public entities serving children with disabilities;'';

(C) in subparagraph (D), by striking the semicolon and inserting ''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;'';

(D) in subparagraph (E), by striking ''program; and'' and inserting ''or any other early childhood program;'';

(E) in subparagraph (F), by striking the period and inserting a semicolon; and

(F) by adding at the end the following:

''(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; and

''(H) the extent to which the applicant, in providing services, will plan 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, regarding the education services provided by such local educational agency.'';

(3) in paragraph (3) by striking ''In'' and inserting ''Subject to subsection (m), in''; and

(4) by adding at the end the following:

''(4) Notwithstanding subsection (a)(2), after taking into account subsection (a)(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 activities described in such subsection.''.

(d) REFERENCES.—Section 640(*l*) of the Head Start Act (42 U.S.C. 9835(*l*)) is amended by inserting ''or seasonal'' after ''migrant'' each place it appears.

(e) RELATIVE AVAILABILITY OF FUNDS FOR QUALITY AND FOR EXPANSION.—Section 640 of the Head Start Act (42 U.S.C. 9835) is amended by adding at the end the following:

''(m)(1) After complying with the requirement in subsection (g)(1) relating to maintaining the level of services provided during the previous year, the Secretary shall make the amount (if any) by which the funds appropriated under section 639(a) for a fiscal year exceed the adjusted prior year appropriation (as defined in subsection (a)(3)(ii)), available as follows:

''For Fiscal Year:	Percent of Amount Exceeding Adjusted Prior Year Appropriation To Be Available for Quality Activities Under Subsection (a)(3)(C):	Percent of Amount Exceeding Adjusted Prior Year Appropriation To Be Available for Expansion Activities Under Subsection (g):	Percent of Amount Exceeding Adjusted Prior Year Appropriation To Be Available to Qualifying Head Start Programs for Quality and Expansion Activities Under Subsections (a)(3)(C) and (g):
1999	65	25	10
2000	65	25	10
2001	45	45	10
2002	45	45	10
2003	25	65	10.

''(2) For purposes of paragraph (1), the term 'qualifying Head Start program' means a Head Start agency or Head Start program that is—

''(A) in compliance with the quality standards and result-based performance measures applicable under subsections (a) and (b) of section 641A;

''(B) not required under subsection (d) of such section to take a corrective action; and

''(C) making progress toward complying with requirements applicable under section 648A(a)(2).

''(3) Funds required to be made available under this subsection to qualifying Head Start programs shall be made available on the same basis as allotments are determined under subsection (a)(4).''.

(f) CONFORMING AMENDMENT.—Section 644(f)(2) of the Head Start Act (42 U.S.C. 9839(f)(2)) is amended by striking ''640(a)(3)(C)(v)'' and inserting ''640(g)''.

SEC. 107. DESIGNATION OF HEAD START AGENCIES.

Section 641 of the Head Start Act (42 U.S.C. 9836) is amended—

(1) in subsection (a) by inserting ''(in consultation with the chief executive officer of the State involved, if such State expends non-Federal funds to carry out Head Start programs)'' after ''Secretary'' the last place it appears;

(2) in subsection (b) by striking ''area designated by the Bureau of Indian Affairs as near-reservation'' and inserting ''off-reservation area designated by an appropriate tribal government'';

(3) in subsection (c)—

(A) in paragraph (1)—

(i) by inserting '', in consultation with the chief executive officer of the State if such State expends non-Federal funds to carry out Head Start programs,'' after ''shall''; and

(ii) by striking ''makes a finding'' and all that follows through the period at the end, and inserting the following:

''determines that the agency involved fails to meet program and financial management requirements, performance standards described in section 641A(a)(1), results-based performance measures described in section 641A(b), and other requirements established by the Secretary.'';

(B) in paragraph (2), by inserting '', in consultation with the chief executive officer of the State if such State expends non-Federal funds to carry out Head Start programs,'' after ''shall''; and

(C) by aligning the left margin of paragraphs (2) and (3) with the left margin of paragraph (1); and

(4) in subsection (d)—

(A) in the matter preceding paragraph (1), by inserting after the 1st sentence the following:

''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 met or exceeded such performance standards and such results-based performance measures.'';

(B) in paragraph (3) by inserting ''and programs under part C and section 619 of the Individuals with Disabilities Education Act (20 U.S.C 1431–1445, 1419)'' after ''(20 U.S.C. 2741 et seq.)'';

(C) in paragraph (4)—

(i) in subparagraph (A), by inserting ''(at home and in the center involved where practicable)'' after ''activities'';

(ii) in subparagraph (D)—

(I) in clause (iii) by adding ''or'' at the end;

(II) by striking clause (iv); and

(III) by redesignating clause (v) as clause (iv);

(iii) in subparagraph (E) by striking ''and (D)'' and inserting ''and (E)'';

(iv) by redesignating subparagraphs (D) and (E) and subparagraphs (E) and (F), respectively; and

(v) by inserting after subparagraph (C) the following:

''(D) to offer to parents of participating children substance abuse counseling (either directly or through referral to local entities), including information on drug-exposed infants and fetal alcohol syndrome;'';

(D) by amending paragraph (7) to read as follows:

''(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;'';

(E) in paragraph (8)—

(i) by striking the period at the end and inserting ''; and''; and

(ii) by redesignating such paragraph as paragraph (9);

(F) by inserting after paragraph (7) the following:

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

(G) by adding at the end the following:

''(10) the plan of such applicant to collaborate with other entities carrying out early childhood education and child care programs in the community.''; and

(5) by amending subsection (e) to read as follows:

''(e) If no agency in the community receives priority designation and if there is no

qualified applicant in the community, then 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. 108. QUALITY STANDARDS.

(a) QUALITY STANDARDS.—Section 641A(a) of the Head Start Act (42 U.S.C. 9836a(a)) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by inserting '', including minimum levels of overall accomplishment,'' after ''regulation standards'';

(B) in subparagraph (A), by striking ''education,'';

(C) by redesignating subparagraphs (B) through (D) as subparagraphs (C) through (E), respectively; and

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

''(B)(i) education performance standards 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; and

''(ii) additional school readiness performance standards (based on cognitive learning abilities) 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 for different purposes;

''(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.'';

(2) by striking paragraph (2);

(3) in paragraph (3)—

(A) in subparagraph (B)(iii) by striking ''child'' and inserting ''early childhood education and''; and

(B) in subparagraph (C)—

(i) in clause (i)—

(I) by striking ''not later than 1 year after the date of enactment of this section,''; and

(II) by striking ''section 651(b)'' and all that follows through ''section'' and inserting ''this subsection''; and

(ii) in subclause (ii), by striking ''November 2, 1978'' and inserting ''the date of enactment of the Head Start Amendments Act of 1998''; and

(4) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(b) PERFORMANCE MEASURES.—Section 641A(b) of the Head Start Act (42 U.S.C. 9836a(b)) is amended—

(1) in the heading, by inserting ''RESULTS-BASED'' before ''PERFORMANCE'';

(2) in paragraph (1)—

(A) by striking ''Not later than 1 year after the date of enactment of this section, the'' and inserting ''The'';

(B) by striking ''child'' and inserting ''early childhood education and''; and

(C) by striking the period at the end and inserting '', and the impact of the services provided through the programs to children and their families.'';

(3) in paragraph (2)—

(A) in the heading, by striking ''DESIGN'' and inserting ''CHARACTERISTICS'';

(B) in the matter preceding subparagraph (A), by striking ''be designed'' and inserting ''include the education and school-based readiness performance standards described in subsection (a)(1)(B) and shall'';

(C) in subparagraph (A), by striking ''to assess'' and inserting ''assess the impact of'';

(D) in subparagraph (B)—

(i) by striking ''to'';

(ii) by striking ''and peer review'' and inserting '', peer review, and program evaluation''; and

(iii) by inserting ''not later than January 1, 1999'' before the semicolon at the end; and

(E) in subparagraph (C), by inserting ''be developed'' before ''for other'';

(4) in paragraph (3)(A) by striking ''and by region'' and inserting '', regionally, and locally''; and

(5) by adding at the end the following:

''(4) REQUIRED RESULTS-BASED PERFORMANCE MEASURES.—Such results-based performance measures shall ensure that such children—

''(A) know that letters of the alphabet are a special category of visual graphics that can be individually named;

''(B) recognize a word as a unit of print;

''(C) identify at least 10 letters of the alphabet; and

''(D) associate sounds with written words.

''(5) OTHER RESULTS-BASED PERFORMANCE MEASURES.—In addition to other applicable results-based performance measures, Head Start agencies may establish their own results-based school readiness performance measures.''.

(c) MONITORING.—Section 641A(c) of the Head Start Act (42 U.S.C. 9836a(c)) is amended—

(1) in paragraph (1) by inserting ''and results-based performance measures'' after ''standards''; and

(2) in paragraph (2)

(A) in subparagraph (B), by striking ''and'' at the end;

(B) in subparagraph (C)—

(i) by inserting ''(including children with disabilities)'' after ''eligible children''; and

(ii) by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

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

''(E) seek information from the community and the State about the performance of the program and its efforts to collaborate with other entities carrying out early childhood education and child care programs in the community.''.

(d) TERMINATION.—Section 641A(d) of the Head Start Act (42 U.S.C. 9836a(d)) is amended—

(1) in paragraph (1)—

(A) by inserting ''or results-based performance measures described in subsection (b)'' after ''subsection (a)''; and

(B) by amending subparagraph (B) to read as follows:

''(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''; and

(2) in paragraph (2)(A), in the matter preceding clause (i), by striking ''immediately'' and inserting ''immediately or during a 90-day period under clause (i) or (ii) of paragraph (1)(B)''.

(e) REPORT.—Section 641A(e) of the Head Start Act (42 U.S.C. 9836a(e)) is amended by adding at the end the following: ''Such report shall be widely disseminated and available for public review in both written and electronic formats.''.

SEC. 109. POWERS AND FUNCTIONS OF HEAD START AGENCIES.

Section 642 of the Head Start Act (42 U.S.C. 9837) is amended—

(1) in subsection (b)—

(A) in paragraph (6)—

(i) by striking subparagraph (D); and

(ii) by redesignating subparagraphs (E) and (F) and subparagraphs (D) and (E), respectively;

(B) in paragraph (8) by striking ''and'' at the end;

(C) in paragraph (9) by striking the period at the end and inserting ''; and'';

(D) by redesignating paragraphs (6) through (9) as paragraphs (7) through (10), respectively;

(E) by inserting after paragraph (5) the following:

''(6) offer to parents of participating children substance abuse counseling (either directly or through referral to local entities), including information on drug-exposed infants and fetal alcohol syndrome;''; and

(F) by adding at the end the following:

''(11)(A) inform custodial parents in single-parent families that participate in programs, activities, or services carried out under this subtitle about the availability of child support services for purposes of establishing paternity and acquiring child support;

''(B) refer eligible parents to the child support offices of State and local governments; and

''(C) establish referral arrangements with such offices.'';

(2) in subsection (c)—

(A) by inserting ''and collaborate'' after ''coordinate'';

(B) by inserting ''and part C and section 619 of the Individuals with Disabilities Education Act (20 U.S.C 1431–1445, 1419)'' after ''(20 U.S.C. 2741 et seq.)''; and

(C) by striking ''section 402(g) of the Social Security Act, and other'' and inserting ''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''; and

(3) in subsection (d)—

(A) in paragraph (1)—

(i) by striking ''carry out'' and all that follows through ''maintain'' and inserting ''take steps to ensure, to the maximum extent possible, that children maintain'';

(ii) by inserting ''and educational'' after ''developmental''; and

(iii) by striking ''to build'' and inserting ''build'';

(B) by striking paragraph (2); and

(C) by redesignating paragraphs (3) through (5) as paragraphs (2) through (4), respectively.

SEC. 110. HEAD START TRANSITION.

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

''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 educational, 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.);

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

''(7) linking the services provided in such program with the education services provided by such local education agency.''.

SEC. 111. SUBMISSION OF PLANS TO GOVERNORS.

The first sentence of section 643 of the Head Start Act (42 U.S.C. 9838) is amended—

(1) by striking ''30 days'' and inserting ''45 days'';

(2) by striking ''so disapproved'' and inserting ''disapproved (for reasons other than failure to comply with State health, safety, and child care laws, including regulations applicable to comparable child care programs in the State)''; and

(3) by inserting before the period '', as evidenced by a written statement of the Secretary's findings transmitted to such officer''.

SEC. 112. PARTICIPATION IN HEAD START PROGRAMS.

Section 645(a) of the Head Start Act (42 U.S.C. 9840(a)) is amended—

(1) in the last sentence of paragraph (1)—

(A) by striking ''provide (A) that'' and inserting the following:

''provide—

''(A) that''; and

(B) by amending subparagraph (B) to read as follows:

''(B) pursuant to such regulations as the Secretary shall prescribe, that programs assisted under this subchapter may—

''(i) include 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;

''(ii) permit not more than 25 percent of the children enrolled in a Head Start program to be children (without counting children with disabilities) whose family income does not exceed 140 percent of the poverty line if the Head Start agency carrying out such program—

''(I) has a community needs assessment that demonstrates a need to provide Head Start services to more of such children who are members of families with incomes that exceed the poverty line but do not exceed 140 percent of the poverty line; and

''(II) ensures that, as a result of enrolling a greater percentage of children described in this clause, there will not be a reduction in, or denial of, Head Start services to children who are eligible under subparagraph (A);

''(iii) subject to the approval of the Secretary, permit such Head Start agency that demonstrates to the Secretary that it has made reasonable efforts to enroll children eligible under subparagraph (A) in the Head Start program carried out by such agency, to charge participation fees for children described in clause (ii), consistent with the sliding fee schedule established by the State under section 658E(c)(5) of the of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)(5)).'';

(2) by redesignating paragraph (2) as paragraph (3); and

(3) by inserting after paragraph (1) the following:

''(2) 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.''.

SEC. 113. EARLY HEAD START PROGRAMS FOR FAMILIES WITH INFANTS AND TODDLERS.

(a) PROGRAM.—Section 645A of the Head Start Act (42 U.S.C. 9840a) is amended—

(1) in the section heading, by inserting ''**EARLY HEAD START**'' before ''**PROGRAMS FOR**'';

(2) in subsection (a)—

(A) in paragraph (1) by striking ''; and'' and inserting a period;

(B) by striking paragraph (2); and

(C) by striking ''for—'' and all that follows through ''(1)'', and inserting ''for'';

(3) in subsection (b)—

(A) in paragraph (5), by inserting ''(including programs for infants and toddlers with disabilities)'' after ''community'';

(B) in paragraph (7) by striking ''and'' at the end;

(C) by redesignating paragraph (8) as paragraph (9); and

(D) by inserting after paragraph (7) the following:

''(8) ensure formal linkages with the agencies described in section 644(b) of the Individuals With Disabilities Education Act Amendments of 1997 and providers of early intervention services for infants and toddlers with disabilities under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.); and'';

(4) in subsection (c)—

(A) by striking ''(a)(1)'' and inserting ''(a)''; and

(B) in paragraph (2), by striking ''(or under'' and all that follows through ''(e)(3))'';

(5) in subsection (d)—

(A) in paragraph (1), by inserting ''and'' at the end;

(B) by striking paragraph (2); and

(C) in paragraph (3) by redesignating such paragraph as paragraph (2);

(6) by striking subsection (e);

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

(8) in subsection (e) (as redesignated in paragraph (7))—

(A) in the subsection heading, by striking ''OTHER''; and

(B) by striking ''From the balance remaining of the portion specified in section 640(a)(6), after making grants to the eligible entities specified in subsection (e),'' and inserting ''From the portion specified in section 640(a)(6),'';

(9) by striking subsection (h); and

(10) by adding at the end the following:

''(g) MONITORING, TRAINING, TECHNICAL ASSISTANCE, AND EVALUATION.—

''(1) REQUIREMENT.—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.

''(2) TRAINING AND TECHNICAL ASSISTANCE ACCOUNT.—

''(A) 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.

''(B) ACTIVITIES.—Funds in the account may be used for purposes including—

''(i) 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;

''(ii) 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;

''(iii) 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

''(iv) 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.''.

(b) CONFORMING AMENDMENT.—Section 640(a)(5)(F) of the Head Start Act (42 U.S.C. 9835(a)(5)(F)), as so redesignated by section 106, is amended by striking ''section 645(a)(1)(A)'' and inserting ''section 645(a)''.

SEC. 114. TECHNICAL ASSISTANCE AND TRAINING.

Section 648 of the Head Start Act (42 U.S.C. 9843) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking ''and'' at the end;

(B) in paragraph (2), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(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.''; and

(2) in subsection (c)—

(A) by amending paragraph (1) to read as follows:

''(1) give priority consideration to—

''(A) activities to correct program and management deficiencies identified through reviews pursuant to section 641A(c) (including the provision of assistance to local programs in the development of quality improvement plans under section 641A(d)(2)); and

''(B) assisting Head Start agencies in—

''(i) ensuring the school readiness of children; and

''(ii) meeting the education and school readiness performance standards described in this subchapter;'';

(B) in paragraph (2) by inserting ''supplement amounts provided under section 640(a)(3)(C)(ii),'' after ''(2)'';

(C) in paragraph (4)—

(i) by inserting ''and implementing'' after ''developing''; and

(ii) by striking ''a longer day'' and inserting the following: ''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'';

(D) in paragraph (7), by striking ''and'' at the end;

(E) by redesignating paragraphs (3) through (8) as paragraphs (5) through (10), respectively; and

(F) by inserting after paragraph (2) the following:

''(3) assist Head Start agencies in the development of collaborative initiatives with States and other entities within the States, to foster effective early childhood professional development systems;

''(4) assist classroom and non-classroom staff, including individuals in management and leadership capacities, to understand the components of effective family literacy services, gain knowledge about proper implementation of such services within a Head Start program, and receive assistance to achieve successful collaboration agreements with other service providers that allow the effective integration of family literacy services with the Head Start program;''.

SEC. 115. PROFESSIONAL REQUIREMENTS.

Section 648A of the Head Start Act (42 U.S.C. 9843a) is amended—

(1) by amending subsection (a) to read as follows:

''(a) CLASSROOM TEACHERS.—

''(1) PROFESSIONAL REQUIREMENTS.—The Secretary shall ensure that each Head Start classroom in a center-based program is assigned 1 teacher who has demonstrated competency to perform functions that include—

''(A) planning and implementing learning experiences that advance the intellectual and physical development of children, including improving 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 abilities;

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

''(C) supporting the social and emotional development of children; and

''(D) 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.

''(2) DEGREE REQUIREMENTS.—The Secretary shall ensure that not later than September 30, 2003, at least 50 percent of all Head Start classrooms in a center-based program are assigned 1 teacher who has an associate, baccalaureate, or an advanced degree in early childhood education or development and shall require Head Start agencies to demonstrate continuing progress each year to reach that result. In the remaining balance of such classrooms, there shall be assigned one teacher who has—

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

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

''(C) a 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.

''(3) ASSESSMENT.—Head Start agencies shall adopt, in consultation with experts in child development and with classroom teachers, an assessment to be used when hiring or evaluating any classroom teacher in a center-based Head Start program. Such assessment shall measure whether such teacher has mastered the functions described in paragraph (1)(A).''; and

(2) in subsection (b)(2)(B)—

(A) by striking ''staff,'' and inserting ''staff or''; and

(B) by striking '', or that'' and all that follows through ''families''.

SEC. 116. FAMILY LITERACY SERVICES.

The Head Start Act (42 U.S.C. 9831 et seq.) is amended by inserting after section 648A the following:

''SEC. 648B. FAMILY LITERACY SERVICES.

''From funds reserved under section 639(b)(4), the Secretary—

''(1) shall provide grants through a competitive process, based upon the quality of the family literacy service proposal and taking into consideration geographic and urban/rural representation, for not more than 100 Head Start agencies to initiate provision of family literacy services through collaborative partnerships with entities that provide adult education services, entities carrying out Even Start programs under part B of chapter 1 of title 1 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 274 et seq.), or entities that provide other services deemed necessary for the provision of family literacy services; and

''(2) may—

''(A) provide training and technical assistance to Head Start agencies that already provide family literacy services;

''(B) designate as mentor programs, and provide financial assistance to, Head Start agencies that demonstrate effective implementation of family literacy services, based on improved outcomes of children and their parents, to enable such agencies to provide training and technical assistance to other agencies that seek to implement, or improve implementation of, family literacy services; and

''(C) award grants or make other assistance available to facilitate training and technical assistance to programs for development of collaboration agreements with other service providers.

In awarding such grants or assistance, the Secretary shall give special consideration to an organization that has experience in the development and operation of successful family literacy services.''.

SEC. 117. RESEARCH AND EVALUATION.

Section 649 of the Head Start Act (42 U.S.C. 9844) is amended—

(1) in subsection (d)—

(A) in paragraph (6), by striking ''and'' at the end;

(B) in paragraph (7) by striking the period at the end and inserting ''; and'';

(C) by redesignating paragraphs (2) through (7) as paragraphs (3) through (8), respectively;

(D) by inserting after paragraph (1) the following:

''(2) over a 5-year period, lead to the development and rigorous evaluation of models for the integration of family literacy services with Head Start programs, that demonstrate the ability to make positive gains for children participating in Head Start programs and their parents, and dissemination of information about such models;''; and

(E) by adding at the end the following:

''(9) 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 (9), and prepares and submits to the appropriate committees of the Congress a report containing the results of the study, not later than September 30, 2002.''; and

(2) by adding at the end the following:

''(g) NATIONAL HEAD START IMPACT RESEARCH.—

''(1) ANALYSES OF DATA BASES.—The Secretary shall obtain analyses of the following existing databases to guide the evaluation recommendations of the expert panel appointed under paragraph (2) and to provide Congress with initial reports of potential Head Start outcomes—

''(A) by use of The Survey of Income and Program Participation (SIPP) conduct an analysis of the different income levels of Head Start participants compared to comparable persons who did not attend Head Start;

''(B) by use of The National Longitudinal Survey of Youth (NLSY) which began gathering data on children who attended Head Start from 1988 on, examine the wide range of outcomes measured within the Survey, including cognitive, socio-emotional, behavioral, and academic development;

''(C) by use of The Survey of Program Dynamics, the new longitudinal survey required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, to begin annual reporting, through the duration of the Survey, on Head Start attendees' academic readiness performance and improvements; and

''(D) to ensure that The Survey of Program Dynamics be linked with the NLSY at least once by the use of a common performance test, to be determined by the expert panel, for the greater national usefulness of the NLSY database.

''(2) 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 (3), 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 (8).

''(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.

''(3) 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.

''(4) 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.

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

''(6) 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 (5) 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.

''(7) 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.

''(8) REPORTS.—

''(A) SUBMISSION OF INTERIM REPORTS.—The 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.—The 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.—The 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.—The 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.

''(9) DEFINITION.—In 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.

''(h) QUALITY IMPROVEMENT STUDY.—

''(1) STUDY.—The Secretary shall conduct a study regarding the use and effects of use of the quality improvement funds made available under section 640(a)(3) since fiscal year 1991.

''(2) REPORT.—The 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); and

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

SEC. 118. REPORTS.

Section 650 of the Head Start Act (42 U.S.C. 9846) is amended—

(1) by inserting ''(a) STATUS OF CHILDREN.—'' before ''At'';

(2) by striking ''and Labor'' each place it appears and inserting ''and the Workforce'';

(3) in paragraph (14) by striking ''and seasonal'' and inserting ''or seasonal''; and

(4) by adding at the end the following:

''(b) FACILITIES.—At least once during every 5-year period, 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 condition, location, and ownership of facilities used, or available to be used, by Indian Head Start agencies.''.

SEC. 119. REPEAL OF CONSULTATION REQUIREMENT.

Section 657A of the Head Start Act (42 U.S.C. 9852a) is repealed.

SEC. 120. REPEAL OF HEAD START TRANSITION PROJECT ACT.

The Head Start Transition Project Act (42 U.S.C. 9855–9855g) is repealed.

SEC. 121. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.

(a) EFFECTIVE DATE.—Except as provided in subsection (b), this title and the amendments made by this title shall take effect on the date of the enactment of this Act.

(b) APPLICATION OF AMENDMENTS.—The amendments made by this title shall not apply with respect to any fiscal year ending before October 1, 1998.

TITLE II—AMENDMENTS TO THE COMMUNITY SERVICES BLOCK GRANT ACT

SEC. 201. SHORT TITLE.

This title may be cited as the ''Community Services Authorization Act of 1998''.

SEC. 202. REAUTHORIZATION.

The heading for subtitle B, and sections 671 through 680, of the Community Services Block Grant Act (42 U.S.C. 9901–9909) are amended to read as follows:

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

''(1) the strengthening of community capabilities for planning, coordinating, and utilizing a broad range of Federal, State, local, and private resources for the elimination of poverty, and for helping individuals and families achieve self-sufficiency;

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

''(3) the maximum participation of residents of the low-income communities and members of the groups served by programs assisted through the block grant to empower such individuals to respond to the unique problems and needs within their communities; and

''(4) the broadening of the resource base of programs directed to the elimination of poverty so as to secure a more active role for private, faith-based, charitable, and neighborhood organizations in the provision of services as well as individual citizens, business, labor, and professional groups who are able to influence the quantity and quality of opportunities and services for the poor.

''SEC. 673. DEFINITIONS.

''In this subtitle:

''(1) ELIGIBLE ENTITY.—The 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.—The term 'poverty line' means the official poverty line defined by the Office of Management and Budget based on the most recent data available from the Bureau of the Census. 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, and the Commonwealth of the Northern Mariana Islands, but for fiscal years ending before October 1, 2001, includes the Federated States of Micronesia, the Republic of he Marshall Islands, and Palau.

''SEC. 674. AUTHORIZATION OF APPROPRIATIONS.

''(a) IN GENERAL.—There are authorized to be appropriated $535,000,000 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) ½ of 1 percent for carrying out section 675A (relating to payments for territories);

''(2) 1 ½ percent for activities authorized in sections 678A through 678F, of which—

''(A) not less than ½ of the amount reserved by the Secretary under this paragraph shall be distributed directly to local eligible entities or to statewide organizations whose membership is composed of eligible entities, as required under section 678A(c) for the purpose of carrying out activities described in section 678A; and

''(B) ½ of the remainder of the amount reserved by the Secretary under this paragraph shall be used to carry out monitoring, evaluation, and corrective activities described in sections 678B(c) and 678A; and

''(3) not more than 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)—

(1) for each fiscal year on the basis of need among Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands; and

(2) for fiscal years ending before October 1, 2001, and subject to subsection (c), on the basis of need among the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau.

''(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.

''(c) LIMITATION.—(1) Funds apportioned under subsection (a) for the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau shall be used by the Secretary to make grants on a competitive basis, pursuant to recommendations submitted to the Secretary by the Pacific Region Educational Laboratory of the Department of Education, to the Federated States of Micronesia, the Republic of the Marshall Islands, Palau, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, for the purpose of carrying out programs in accordance with this subtitle.

''(2) Not more than 5 percent of such funds may be used by the Secretary to compensate the Pacific Region Educational Laboratory of the Department of Education for administrative costs incurred in connection with making recommendations under paragraph (1).

''(3) Notwithstanding any other provision of law, the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau shall not receive any funds under this subtitle for any fiscal year that begins after September 30, 2001.

''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, subject to section 677, 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 State shall receive less than ¼ 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 ALLOTMENTS.—Subject to paragraphs (2) and (3), if the amount appropriated under section 674(a) for a 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 ½ of 1 percent of the amount appropriated under section 674(a) for such fiscal year.

''(2) MAINTENANCE OF FISCAL YEAR 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 subsection (a) to such State for fiscal year 1990.

''(3) MAXIMUM ALLOTMENTS.—The amount allotted under paragraph (1) to a State shall be reduced for a fiscal year, 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 the fiscal year preceding the fiscal year for which a determination is made under this subsection.

''(c) ALLOTMENT OF ADDITIONAL FUNDS.—Notwithstanding subsections (a) and (b), in any fiscal year in which the amount appropriated under section 674(a) exceeds the amount appropriated under such section for fiscal year 1999, such excess shall be allotted among the States proportionately based on—

''(1) the number of public assistance recipients in the respective States;

''(2) the number of unemployed individuals in the respective States; and

''(3) the number of individuals with incomes below the poverty line in the respective States.

''(d) PAYMENTS.—The Secretary shall make payments to eligible States from the allotments made under this section. The Secretary shall make payments for the grants in accordance with section 6503(a) of title 31, United States Code.

''(e) DEFINITION.—For purposes of this section, the term 'State' does not include Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

''SEC. 675C. USES OF FUNDS.

''(a) GRANTS TO LOCAL 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 REDISTRIBUTION 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) STATEWIDE 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 activities which may include—

''(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;

''(G) supporting other activities, consistent with the purposes of this subtitle; and

''(H) State charity tax credits as described in subsection (c).

''(2) ADMINISTRATIVE CAP.—No State may spend more than the greater of $55,000, or 5 percent, of the State's allotment received under section 675B for administrative expenses, including monitoring activities. Funds to be spent for such expenses shall be taken from the portion of the State allotment that remains after the State makes grants to eligible entities under subsection (a).± The cost of activities conducted under paragraph (1)(A) shall not be considered to be administrative expenses.

''(c)(1) Subject to paragraph (2), if there is in effect under State law a charity tax credit, then the State may use for any purpose the amount of the allotment that is available for expenditure under subsection (b).

''(2) The aggregate amount a State may use under paragraph (1) during a fiscal year shall not exceed 100 percent of the revenue loss of the State during the fiscal year that is attributable to the charity tax credit, as determined by the Secretary of the Treasury without regard to any such revenue loss occurring before January 1, 1999.

''(3) For purposes of this subsection:

''(A) CHARITY TAX CREDIT.—The term 'charity tax credit' means a nonrefundable credit against State income tax (or, in the case of a State which does not impose an income tax, a comparable benefit) which is allowable for contributions, in cash or in kind, to qualified charities.

''(B) QUALIFIED CHARITY.—

''(i) IN GENERAL.—The term 'qualified charity' means any organization—

''(I) which is—

''(aa) described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code;

''(bb) a community action agency as defined in the Economic Opportunity Act of 1964; or

''(cc) a public housing agency as defined in section 3(b)(6) of the United States Housing Act of 1937 (42 U.S.C. 1437A(b)(6));

''(II) which is certified by the appropriate State authority as meeting the requirements of clauses (iii) and (iv); and

''(III) if such organization is otherwise required to file a return under section 6033 of such Code, which elects to treat the information required to be furnished by clause (v) as being specified in section 6033(b) of such Code.

''(ii) CERTAIN CONTRIBUTIONS TO COLLECTION ORGANIZATIONS TREATED AS CONTRIBUTIONS TO QUALIFIED CHARITY.—

''(I) IN GENERAL.—A contribution to a collection organization shall be treated as a contribution to a qualified charity if the donor designates in writing that the contribution is for the qualified charity.

''(II) COLLECTION ORGANIZATION.—The term 'collection organization' means an organization described in section 501(c)(3) of such Code and exempt from tax under section 501(a) of such Code—

''(aa) which solicits and collects gifts and grants which, by agreement, are distributed to qualified charities described in clause (i);

''(bb) which distributes to qualified charities described in clause (i) at least 90 percent of the gifts and grants it receives that are designated for such qualified charities; and

''(cc) which meets the requirements of clause (vi).

''(iii) CHARITY MUST PRIMARILY ASSIST POOR INDIVIDUALS.—

''(I) IN GENERAL.—An organization meets the requirements of this clause only if the appropriate State authority reasonably expects that the predominant activity of such organization will be the provision of direct services within the United States to individuals and families whose annual incomes generally do not exceed 185 percent of the official poverty line (as defined by the Office of Management and Budget) in order to prevent or alleviate poverty among such individuals and families.

''(II) NO RECORDKEEPING IN CERTAIN CASES.—An organization shall not be required to establish or maintain records with respect to the incomes of individuals and families for purposes of subclause (I) if such individuals or families are members of groups which are generally recognized as including substantially only individuals and families described in subclause (I).

''(III) FOOD AID AND HOMELESS SHELTERS.—Except as otherwise provided by the appropriate State authority, for purposes of subclause (I), services to individuals in the form of—

''(aa) donations of food or meals; or

''(bb) temporary shelter to homeless individuals;

shall be treated as provided to individuals described in subclause (I) if the location and operation of such services are such that the service provider may reasonably conclude that the beneficiaries of such services are predominantly individuals described in subclause (I).

''(iv) MINIMUM EXPENSE REQUIREMENT.—

''(I) IN GENERAL.—An organization meets the requirements of this clause only if the appropriate State authority reasonably expects that the annual poverty program expenses of such organization will not be less than 75 percent of the annual aggregate expenses of such organization.

''(II) POVERTY PROGRAM EXPENSE.—For purposes of subclause (I)—

''(aa) IN GENERAL.—The term 'poverty program expense' means any expense in providing program services referred to in clause (iii).

''(bb) EXCEPTIONS.—Such term shall not include any management or general expense, any expense for the purpose of influencing legislation (as defined in section 4911(d) of the Internal Revenue Code of 1986), any expense for the purpose of fundraising, any expense for a legal service provided on behalf of any individual referred to in clause (iii), any expense for providing tuition assistance relating to compulsory school attendance, and any expense which consists of a payment to an affiliate of the organization.

''(v) REPORTING REQUIREMENT.—The information required to be furnished under this clause is—

''(i) the percentages determined by dividing the following categories of the organization's expenses for the year by its total expenses for the year: program services, management expenses, general expenses, fundraising expenses, and payments to affiliates; and

''(ii) the category or categories (including food, shelter, education, substance abuse, job training, or otherwise) of services which constitute its predominant activities.

''(vi) ADDITIONAL REQUIREMENTS FOR COLLECTION ORGANIZATIONS.—The requirements of this clause are met if the organization—

''(I) maintains separate accounting for revenues and expenses; and

''(II) makes available to the public its administrative and fundraising costs and information as to the organizations receiving funds from it and the amount of such funds.

''(vii) SPECIAL RULE FOR STATES REQUIRING TAX UNIFORMITY.—In the case of a State—

''(I) which has a constitutional requirement of tax uniformity; and

''(II) which, as of December 31, 1997, imposed a tax on personal income with—

''(aa) a single flat rate applicable to all earned and unearned income (except insofar as any amount is not taxed pursuant to tax forgiveness provisions); and

''(bb) no generally available exemptions or deductions to individuals;

the requirement of paragraph (2) shall be treated as met if the amount of the credit is limited to a uniform percentage (but not greater than 25 percent) of State personal income tax liability (determined without regard to credits).

''(4) No part of the aggregate amount a State uses under paragraph (1) may be used to supplant non-Federal funds that would be available, in the absence of Federal funds, to offset a revenue loss of the State attributable to a charity tax credit.

''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 families and individuals receiving assistance under title IV of the Social Security Act, 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 (particularly for families and individuals who are attempting to transition off a State program carried out under title IV of the Social Security Act);

''(B) to secure and retain meaningful employment;

''(C) to attain an adequate education with particular attention toward improving literacy skills of the low-income families in the community, which may include family literacy initiatives;

''(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, including activities that strengthen and improve the relationship with local law enforcement agencies, which may include activities such as neighborhood or community policing efforts;

''(H) to address the needs of youth in low-income communities through youth development programs that support the primary role of the family, give priority to prevention of youth problems and crime, promote increased community coordination and collaboration in meeting the needs of youth, and support development and expansion of innovative community-based youth development programs, which may include after-school child care programs; and

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

''(2) a description of how the State intends to use discretionary funds made available from the remainder of the 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 which may include fatherhood and other initiatives with the goal of strengthening families and encouraging parental responsibility;

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

''(5) an assurance that the State and the local eligible entities in the State will coordinate, and establish linkages between, governmental and other social services programs to assure the effective delivery of such services to low-income individuals and to avoid duplication of such services (including a description of how the State and the local eligible entities will coordinate with State and local workforce investment systems in the provision of employment and training services in the State and in local communities);

''(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 local eligible entities in 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 2001, participate in the Results Oriented Management and Accountability System, another performance measure system established pursuant to section 678E(b), or an alternative system for measuring performance and results that meets the requirements of that section, and a description of outcome measures to be used to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization; and

''(13) information describing how the State will carry out the assurances described in this subsection.

''(c) FUNDING TERMINATION OR REDUCTIONS.—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—

''(A) a private nonprofit eligible entity located in an area contiguous to or within reasonable proximity of the unserved area that is already providing related services in the unserved area; or

''(B) a private nonprofit organization that is geographically located in the unserved area that is capable of providing a broad range of services designed to eliminate poverty and foster self-sufficiency and that meets the requirements of this subtitle.

''(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 eligible entities that are already providing related 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) ⅓ 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 ⅓ of the membership of the board, membership on the board of appointive public officials or their representatives may be counted in meeting such ⅓ requirement;

''(B) not fewer than ⅓ of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members are representative 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) each representative of low-income individuals and families selected to represent a specific neighborhood within a community under subparagraph (B) 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 ⅓ 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 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.—In this section:

''(1) INDIAN TRIBE; TRIBAL ORGANIZATION.—The terms 'Indian tribe' and 'tribal organization' mean a tribe, band, or other organized group of Indians 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.—The term 'Indian' means a member of an Indian tribe or of a tribal organization.

''SEC. 678. OFFICE OF COMMUNITY SERVICES.

''(a) OFFICE.—The 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, performance measurement, corrective action activities (to correct programmatic deficiencies of eligible entities), reporting, and data collection activities related to programs carried out under this subtitle, and in accordance with subsection (c). Training and technical assistance activities may be carried out by the Secretary through grants, contracts, or cooperative agreements with eligible entities or with organizations or associations whose membership is composed of eligible entities or agencies that administer programs for eligible entities.

''(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.

''(c) DISTRIBUTION REQUIREMENT.—Of the amounts reserved under section 674(b)(2) for activities to be carried out under this section, not less than ½ of such amounts shall be distributed directly to local eligible entities or to statewide organizations whose membership is composed of eligible entities for the purpose of improving program quality (including financial management practices), management information and reporting systems, measurement of program results, and for the purpose of ensuring responsiveness to local neighborhood needs.

''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.

''(c) EVALUATIONS BY THE SECRETARY.—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 subsection (b) of section 676. A report of such evaluations, together with recommendations of improvements designed to enhance the benefit and impact to people in need, shall be sent to each State evaluated. Upon receiving the report the State shall submit a plan of action in response to the recommendations contained in the report. The results of the evaluations shall be submitted annually to the Chairman of the Committee on Education and the Workforce of the House of Representatives and the Chairman of the Committee on Labor and Human Resources of the Senate as part of the report submitted by the Secretary in accordance with section 678E(b)(2).

''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 120 days after the determination to terminate the designation or reduce the funding. If the review is not completed within 120 days, the determination of the State shall become final at the end of the 120th day.

''(c) DIRECT ASSISTANCE.—Whenever a State violates the assurances contained in section 676(b)(8) and terminates or reduces the funding of an eligible entity prior to the completion of the State's hearing and the Secretary's review as required in subsection (b), the Secretary shall assume responsibility for providing financial assistance to the eligible entity affected until the violation is corrected. In such case, the allotment for the State shall be reduced by an amount equal to the funds provided under this subsection to such eligible entity.

''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 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.—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.

''(b) WITHHOLDING.—

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

''(2) RESPONSE TO COMPLAINTS.—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, 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.—By October 1, 2001, each State that receives funds under this subtitle shall participate, and shall ensure that all eligible entities in the State participate, in a performance measurement system, which may be a performance measurement system 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 indirect services or administrative costs by the State and the eligible entities, and funds spent by eligible entities on the direct delivery of local services, and shall include information on the number of and characteristics of clients served under this subtitle in the State, based on data collected from the eligible entities. The State shall also include in the report a summary describing the training and technical assistance offered by the State under section 678C(a)(3) during the year covered by the report.

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

''(1) PERFORMANCE MEASUREMENT.—The Secretary, in collaboration with the States and with eligible entities throughout the Nation, shall facilitate the development of 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 their community action plans. The Secretary shall provide technical assistance, including support for the enhancement of electronic data systems, to States and to eligible entities to enhance their capability to collect and report data for such a system and to aid in their participation in such a system.

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

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

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

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

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

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

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

''(3) SUBMISSION.—The Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives 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).

''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 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;

''(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. OPERATIONAL 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 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 (2)(E)) for each of the objectives described in paragraphs (2) through (4).

''(2) COMMUNITY ECONOMIC DEVELOPMENT.—

''(A) ECONOMIC DEVELOPMENT ACTIVITIES.—The Secretary shall make grants described in paragraph (1) on a competitive basis to private, non-profit 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 that 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. 203. RELATED AMENDMENTS.

The Community Services Block Grant Act (42 U.S.C. 9901 et seq.) is amended—

(1) by striking section 681;

(2) in section 681A—

(A) by striking ''681A'' and inserting ''681'';

(B) in subsection (c) by striking ''Labor'' and inserting ''the Workforce''; and

(C) in subsection (d) by striking ''$25,000,000'' and all that follows through ''1998'', and inserting ''$5,000,000 for fiscal year 1999, and such sums as may be necessary for fiscal years 2000 through 2003'';

(3) in section 682—

(A) in subsection (c)—

(i) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(ii) by inserting after paragraph (2) the following:

''(3) the applicant shall, in each community in which a program is funded under this section—

''(A) ensure that—

''(i) a community-based advisory committee, composed of representatives of local youth, family, and social service organizations, schools, entities that provide park and recreation services, entities that provide training services, and community-based organizations that serve high-risk youth, is established; or

''(ii) an existing community-based advisory board, commission, or committee with similar membership is used; and

''(B) 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;''; and

(B) in subsection (f) by striking ''each fiscal year'' and all that follows through ''1998'', and inserting ''for fiscal year 1999, and such sums as may be necessary for fiscal years 2000 through 2003''; and

(4) by striking sections 683 and 684, and inserting the following:

''SEC. 683. DRUG TESTING AND PATERNITY DETERMINATIONS.

''(a) DRUG TESTING PERMITTED.—(1) Nothing in this subtitle shall be construed to prohibit a State from testing participants in programs, activities, or services carried out under this subtitle for controlled substances or from imposing sanctions on such participants who test positive for any of such substances.

''(2) Any funds provided under this subtitle expended for such testing shall be considered to be expended for administrative expenses and shall be subject to the limitation specified in section 675C(b)(2).

''(b) PATERNITY DETERMINATIONS.—During each fiscal year for which an eligible entity receives a grant under section 675C, such entity shall—

''(1) inform custodial parents in single-parent families that participate in programs, activities, or services carried out under this subtitle about the availability of child support services;

''(2) refer eligible parents to the child support offices of State and local governments; and

''(3) establish referral arrangements with such offices.

''SEC. 684. 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 of this subtitle. 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.''.

SEC. 204. ASSETS FOR INDEPENDENCE.

The Community Services Block Grant Act (42 U.S.C. 9901–9912), as amended by sections 202 and 203, is amended—

(1) by striking ''this subtitle' each place it appears (other than in section 671) and inserting ''this part'', and

(2) by inserting the following after section 671:

''CHAPTER 1—COMMUNITY SERVICES GRANTS'',

and

(3) by adding at the end the following:

''CHAPTER 2—ASSETS FOR INDEPENDENCE

''SEC. 685. SHORT TITLE.

''This chapter may be cited as the 'Assets for Independence Act'.

''SEC. 686. FINDINGS.

''Congress makes the following findings:

''(1) Economic well-being does not come solely from income, spending, and consumption, but also requires savings, investment, and accumulation of assets because assets can improve economic independence and stability, connect individuals with a viable and hopeful future, stimulate development of human and other capital, and enhance the welfare of offspring.

''(2) Fully ½ of all Americans have either no, negligible, or negative assets available for investment, just as the price of entry to the economic mainstream, the cost of a house, an adequate education, and starting a business, is increasing. Further, the household savings rate of the United States lags far behind other industrial nations presenting a barrier to economic growth.

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

''(4) Traditional public assistance programs concentrating on income and consumption have rarely been successful in promoting and supporting the transition to increased economic self-sufficiency. Income-based domestic policy should be complemented with asset-based policy because, while income-based policies ensure that consumption needs (including food, child care, rent, clothing, and health care) are met, asset-based policies provide the means to achieve greater independence and economic well-being.

''SEC. 687. PURPOSES.

''The purposes of this chapter are to provide for the establishment of demonstration projects designed to determine—

''(1) the social, civic, psychological, and economic effects of providing to individuals and families with limited means an incentive to accumulate assets by saving a portion of their earned income;

''(2) the extent to which an asset-based policy that promotes saving for postsecondary education, homeownership, and microenterprise development may be used to enable individuals and families with limited means to increase their economic self-sufficiency; and

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

''SEC. 688. DEFINITIONS.

''In this chapter:

''(1) APPLICABLE PERIOD.—The term 'applicable period' means, with respect to amounts to be paid from a grant made for a project year, the calendar year immediately preceding the calendar year in which the grant is made.

''(2) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means an individual who is selected to participate by a qualified entity under section 693.

''(3) EMERGENCY WITHDRAWAL.—The term 'emergency withdrawal' means a withdrawal by an eligible individual that—

''(A) is a withdrawal of only those funds, or a portion of those funds, deposited by the individual in the individual development account of the individual;

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

''(C) is made for—

''(i) expenses for medical care or necessary to obtain medical care, for the individual or a spouse or dependent of the individual described in paragraph (8)(D);

''(ii) payments necessary to prevent the eviction of the individual from the residence of the individual, or foreclosure on the mortgage for the principal residence of the individual, as defined in paragraph (8)(B); or

''(iii) payments necessary to enable the individual to meet necessary living expenses following loss of employment.

''(4) HOUSEHOLD.—The term 'household' means all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

''(5) INDIVIDUAL DEVELOPMENT ACCOUNT.—

''(A) IN GENERAL.—The term 'individual development account' means a trust created or organized in the United States exclusively for the purpose of paying the qualified expenses of an eligible individual, or enabling the eligible individual to make an emergency withdrawal, but only if the written governing instrument creating the trust meets the following requirements:

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

''(ii) The trustee is a federally insured financial institution, or a State insured financial institution if no federally insured financial institution is available.

''(iii) The assets of the trust will be invested in accordance with the direction of the eligible individual after consultation with the qualified entity providing deposits for the individual under section 694.

''(iv) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

''(v) Except as provided in clause (vi), any amount in the trust which is attributable to a deposit provided under section 694 may be paid or distributed out of the trust only for the purpose of paying the qualified expenses of the eligible individual, or enabling the eligible individual to make an emergency withdrawal.

''(vi) Any balance in the trust on the day after the date on which the individual for whose benefit the trust is established dies shall be distributed within 30 days of that date as directed by that individual to another individual development account established for the benefit of an eligible individual.

''(B) CUSTODIAL ACCOUNTS.—For purposes of subparagraph (A), a custodial account shall be treated as a trust if the assets of the custodial account are held by a bank (as defined in section 408(n) of the Internal Revenue Code of 1986) or another person who demonstrates, to the satisfaction of the Secretary, that the manner in which such person will administer the custodial account will be consistent with the requirements of this chapter, and if the custodial account would, except for the fact that it is not a trust, constitute an individual development account described in subparagraph (A). For purposes of this chapter, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of that custodial account shall be treated as the trustee thereof.

''(6) PROJECT YEAR.—The term 'project year' means, with respect to a demonstration project, any of the 5 consecutive 12-month periods beginning on the date the project is originally authorized to be conducted.

''(7) QUALIFIED ENTITY.—

''(A) IN GENERAL.—The term 'qualified entity' means—

''(i) one or more not-for-profit organizations described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; or

''(ii) a State or local government agency, or a tribal government, submitting an application under section 689 jointly with an organization described in clause (i).

''(B) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed as preventing an organization described in subparagraph (A)(i) from collaborating with a financial institution or for-profit community development corporation to carry out the purposes of this chapter.

''(8) QUALIFIED EXPENSES.—The term 'qualified expenses' means 1 or more of the following, as provided by the qualified entity:

''(A) POSTSECONDARY EDUCATIONAL EXPENSES.—Postsecondary educational expenses paid from an individual development account directly to an eligible educational institution. In this subparagraph:

''(i) POSTSECONDARY EDUCATIONAL EXPENSES.—The term 'postsecondary educational expenses' means the following:

''(I) TUITION AND FEES.—Tuition and fees required for the enrollment or attendance of

a student at an eligible educational institution.

''(II) FEES, BOOKS, SUPPLIES, AND EQUIPMENT.—Fees, books, supplies, and equipment required for courses of instruction at an eligible educational institution.

''(ii) ELIGIBLE EDUCATIONAL INSTITUTION.—The term ''eligible educational institution' means the following:

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

''(II) POSTSECONDARY VOCATIONAL EDUCATION SCHOOL.—An area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of enactment of this chapter.

''(B) FIRST-HOME PURCHASE.—Qualified acquisition costs with respect to a principal residence for a qualified first-time homebuyer, if paid from an individual development account directly to the persons to whom the amounts are due. In this subparagraph:

''(i) PRINCIPAL RESIDENCE.—The term 'principal residence' means a principal residence, the qualified acquisition costs of which do not exceed 100 percent of the average area purchase price applicable to such residence.

''(ii) QUALIFIED ACQUISITION COSTS.—The term 'qualified acquisition costs' means the costs of acquiring, constructing, or reconstructing a residence. The term includes any usual or reasonable settlement, financing, or other closing costs.

''(iii) QUALIFIED FIRST-TIME HOMEBUYER.—

''(I) IN GENERAL.—The term 'qualified first-time homebuyer' means an individual participating in the project (and, if married, the individual's spouse) who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence to which this subparagraph applies.

''(II) DATE OF ACQUISITION.—The term 'date of acquisition' means the date on which a binding contract to acquire, construct, or reconstruct the principal residence to which this subparagraph applies is entered into.

''(C) BUSINESS CAPITALIZATION.—Amounts paid from an individual development account directly to a business capitalization account which is established in a federally insured financial institution (or in a State insured financial institution if no federally insured financial institution is available) and is restricted to use solely for qualified business capitalization expenses. In this subparagraph:

''(i) QUALIFIED BUSINESS CAPITALIZATION EXPENSES.—The term ''qualified business capitalization expenses' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

''(ii) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

''(iii) QUALIFIED BUSINESS.—The term 'qualified business' means any business that does not contravene any law or public policy (as determined by the Secretary).

''(iv) QUALIFIED PLAN.—The term 'qualified plan' means a business plan, or a plan to use a business asset purchased, which—

''(I) is approved by a financial institution, a microenterprise development organization, or a nonprofit loan fund having demonstrated fiduciary integrity;

''(II) includes a description of services or goods to be sold, a marketing plan, and projected financial statements; and

''(III) may require the eligible individual to obtain the assistance of an experienced entrepreneurial adviser.

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

''(i) the individual's spouse; or

''(ii) any dependent of the individual with respect to whom the individual is allowed a deduction under section 151 of the Internal Revenue Code of 1986.

''(9) QUALIFIED SAVINGS OF THE INDIVIDUAL FOR THE PERIOD.—The term 'qualified savings of the individual for the period' means the aggregate of the amounts contributed by the individual to the individual development account of the individual during the period.

''(10) SECRETARY.—The term 'Secretary' means the Secretary of Health and Human Services.

''(11) TRIBAL GOVERNMENT.—The term 'tribal government' means a tribal organization, as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b) or a Native Hawaiian organization, as defined in section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).

''SEC. 689. APPLICATIONS.

''(a) ANNOUNCEMENT OF DEMONSTRATION PROJECTS.—Not later than 3 months after the date of enactment of this chapter, the Secretary shall publicly announce the availability of funding under this chapter for demonstration projects and shall ensure that applications to conduct the demonstration projects are widely available to qualified entities.

''(b) SUBMISSION.—Not later than 6 months after the date of enactment of this chapter, a qualified entity may submit to the Secretary an application to conduct a demonstration project under this chapter.

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

''(1) SUFFICIENCY OF PROJECT.—The degree to which the project described in the application appears likely to aid project participants in achieving economic self-sufficiency through activities requiring qualified expenses. In making such assessment, the Secretary shall consider the overall quality of project activities in making any particular kind or combination of qualified expenses to be an essential feature of any project.

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

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

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

''(5) ADEQUACY OF PLAN FOR PROVIDING INFORMATION FOR EVALUATION.—The adequacy of the plan for providing information relevant to an evaluation of the project.

''(6) OTHER FACTORS.—Such other factors relevant to the purposes of this chapter as the Secretary may specify.

''(d) PREFERENCES.—In considering an application to conduct a demonstration project under this chapter, the Secretary shall give preference to an application that—

''(1) demonstrates the willingness and ability to select individuals described in section 692 who are predominantly from households in which a child (or children) is living with the child's biological or adoptive mother or father, or with the child's legal guardian;

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

''(3) targets such individuals residing within 1 or more relatively well-defined neighborhoods or communities (including rural communities) that experience high rates of poverty or unemployment.

''(e) APPROVAL.—Not later than 9 months after the date of enactment of this chapter, the Secretary shall, on a competitive basis, approve such applications to conduct demonstration projects under this chapter as the Secretary deems appropriate, taking into account the assessments required by subsections (c) and (d). The Secretary is encouraged to ensure that the applications that are approved involve a range of communities (both rural and urban) and diverse populations.

''(f) CONTRACTS WITH NONPROFIT ENTITIES.—The Secretary may contract with an entity described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code to conduct any responsibility of the Secretary under this section or section 696 if—

''(1) such entity demonstrates the ability to conduct such responsibility; and

''(2) the Secretary can demonstrate that such responsibility would not be conducted by the Secretary at a lower cost.

''SEC. 690. DEMONSTRATION AUTHORITY; ANNUAL GRANTS.

''(a) DEMONSTRATION AUTHORITY.—If the Secretary approves an application to conduct a demonstration project under this chapter, the Secretary shall, not later than 10 months after the date of enactment of this chapter, authorize the applicant to conduct the project for 5 project years in accordance with the approved application and the requirements of this chapter.

''(b) GRANT AUTHORITY.—For each project year of a demonstration project conducted under this chapter, the Secretary may make a grant to the qualified entity authorized to conduct the project. In making such a grant, the Secretary shall make the grant on the first day of the project year in an amount not to exceed the lesser of—

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

''(2) $1,000,000.

''SEC. 691. RESERVE FUND.

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

''(b) AMOUNTS IN RESERVE FUND.—

''(1) IN GENERAL.—As soon after receipt as is practicable, a qualified entity shall deposit in the Reserve Fund established under subsection (a)—

''(A) all funds provided to the qualified entity by any public or private source in connection with the demonstration project; and

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

''(2) UNIFORM ACCOUNTING REGULATIONS.—The Secretary shall prescribe regulations with respect to accounting for amounts in the Reserve Fund established under subsection (a).

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

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

''(A) assist participants in the demonstration project in obtaining the skills (including economic literacy, budgeting, credit, and counseling) and information necessary to achieve economic self-sufficiency through activities requiring qualified expenses;

''(B) provide deposits in accordance with section 694 for individuals selected by the qualified entity to participate in the demonstration project;

''(C) administer the demonstration project; and

''(D) provide the research organization evaluating the demonstration project under section 698 with such information with respect to the demonstration project as may be required for the evaluation.

''(2) AUTHORITY TO INVEST FUNDS.—

''(A) GUIDELINES.—The Secretary shall establish guidelines for investing amounts in the Reserve Fund established under subsection (a) in a manner that provides an appropriate balance between return, liquidity, and risk.

''(B) INVESTMENT.—A qualified entity shall invest the amounts in its Reserve Fund that are not immediately needed to carry out the provisions of paragraph (1), in accordance with the guidelines established under subparagraph (A).

''(3) LIMITATION ON USES.—Not more than 9.5 percent of the amounts provided to a qualified entity under section 698(b) shall be used by the qualified entity for the purposes described in subparagraphs (A), (C), and (D) of paragraph (1), of which not less than 2 percent of the amounts shall be used by the qualified entity for the purposes described in paragraph (1)(D). If 2 or more qualified entities are jointly administering a project, no qualified entity shall use more than its proportional share for the purposes described in subparagraphs (A), (C), and (D) of paragraph (1).

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

''(1) the amounts in its Reserve Fund at time of the termination; multiplied by

''(2) a percentage equal to—

''(A) the aggregate amount of grants made to the qualified entity under section 698(b); divided by

''(B) the aggregate amount of all funds provided to the qualified entity by all sources to conduct the project.

''SEC. 692. ELIGIBILITY FOR PARTICIPATION.

''(a) IN GENERAL.—Any individual who is a member of a household that is eligible for assistance under the State temporary assistance for needy families program established under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), or that meets each of the following requirements shall be eligible to participate in a demonstration project conducted under this chapter:

''(1) INCOME TEST.—The adjusted gross income of the household does not exceed the earned income amount described in section 32 of the Internal Revenue Code of 1986 (taking into account the size of the household).

''(2) NET WORTH TEST.—

''(A) IN GENERAL.—The net worth of the household, as of the end of the calendar year preceding the determination of eligibility, does not exceed $10,000.

''(B) DETERMINATION OF NET WORTH.—For purposes of subparagraph (A), the net worth of a household is the amount equal to—

''(i) the aggregate market value of all assets that are owned in whole or in part by any member of the household; minus

''(ii) the obligations or debts of any member of the household.

''(C) EXCLUSIONS.—For purposes of determining the net worth of a household, a household's assets shall not be considered to include the primary dwelling unit and 1 motor vehicle owned by the household.

''(b) INDIVIDUALS UNABLE TO COMPLETE THE PROJECT.—The Secretary shall establish such regulations as are necessary, including prohibiting future eligibility to participate in any other demonstration project conducted under this chapter, to ensure compliance with this chapter if an individual participating in the demonstration project moves from the community in which the project is conducted or is otherwise unable to continue participating in that project.

''SEC. 693. SELECTION OF INDIVIDUALS TO PARTICIPATE.

''From among the individuals eligible to participate in a demonstration project conducted under this chapter, each qualified entity shall select the individuals—

''(1) that the qualified entity deems to be best suited to participate; and

''(2) to whom the qualified entity will provide deposits in accordance with section 694.

''SEC. 694. DEPOSITS BY QUALIFIED ENTITIES.

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

''(1) from the non-Federal funds described in section 689(c)(4), a matching contribution of not less than $0.50 and not more than $4 for every $1 of earned income (as defined in section 911(d)(2) of the Internal Revenue Code of 1986) deposited in the account by a project participant during that period;

''(2) from the grant made under section 690(b), an amount equal to the matching contribution made under paragraph (1); and

''(3) any interest that has accrued on amounts deposited under paragraph (1) or (2) on behalf of that individual into the individual development account of the individual or into a parallel account maintained by the qualified entity.

''(b) LIMITATION ON DEPOSITS FOR AN INDIVIDUAL.—Not more than $2,000 from a grant made under section 690(b) shall be provided to any 1 individual over the course of the demonstration project.

''(c) LIMITATION ON DEPOSITS FOR A HOUSEHOLD.—Not more than $4,000 from a grant made under section 690(b) shall be provided to any 1 household over the course of the demonstration project.

''(d) WITHDRAWAL OF FUNDS.—The Secretary shall establish such guidelines as may be necessary to ensure that funds held in an individual development account are not withdrawn, except for 1 or more qualified expenses, or for an emergency withdrawal. Such guidelines shall include a requirement that a responsible official of the qualified entity conducting a project approve such withdrawal in writing. The guidelines shall provide that no individual may withdraw funds from an individual development account earlier than 6 months after the date on which the individual first deposits funds in the account.

''(e) REIMBURSEMENT.—An individual shall reimburse an individual development account for any funds withdrawn from the account for an emergency withdrawal, not later than 12 months after the date of the withdrawal. If the individual fails to make the reimbursement, the qualified entity administering the account shall transfer the funds deposited into the account or a parallel account under section 694 to the Reserve Fund of the qualified entity, and use the funds to benefit other individuals participating in the demonstration project involved.

''SEC. 695. LOCAL CONTROL OVER DEMONSTRATION PROJECTS.

''A qualified entity under this chapter, other than a State or local government agency or a tribal government, shall, subject to the provisions of section 697, have sole authority over the administration of the project. The Secretary may prescribe only such regulations or guidelines with respect to demonstration projects conducted under this chapter as are necessary to ensure compliance with the approved applications and the requirements of this chapter.

''SEC. 695A. GRANDFATHERING OF EXISTING STATEWIDE PROGRAMS.

''Any statewide asset-building program consistent with the purposes of this chapter that is established in State law as of the date of enactment of this Act, and that as of such date is operating with an annual State appropriation of not less than $1,000,000 in non-Federal funds, shall be deemed to have met the requirements of section 688 and to be eligible for consideration by the Secretary as a demonstration program described in this chapter. Applications submitted by such statewide program shall be considered for funding by the Secretary notwithstanding the preferences listed in section 689(d). Any program requirements under sections 691 through 695 that are inconsistent with State statutory requirements in effect on such date governing such statewide program are hereby waived.

''SEC. 696. ANNUAL PROGRESS REPORTS.

''(a) IN GENERAL.—Each qualified entity under this chapter shall prepare an annual report on the progress of the demonstration project. Each report shall include both program and participant information and shall specify for the period covered by the report the following information:

''(1) The number and characteristics of individuals making a deposit into an individual development account.

''(2) The amounts in the Reserve Fund established with respect to the project.

''(3) The amounts deposited in the individual development accounts.

''(4) The amounts withdrawn from the individual development accounts and the purposes for which such amounts were withdrawn.

''(5) The balances remaining in the individual development accounts.

''(6) The savings account characteristics (such as threshold amounts and match rates) required to stimulate participation in the demonstration project, and how such characteristics vary among different populations or communities.

''(7) What service configurations of the qualified entity (such as peer support, structured planning exercises, mentoring, and case management) increased the rate and consistency of participation in the demonstration project and how such configurations varied among different populations or communities.

''(8) Such other information as the Secretary may require to evaluate the demonstration project.

''(b) SUBMISSION OF REPORTS.—The qualified entity shall submit each report required to be prepared under subsection (a) to—

''(1) the Secretary; and

''(2) the Treasurer (or equivalent official) of the State in which the project is conducted, if the State or a local government or a tribal government committed funds to the demonstration project.

''(c) TIMING.—The first report required by subsection (a) shall be submitted not later

than 60 days after the end of the calendar year in which the Secretary authorized the qualified entity to conduct the demonstration project, and subsequent reports shall be submitted every 12 months thereafter, until the conclusion of the project.

''SEC. 697. SANCTIONS.

''(a) AUTHORITY TO TERMINATE DEMONSTRATION PROJECT.—If the Secretary determines that a qualified entity under this chapter is not operating the demonstration project in accordance with the entity's application or the requirements of this chapter (and has not implemented any corrective recommendations directed by the Secretary), the Secretary shall terminate such entity's authority to conduct the demonstration project.

''(b) ACTIONS REQUIRED UPON TERMINATION.—If the Secretary terminates the authority to conduct a demonstration project, the Secretary—

''(1) shall suspend the demonstration project;

''(2) shall take control of the Reserve Fund established pursuant to section 691;

''(3) shall make every effort to identify another qualified entity (or entities) willing and able to conduct the project in accordance with the approved application (or, as modified, if necessary to incorporate the recommendations) and the requirements of this chapter;

''(4) shall, if the Secretary identifies an entity (or entities) described in paragraph (3)—

''(A) authorize the entity (or entities) to conduct the project in accordance with the approved application (or, as modified, if necessary, to incorporate the recommendations) and the requirements of this chapter;

''(B) transfer to the entity (or entities) control over the Reserve Fund established pursuant to section 691; and

''(C) consider, for purposes of this chapter—

''(i) such other entity (or entities) to be the qualified entity (or entities) originally authorized to conduct the demonstration project; and

''(ii) the date of such authorization to be the date of the original authorization; and

''(5) if, by the end of the 1-year period beginning on the date of the termination, the Secretary has not found a qualified entity (or entities) described in paragraph (3), shall—

''(A) terminate the project; and

''(B) from the amount remaining in the Reserve Fund established as part of the project, remit to each source that provided funds under section 689(c)(4) to the entity originally authorized to conduct the project, an amount that bears the same ratio to the amount so remaining as the amount provided by the source under section 689(c)(4) bears to the amount provided by all such sources under that section.

''SEC. 698. EVALUATIONS.

''(a) IN GENERAL.—Not later than 10 months after the date of enactment of this chapter, the Secretary shall enter into a contract with an independent research organization to evaluate, individually and as a group, all qualified entities and sources participating in the demonstration projects conducted under this chapter.

''(b) FACTORS TO EVALUATE.—In evaluating any demonstration project conducted under this chapter, the research organization shall address the following factors:

''(1) The effects of incentives and organizational or institutional support on savings behavior in the demonstration project.

''(2) The savings rates of individuals in the demonstration project based on demographic characteristics including gender, age, family size, race or ethnic background, and income.

''(3) The economic, civic, psychological, and social effects of asset accumulation, and how such effects vary among different populations or communities.

''(4) The effects of individual development accounts on homeownership, level of postsecondary education attained, and self-employment, and how such effects vary among different populations or communities.

''(5) The potential financial returns to the Federal Government and to other public sector and private sector investors in individual development accounts over a 5-year and 10-year period of time.

''(6) The lessons to be learned from the demonstration projects conducted under this chapter and if a permanent program of individual development accounts should be established.

''(7) Such other factors as may be prescribed by the Secretary.

''(c) METHODOLOGICAL REQUIREMENTS.—In evaluating any demonstration project conducted under this chapter, the research organization shall—

''(1) for at least 1 site, use control groups to compare participants with nonparticipants;

''(2) before, during, and after the project, obtain such quantitative data as are necessary to evaluate the project thoroughly; and

''(3) develop a qualitative assessment, derived from sources such as in-depth interviews, of how asset accumulation affects individuals and families.

''(d) REPORTS BY THE SECRETARY.—

''(1) INTERIM REPORTS.—Not later than 90 days after the end of the calendar year in which the Secretary first authorizes a qualified entity to conduct a demonstration project under this chapter, and every 12 months thereafter until all demonstration projects conducted under this chapter are completed, the Secretary shall submit to Congress an interim report setting forth the results of the reports submitted pursuant to section 696(b).

''(2) FINAL REPORTS.—Not later than 12 months after the conclusion of all demonstration projects conducted under this chapter, the Secretary shall submit to Congress a final report setting forth the results and findings of all reports and evaluations conducted pursuant to this chapter.

''(e) EVALUATION EXPENSES.—The Secretary shall expend such sums as may be necessary, but not less than 2 percent of the amount appropriated under section 699A for a fiscal year, to carry out the purposes of this section.

''SEC. 699. TREATMENT OF FUNDS.

''Of the funds deposited in individual development accounts for eligible individuals, only the funds deposited by the individuals (including interest accruing on those funds) may be considered to be income, assets, or resources of the individuals for purposes of determining eligibility for, or the amount of assistance furnished under, any Federal or federally assisted program based on need.

''SEC. 699A. AUTHORIZATION OF APPROPRIATIONS.

''There is authorized to be appropriated to carry out this chapter, $25,000,000 for each of fiscal years 1999, 2000, 2001, and 2002, to remain available until expended.''.

SEC. 205. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.

(a) EFFECTIVE DATE.—Except as provided in subsection (b), this title and the amendments made by this title shall take effect on the date of the enactment of this Act.

(b) APPLICATION OF AMENDMENTS.—The amendments made by this title shall not apply with respect to fiscal years ending before October 1, 1998.

TITLE III—AMENDMENTS TO THE LOW-INCOME HOME ENERGY ASSISTANCE ACT OF 1981

SEC. 301. SHORT TITLE.

This title may be cited as the ''Low-Income Home Energy Assistance Amendments of 1998''.

SEC. 302. AUTHORIZATION.

(a) IN GENERAL.—Section 2602(b) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621(b)) is amended by inserting '', $1,100,000,000 for fiscal year 2000, and such sums as may be necessary for fiscal year 2001'' after ''1995 through 1999''.

(b) PROGRAM YEAR.—Section 2602(c) of Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621(c)) is amended to read as follows:

''(c) 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.''.

(c) INCENTIVE PROGRAM FOR LEVERAGING NON-FEDERAL RESOURCES.—Section 2602(d) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621(d)) is amended by striking ''for each of the fiscal years 1996'' and all that follows through the period at the end, and inserting ''for each of the fiscal years 1999, 2000, and 2001.''.

(d) TECHNICAL AMENDMENT.—Section 2602(e) of Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621(e)) is amended by striking ''subsection (g)'' and inserting ''subsection (e) of such section''.

SEC. 303. DEFINITIONS.

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

(1) by striking ''the term'' and inserting ''The term''; and

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

SEC. 304. NATURAL DISASTERS AND OTHER EMERGENCIES.

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

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

(2) by inserting before paragraph (8) (as redesignated in paragraph (1)) the following:

''(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.'';

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

(4) by inserting before paragraph (2) (as redesignated in paragraph (3)) the following:

''(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.''.

(b) CONSIDERATIONS.—Section 2604(g) of Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8623(g)) is amended by striking the last 2 sentences and inserting the following: ''In determining whether to make such an allotment to a State, the Secretary shall take into account the extent to which the State was affected by the natural disaster or other emergency involved, the availability to the State of other resources under the program carried out under this title or any other program, 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.''.

SEC. 305. STATE ALLOTMENTS.

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

(1) in subsection (b)(1), by striking ''the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.'' and inserting ''and the Commonwealth of the Northern Mariana Islands.'';

(2) in subsection (c)(3)(B)(ii), by striking ''application'' and inserting ''applications'';

(3) by striking subsection (f);

(4) in the first sentence of subsection (g), by striking ''(a) through (f)'' and inserting ''(a) through (d)''; and

(5) by redesignating subsection (g) as subsection (e).

SEC. 306. ADMINISTRATION.

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

(1) in subsection (b)—

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

(B) in paragraph (14), by striking ''; and'' and inserting a semicolon;

(C) in the matter following paragraph (14), by striking ''The Secretary may not prescribe the manner in which the States will comply with the provisions of this subsection.''; and

(D) in the matter following paragraph (16), by inserting before ''The Secretary shall issue'' the following: ''The Secretary may not prescribe the manner in which the States will comply with the provisions of this subsection.''; and

(2) in subsection (c)(1)—

(A) in subparagraph (B), by striking ''States'' and inserting ''State''; and

(B) in subparagraph (G)(i), by striking ''has'' and inserting ''had''; and

(3) in paragraphs (1) and (2)(A) of subsection (k) by inserting '', particularly those low-income households with the lowest incomes that pay a high proportion of household income for home energy'' before the period.

SEC. 307. PAYMENTS TO STATES.

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

(1) in the first sentence, by striking ''and not transferred pursuant to section 2604(f)''; and

(2) in the second sentence, by striking ''but not transferred by the State''.

SEC. 308. RESIDENTIAL ENERGY ASSISTANCE CHALLENGE OPTION.

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

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

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

(2) the State evaluations described in paragraphs (1) and (2) of subsection (b) of such section 2607B.

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

(d) TECHNICAL AMENDMENTS.—Section 2607B of Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8626b) is amended—

(1) in subsection (e)(2)—

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

(B) in clause (i) of subparagraph (I) (as redesignated in subparagraph (A)), by striking ''on'' and inserting ''of''; and

(2) by redesignating subsection (g) as subsection (f).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Pennsylvania (Mr. GOODLING) and the gentleman from California (Mr. MARTINEZ) each will control 20 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we are here to discuss very important legislation, namely Head Start. For 20 years I sat as a minority member in the Committee on Education and the Workforce, always cautioning my colleagues to think in terms of quality rather than in terms of quantity. But each year we would increase the number who participated and paid little attention to the quality of the program.

Of the first four studies that came out on Head Start, three of them indicated that there not only was not a Head Start but there was not even an even start. The fourth study was done in a college community where, as a matter of fact, there were some positive results, primarily because the college students became mentors to those children so that those children had someone, some adult, helping them to become reading ready and ready for school.

Now, there was so much hype around the program, as was chapter 1, that it was very, very difficult to get anyone to consider quality. It did not matter whether it was a Democrat administration or a Republican administration, no one paid any attention to quality. No one recompeted any of the programs. No one closed any of the programs.

So I take my hat off to the present Secretary. At least she has gotten in there. After we gave her legislation during the last reauthorization, which said we are going to deal with the issue of quality, she has closed and recompeted Head Start programs.

Why did it start so poorly? It was very obvious. First of all, the whole idea of numbers rather than quality meant that most of the money went to numbers. Very few early childhood teachers were available, no matter what price we were paying. Obviously, if we were going to pay $10,000, we were not going to attract qualified early childhood teachers.

So what happened to the program? The program became pretty much a baby-sitting and a child care program. And the lovely grandmothers and the lovely mothers that were in the classroom were lovely people with no idea whatsoever what it is we need to do to help children become reading ready, to help children become ready to go to school. Then, unfortunately, it became a job program. ''Do not mess with us, this is our job program.'' In the meantime, children were denied the opportunity to succeed.

We passed, in the last reauthorization, not nearly as much quality as needed but at least we got to the business of saying that 25 percent of the money was going to go to quality and improved training programs. Many of those lovely mothers and grandmothers could have become very effective if they had only had some training. We insisted that we pay those who do have the ability to deal with early childhood education more than they were presently being paid.

And so we have seen progress. We must now build on that progress. We did not go as far to emphasize quality as I would have liked, although the gentleman from California (Mr. RIGGS) did what I asked him to do in the subcommittee. However, I am very satisfied with the end result: 65 percent for quality, 35 percent for increase in numbers, and 10 percent for local grantees to determine which they need most of all, quality or expansion.

And so it would be my hope that we move ahead now and insist that every early childhood program that we are involved in is a quality program. If we had different numbers as far as dropouts are concerned, if we had different numbers as far as 30 or 40 percent of children not being able to read at a fourth grade level then we could say, boy, that program was really effective; that really worked. We do not have those figures, unfortunately.

Now, of course, there were three amendments added in full committee, because I took a passive role. Those three, at another time, at another place, are very important. I am certainly the champion for regarding needed reforms to Davis-Bacon, because I saw as an educator how much Davis-Bacon was costing local districts. We had that debate. It was amazing when people would say we get better construction if we have Davis-

Bacon. And I said, now, wait a minute, in my district the same people who worked a union project also are the same people who work a project that is not a union project. But that is not an issue now because, of course, Davis-Bacon in Head Start is a very minimal, minimal program.

Another area, paternity, of course, is extremely important in welfare reform, and that is where it is. And we are dealing in welfare reform with adults, or at least with parents that have produced children, and that is very, very important. However, in this legislation we are dealing with little children, preschool children, who did not have any say about being born, did not have any say as to what family to which they were born or anything about whether they had one loving parent, two loving parents or no loving parents. So, of course, this should not be an issue for this particular legislation.

So I would hope when we finish today that we have an overwhelming vote. But I do want to caution everyone in the House, if we do not have quality in the program by the time we are finished in conference, then I will work just as hard to defeat the conference report as I will work today to try to pass the legislation, which is good legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. MARTINEZ. Mr. Speaker, I yield myself such time as I may consume, and I rise in strong support of the House substitute, S. 2206, the Human Services Reauthorization Act of 1998.

This bill reauthorizes three programs which we are very interested in that provide assistance to the neediest Americans; Head Start, the Low-Income Home Energy Assistance Program, and the Community Services Block Grants.

In bringing forth this legislation, I want to commend the gentleman from Pennsylvania (Mr. GOODLING), who has reaffirmed the bipartisan nature of these initiatives and has demonstrated a commitment to fashioning a compromise bill that will ensure the integrity and quality of these programs for years to come.

For more than 3 decades, Head Start has provided comprehensive social, health and educational services designed to promote strong, supportive families and provide disadvantaged people with strong foundations for a lifetime of learning.

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Nowhere is the success of Head Start more evident than in the strong praise from the thousands whose lives the program has touched. In 1994, we undertook the most ambitious reauthorization of Head Start to that date. Begging to differ just a little with the chairman, I believe we initiated a quality improvement process that would ultimately result in a comprehensive set of performance standards and local performance measures. I am proud of that effort and the direction that it established for the future of Head Start. That is why earlier this year I introduced H.R. 3880 which simply calls for changes that build upon this investment in quality through stronger linkages between the Head Start program and schools and increasing our investment in early Head Start. I am pleased to say that the proposals in my legislation are in the bill before us today.

One issue to which I am fully committed is continued growth of the early Head Start program. I truly believe that given the preponderance of research on early childhood development that we should incorporate our youngest children from birth to age 3 into Head Start. I also believe that with the investments in quality that began in 1994, it is time that we make a concerted effort to expand Head Start to the 60 percent of eligible children that are not currently served. We have been hearing pledges for years to fully fund Head Start and we should ensure that with this authorization bill that such growth is possible. I am pleased to say with the leadership of the chairman we are able to return to the nonpartisan history of Head Start and take necessary steps to ensure the program's future.

In our zest to tout the gains made possible with Head Start, we should not overlook LIHEAP and CSBG. LIHEAP helps low-income Americans meet the cost of home energy, particularly in times of extreme weather, natural disasters, and other emergencies. Four to five million households receive assistance annually. Nearly half are families with children under 18, while the remaining beneficiaries consist of older Americans and disabled individuals. Seventy percent of these households have incomes below $8,000 per year. In the midst of the heat wave that hit the South this summer, killing hundreds of Americans in its wake, the President released a total of $150 million in emergency funds to 11 States. This assistance enabled low-income families and individuals to meet the cost of cooling their homes and purchase fans and air conditioners. Sadly it is often those who lack the health and strength to cope with extreme weather who also cannot afford even the most basic modern conveniences to moderate the temperature. But LIHEAP is not just about heating and cooling. This program provides a variety of home energy assistance so that an elderly couple in Arizona can cook their evening meal and a family in the Bronx can light up the kitchen so the kids can finish their homework.

Although many of us stand firm in our dedication to a longer reauthorization of LIHEAP and we will work in conference to incorporate the Senate's 5-year reauthorization, the House bill reaffirms our commitment to this important program by making only minor programmatic changes.

The third program addressed by this legislation is the Community Services Block Grant, CSBG. CSBG supports the efforts of the Community Action Network in addressing the causes of poverty and providing a wide array of assistance to Americans in need. Services that have been traditionally provided include education, job training and placement, housing, nutrition, emergency services, and health.

The measure before us today authorizes new activities, including literacy services, mirroring the language I included in H.R. 3880, and after-school programs. In addition, this legislation provides for additional accountability and monitoring which can only serve to strengthen CSBG.

Once again I thank the chairman for his leadership in bringing what is now a strong bipartisan bill to the floor and I look forward to working with him and other Members to resolve our differences with the Senate in conference.

Mr. Speaker, I reserve the balance of my time.

Mr. GOODLING. Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana (Mr. SOUDER), a valuable member of the committee.

Mr. SOUDER. Mr. Speaker, I thank the gentleman for yielding time and I thank him for his leadership as well as the gentleman from California (Mr. RIGGS) the chairman of the subcommittee and the gentleman from California (Mr. MARTINEZ) the ranking minority member.

This bill represents months of work to find ways to expand the positive impact of limited dollars on people's lives who participate in these programs.

Head Start was originally founded under the Johnson administration when Sargent Shriver said we should give these kids a head start in education. Many of us who have been supportive of Head Start in the past and have worked with this program have been concerned that it has been drifting toward a glorified child care type of a program and losing its educational emphasis. I believe that the changes we made in this bill, and there are some who will oppose this because it is not a perfect bill. In fact, to go under a suspension, we needed bipartisan support for this bill. Some provisions that were in the committee were taken out. But I believe that in the Head Start portion of this bill as well as the Community Services Block Grant, conservative Republicans should support this because it is an improvement from the way we were currently doing business.

For example, we have in the Education Performance Standards that they need to develop phonemic, print and numeracy awareness; understand and use oral language to communicate for different purposes; understand and use increasingly complex and varied vocabulary; develop and demonstrate an appreciation of books; and in the case of non-English background children, progress toward acquisition of the English language.

We also have Performance Measures. We have four, plus giving local flexibility for additional: Know that letters of

the alphabet are a special category of visual graphics that can be individually named; recognize a word as a unit of print; identify at least 10 letters of the alphabet; and associate sounds with written words.

I do not favor national standards for public schools because the bulk of the dollars for public schools do not come from the Federal Government. But the overwhelming bulk of the dollars for Head Start do come from the Federal Government. Therefore, we have an obligation to the taxpayers to make sure that those dollars are being effectively used. In many cases Head Start was drifting away from the promises that it was given. Certain programs were effective and certain programs were not. We wanted to tighten and make Head Start more effective. I believe this will be done in an additional way that the gentleman from Pennsylvania (Mr. GOODLING) led the efforts in, and, that is, to get more dollars into the teachers' hands rather than this explosion and expansion of services but not reaching the people with the quality of services that they need. The gains in Head Start are very tied toward teaching the kids who are behind, maybe they do not have the parental investment or the community investment in those kids that many kids such as my children are likely to have, having two parents of a college-educated background with a home computer. Not all kids have that in America. We need to reach out to those and make sure that those services are effectively used and not dissipated by trying to reach far too many who may or may not actually need the services.

Title II, the Community Services Block Grant portion of the bill, improves the accountability and effectiveness of these block grants by encouraging effective partnerships between government, local communities and charitable organizations, including faith-based organizations. This has been a critical part of the Renewal Alliance effort in numerous bills to make sure that faith-based organizations are included as an effective way particularly in our urban centers to reach those who are hurting most.

I also have two specific provisions in the Community Services Block Grant section. One I offered with the gentlewoman from California (Ms. WOOLSEY), the gentleman from Pennsylvania (Mr. FATTAH) and the gentleman from Missouri (Mr. TALENT) that was introduced in the House by the gentleman from Ohio (Mr. KASICH) and the gentleman from Ohio (Mr. HALL) and my former boss, Senator COATS, in the Senate which was Individual Development Accounts. They are matched savings accounts for low-income individuals which can only be accessed for higher education, home purchases, emergency medical expenses and capitalization of a business. In other words, rather than just having the government do a direct transfer, we are saying, ''If you save some of your money, we'll match it,'' much like we have in government employee savings funds, by the way. We are saying, if people will take the initiative to save money, we will match that and try to help get them started in our society and developing their own capital fund if they use it for education, home, emergency medical or capitalization of a business.

We also have a bipartisan amendment with the gentleman from Virginia (Mr. SCOTT) and myself that would allow at the State level their portion of Community Services Block Grant to be set aside to pay for State charitable credits. This is an important breakthrough, because again we have promoted in the Renewal Alliance, which are those of us who are conservatives who say the Federal Government cannot do everything, what do we propose as an alternative to help those who have been left behind in economic growth.

Well, one of the things is to try to give incentives to the churches, to the community foundations, to individuals that if you will help, we will give you a tax incentive, we will allow you to leverage those funds in charitable organizations to do that. We are encouraging Individual Development Accounts. And in Head Start we are trying to promote education.

Let me make one last reference. I know some of my conservative allies in the House are very disturbed that several provisions were dropped off from the subcommittee level and the committee level. I have long supported the repeal of Davis Bacon and I do not think there is a bill that makes this more clear. Because we did not repeal Davis Bacon there will be fewer Head Start centers built. It is that simple. Because if you have to pay what is not really necessarily a prevailing wage because if indeed it is a prevailing wage Davis Bacon would not make any difference, that by taking that provision out we will be able to build fewer Head Start centers.

By changing the father accountability, we are not doing some of what we Republicans wanted to do and to try to use that. I think you can have a good debate whether or not the children in effect should be punished directly but at the same time without fathers, they are being punished, anyway. We, I believe, should use all levels of government to try to encourage the rebuilding of the families. But you also have to be realistic.

We have many improvements in this bill. I outlined many breakthrough provisions. You cannot get everything in a bill and have it make it through this House and the Senate and signed by the President in 30 days. I think the chairman and the subcommittee chairman who I know has some differences with the final form are to be commended for passing a bill that we can get bipartisan support and yet have substantive changes in it that will make it better for those who are hurting in our society.

Mr. GOODLING. Mr. Speaker, I yield myself the balance of my time. I do want to recognize the subcommittee chair the gentleman from California (Mr. RIGGS) and the ranking member the gentleman from California (Mr. MARTINEZ) for all of the work that they have done and of course all of the work that the staff has done for a long, long time. Denzel just said, ''You mean we're finally here?'' Yes, we are finally here.

I want to recognize the gentleman from Michigan (Mr. SMITH) also, for his word on family literacy. One of the shortcomings in Head Start from the beginning has been that there was not enough emphasis on family literacy. In this legislation we have a $5 million family literacy demonstration program. We also have a very strong definition of family literacy because it will not work, we have found out over the years, if the entire family is not involved in improving their literacy skills. Again I would ask all to support the legislation. I think we have done an excellent job.

Mr. MARTINEZ. Mr. Speaker, I yield myself the balance of my time. I should have commended the staff earlier because I can remember a lot of those meetings, especially the meetings where the staff included me and the gentleman from California (Mr. RIGGS) in their deliberations. They were quite extensive. I want to say that they did work very hard to try to get to that bipartisan effort we did. But it finally came down to the fact that the gentleman from Pennsylvania (Mr. GOODLING), the chairman, interceded in some of the really, really difficult issues that we had not resolved, and we do have a bipartisan bill on the floor today. I would recommend that our Members vote for it.

Mr. GOODLING. Mr. Speaker, I rise in strong support of the amendment in the nature of a substitute to S. 2206, the Human Services Authorization Act of 1998. This legislation merges two bills that were reported by the Committee on Education and the Workforce on July 29: H.R. 4241, the Head Start Amendments Act of 1998 and H.R. 4271, the community services Authorization Act of 1998. Passage of this legislation is critically important to this nation's fight against poverty and to improve the preschool education of low-income children.

Specifically this legislation extends the authorizations for the Head Start Act, the Community Services block Grant Act, and the Low-Income Home Energy Assistance Act of 1981. The legislation also makes important changes to the Acts that would result in improved services, increased quality and accountability.

Title I of this legislation contains H.R. 4241, the Head Start Amendments of 1998. This legislation firmly establishes quality as the focus of the authorization.

Questions still persist about the unevenness of Head Start quality and about program outcomes in general. In Fact, Dr. Ed Zigler, the founder of Head Start, testified at a Head Start hearing in June that the educational component of Head Start continues to be of suspect quality.

Dr. Zigler's testimony and the testimony of other witnesses we heard at numerous hearings, coupled with my own impression of Head Start leads me to the conclusion that we must continue to improve the quality of head Start. I am a firm believer that Head Start should rival the best preschools in the nation. So while Head Start may be successful in providing an array of social services, the primary focus of the program should be educational quality. Unfortunately, the program has fallen short in preparing young children to enter school ready to read, ready to learn.

Until we can ensure that ALL children enrolled in Head Start receive high quality educational services, we should slow down the rate of expansion for a few short years. We should first ensure that head Start has the capacity to serve ALL children currently enrolled in the program well.

In an effort to strike the appropriate balance between quality and expansion, the bill directs more money into improving quality in head Start in the first years of the authorization. As we look to spend in excess of $20 billion on this program over the next five years, it is important that we strike this balance.

Under the bill, school readiness will become the primary goal of Head Start. We want children to be eager and prepared to participate in kindergarten. Therefore we have added new education performance standards and measures. The legislation also requires that at least one-half of all Head Start teachers will have to possess a college degree in early childhood education by the end of the authorization period.

I would like to point out at this time that the substitute I am offering today does not contain three provisions that were reported out of Committee. Specifically: Permitting parent certificates; requiring mothers to identify the father of their child, before their child may enroll in Head Start; and deleting the Davis-Bacon requirement.

Although these are important provisions and the Committee reported such provisions after rigorous debate, they were dropped because this is neither the time nor the bill to debate these controversial issues. The Senate which has already passed their authorization bill did not include these provisions, nor have they indicated that they will do so. I submit for the RECORD an editorial in today's Washington Post stating that the while all three topics are worthy of discussion, Head Start is not the bill on which to have those debates.I am also submitting a letter of support from the National Head Start Association. Support that is dependent on these issues being dropped from the bill.

We have only a few short weeks before the end of session. Time dictates that the House pass a bipartisan Head Start bill, so we can conference with the Senate immediately and ensure that the authorizations of Head Start, CSBG and LIHEAP are considered another significant accomplishment of this Congress.

In summary, the bottom line for this authorization of Head Start is educational quality. Although, numerous quality provisions in the bill will help guarantee that a Head Start child receives as good a preschool experience as any other child in this country.

Title II of the legislation makes changes to the Community Services Block Grant Act. The bill will better enable States and local communities to eradicate poverty; revitalize high poverty neighborhoods; and empower low-income individuals to become self-sufficient.

The bill increases program accountability in CSBG. It encourages development of effective partnerships between government, local communities, and charitable organizations (including faith-based organizations) to meet the needs of impoverished individuals. And it encourages innovative community-based approaches to attacking the causes and effects of poverty.

I have been a strong supporter for many years of CSBG and the programs that it supports. I have seen the positive differences that community action programs have made in people's lives, including for those in my Congressional district in Pennsylvania. Working together we can make improvements in CSBG and related anti-poverty programs that will even further improve services for the poor in each local community.

Title III of this legislation extends the authorization of another important program, the Low Income Home Energy Assistance Program through the year 2001. LIHEAP provides heating and cooling assistance to almost 5 million low-income households each year. Whether it's those in abject poverty who are facing the blistering cold of a winter in Michigan, or the elderly sweltering in 102 degree heat in Dallas, Texas, this program provides the only relief for hundreds of thousands of our citizens.

Individuals and families receiving this vital assistance include the working poor, individuals making the transition from welfare to work, individuals with disabilities, the elderly, and families with young children. In fact, nearly 70 percent of families receiving LIHEAP assistance last year survived on an annual income of less than $8,000, while spending an average of 18.5 percent of their annual household income on energy costs.

I urge my Colleagues to support S. 2206 as amended so that we may promptly begin the conference process on Head Start, CSBG and LIHEAP. It is critical to low-income families throughout the nation that we move quickly on this important legislation that impacts so many of their lives, to ensure that it becomes law this year.

THE NATIONAL HEAD
START ASSOCIATION,
Alexandria, VA, September 11, 1998.

Hon. WILLIAM GOODLING, CHAIRMAN,
Committee on Education and the Workforce, House of Representatives, Washington, DC.

DEAR CHAIRMAN GOODLING: On July 29, the Committee on Education and the Workforce considered the bill, H.R. 4241, and reported the measure, after agreeing to several amendments which the National Head Start Association strongly opposes.

As I wrote you in my letter of August 5, 1998, the National Head Start Association is gravely concerned over the outcome of the committee deliberations—specifically those actions which restored controversial matters which you had elected to eliminate in offering your substitute amendment for committee consideration.

The introduction of vouchers in lieu of Head Start programs for the delivery of services and requiring Head Start programs to police compliance with welfare and paternity conditions threatens to undermine program quality and integrity and fracture a long history of bipartisan legislation in support of Head Start.

Just two days before the Committee considered H.R. 4241, as you know, the Senate unanimously approved Head Start reauthorization legislation (S. 2206) reported by the Senate Committee on Labor and Human Resources by a vote of 18–0. Our hope was that the House of Representatives would follow suit so that the process might move forward in a collegial manner.

In an effort to move the reauthorization process forward, the National Head Start Association would support consideration of H.R. 4241 by the full House of Representatives if the controversial provisions cited above are removed from the bill as reported by the Committee on Education and the Workforce. At the same time, we remain concerned over other provisions in the committee-reported bill and will work with you as the measure moves to conference in addressing those concerns.

Sincerely,

SARAH M. GREENE.

[From the Washington Post, Sept. 14, 1998]

HEAD START VOTE IN THE HOUSE

A bill to reauthorize the Head Start program, whose passage ought to be routine, has hit a rough spot in the House, where conservative Republicans are trying to turn it into an election-year poster board. Chairman Bill Goodling of the Committee on Education and the Workforce will try this week to rescue the legislation by stripping out gratuitious amendments that were added in committee, mostly against his will.

He is using a procedure that requires a two-thirds vote while limiting debate. The principal sponsor of the troublsome amendments, Rep. Frank Riggs of California, is resisting. The House should vote as Mr. Goodling now asks; the Republican leadership should see to it. It is hard to believe the party would want to send members home to campaign having held up a program as worthy and popular as this.

Mr. Riggs offered three amendments in committee. One would bar from the program children whose mothers failed to cooperate with state and local agencies in establishing paternity. The second would take a symbolic first step toward disestablishing Head Start in favor of a system of vouchers. The third would exempt work on Head Start centers from the requirement of organized labor's beloved Davis-Bacon Act that ''prevailing'' wages be paid on federal construction projects.

Those are the provisions that Mr. Goodling would drop. In a letter urging Republican colleagues to resist, Mr. Riggs called them ''common-sense reforms'' that reflect ''core Republican principles.'' He's right that all three of the issues are worthy of discussion, but not in connection with this program or this bill. The Senate already has passed a clean Head Start bill; the House should follow its lead.

Mr. HALL of Ohio. Mr. Speaker, I rise in support of S. 2206, the Community Opportunities & Educational Services Act. I support many of the provisions in this bill which reauthorizes the Head Start, Community Services Block Grant and the Low-Income Home Energy Assistance Programs. However, I want to focus my remarks on the new demonstration program which will be created if this bill becomes law.

Mr. Chairman, S. 2206 includes the text of H.R. 2849, the Assets for Independence Act which I introduced with Representative JOHN KASICH. The language was added by an amendment offered in the Education and Work Committee by Representatives MARK SOUDER and LYNN WOOLSEY. This legislation authorizes $25 million for four years for the creation of Individual Development Accounts (IDAs) for poor families and individuals. IDAs are dedicated savings accounts, similar in structure to

Individual Retirement Accounts, that can be used for purchasing a first home, paying for post-secondary education, or capitalizing a business.

IDAs are managed by community organizations and are held at local financial institutions. Low income individuals make a contribution to the account which is then matched by private or public funds. Under the legislation, participants can have no more than $10,000 in assets (excluding their car and home) to qualify for the program. Federal money can only be used to match private money. In this way, the bill would leverage more private money and local involvement. By encouraging asset development, IDAs help families end their own poverty with dignity.

IDAs and other asset-building strategies for the poor appear to be among the most promising poverty-fighting ideas to emerge in the last few decades. It is estimated that 100 communities are running IDA programs in forty-three states. Twenty-five states, including Ohio, have incorporated IDAs into their welfare-to-work plans, as authorized by the Personal Repsonsibility and Work Opportunity Reconciliation Act of 1996. The Joyce, Mott, Ford, Levi Strauss, and Fannie Mae Foundations have issued millions of dollars in grants to support IDA demonstration projects. IDAs have come a long way since the Select Committee on Hunger, which I chaired, first held hearings on this important idea in the early 1990's.

This demonstration project, will provide additional fuel to states, localities, and community based nonprofit groups that are looking for creative and enduring strategies to help low-income families move toward self-sufficiency.

Owning assets gives people a stake in the future and a reason to save, dream, and invest time, effort, and resources in creating a future for themselves and their children. Assets empower people to make choices for themselves.

I would urge my colleagues to pass this important legislation.

Mr. PAUL. Mr. Speaker, I appreciate the opportunity to express my opposition to S. 2206, which reauthorizes the Head Start program, as well as the Community Services Block Grant program and the Low Income Housing Energy Assistance Program (LIHEAP). While the goals of Head Start and the Community Services Block Grant program are certainly noble, the means these programs use to accomplish these goals (confiscating monies from one group of citizens and sending them to another group of citizens in the form of federal funding for Washington-controlled programs) are immoral and ineffective. There is no constitutional authority for Congress to fund any programs concerning child-rearing or education. Under the constitutional system, these matters are left solely in the hands of private citizens, local government, and the individual states.

In fact, the founders of this country would be horrified by one of the premises underlying this type of federal program: that communities and private individuals are unwilling and unable to meet the special needs of low-income children without intervention by the federal government. The truth is that the American people can and will meet the educational and other needs of all children if Congress gives them the freedom to do so by eliminating the oppressive tax burden fostered on Americans to fund the welfare-warfare state.

When the federal government becomes involved in funding a program such as Head Start, it should at least respect local autonomy by refraining from interfering with the ability of local communities to fashion a program that suits their needs. After all, federal funding does not change the fact that those who work with a group of children on a daily basis are the best qualified to design a program that effectively serves those children. Therefore, I must strongly object to the provisions in S. 2206 that requires the majority of Head Start classroom teachers to have an Associate or Bachelors degree in early childhood education by 2003. This provision may raise costs and/or cause some good Head Start teachers to lose their positions simply because they lack the credentials a Washington-based ''expert'' decided they needed to serve as a Head Start instructor.

Mr. Speaker, if programs such as Head Start where controlled by private charities, their staffers would not have to worry about diverting valuable resources away from their mission to fulfill the whims of Congress.

I am also disappointed that S. 2206 does not contain the language passed by the House Committee on Education and the Workforce freeing Head Start construction from the wasteful requirements of the Davis-Bacon Act. Davis-Bacon not only drives up construction costs, it effectively ensures that small construction firms, many of which are minority-owned, cannot compete for federal construction contracts. Repealing Davis-Bacon requirement for Head Start construction would open up new opportunities for small construction companies and free up millions of taxpayers dollars that could be used to better America's children.

Congress should also reject S. 2206 because it reauthorizes the Low Income Heating and Energy Program (LIHEAP). LIHEAP is an unconstitutional transfer program which has outlived its usefulness. LIHEAP was instituted in order to help low-income people deal with the high prices resulting from the energy crisis of the late seventies. However, since then, home heating prices have declined by 51.6% residential electricity prices have declined by 25% and residential natural gas prices have declined by 32.7%. Furthermore, the people of Texas are sending approximately $43 million more taxpayer dollars to Washington for LIHEAP than they are receiving in LIHEAP funds. There is no moral or constitutional justification for taking money from Texans, who could use those funds for state and local programs to provide low-income Texans with relief from oppressive heat, to benefit people in other states.

Another provision in S. 2206 that should be of concern to believers in a free society is the provision making ''faith-based organizations'' eligible for federal funds under the Community Services Block Grant program. While I have little doubt that the services offered by churches and other religious institutions can be more effective in producing social services than many secular programs, I am concerned that allowing faith-based organizations' access to federal taxpayer dollars may change those organizations into lobbyists who will compromise their core beliefs rather than risk alienating members of Congress and thus losing their federal funds. Thus, allowing faith-based organizations to receive federal funds may undermine future attempts to reduce federal control over social services, undermine America's tradition of non-establishment of religion, and weaken the religious and moral component of the programs of ''faith-based providers.'' It would be a tragedy for America if religious organizations weakened the spiritual aspects that made their service programs effective in order to receive federal lucre.

Since S. 2206 furthers the federal government's unconstitutional role of controlling early childhood education by increasing federal micro-management of the Head Start program, furthers government intrusions into religious institutions and redistributes income from Texans to citizens of other states through the LIHEAP program, I must oppose this bill. I urge my colleagues to oppose this bill and instead join me in defunding all unconstitutional programs and cutting taxes so the American people may create social service programs that best meet the needs of low-income children and families in their communities.

Mr. CASTLE, Mr. Speaker, I rise today in strong support of the substitute to S. 2206, the Human Services Authorization ACt of 1998, offered by Chairman GOODILING.

I am pleased to state that this substitute represent a very balanced view of many long hours of negotiations and thorough evaluations of the needs of some of the countries neediest citizens.

In particular, I want to focus my comments today on the Head Start provisions of the legislation. The Subcommittee on Early Childhood, Youth, and Families heard from a number of witnesses on ways to strengthen existing Head Start operations to bring better quality, more accountability and more results. Today, we are combining that input and taking several very important steps for our nation's children by implementing a better, stronger, and more focused program. As you are aware, the substitute does not contain the more controversial provisions, including those on parent certificates, construction, and establishment of paternity. I believe the exclusion of these provisions leaves us with a stronger and more united bill and commend the Chairman for his acknowledgment of such.

One of the keys to this reform, that we on the Education Committee identified immediately, is the need to toughen the education components of the program. So, what we have done is clarify those educational components of Head Start. The purpose of Head Start is to promote school readiness. Make no mistake about it, this program was named deliberately—these kids need a ''head start'' in life. The new performance standards are measures in the substitute will enable us to ensure that students are learning, so that we can meet the needs of children where we haven't been able to in the past.

In addition monies will be available for advancement in the quality of Head Start. Specifically, much needed funds will be put toward teacher training and recruiting college educated teachers. The majority of Head Start teachers will now have a college degree in early childhood development. I, personally, think this is essential. We need to provide strong resources and strong teachers that have an intimate knowledge of child development to assist families through some of the most difficult and vital childhood years.

Finally the substitute also cover areas that we are the Federal level have missed by providing a separate portion of funds directly to

local grantees. Knowing the priorities and diverse needs of their individual communities, the local programs can use these funds to attend to individual children with concerns not addressed by other parts of the legislation.

Mr. Speaker, I have attempted only to highlight the strengths of the substitute in this brief synopsis, but I want to give my full endorsement for the entirety of the legislation being put forth today. With the fiscal constraints we are faced with in the Nation today, I believe it is essential to strengthen accountability and results and produce quality programs that ensure children's welfare is being promoted, and I feel comfortable and confident that this bill helps us do so.

I urge my colleagues to join me in support the Goodling substitute to the Human Services Authorization Act of 1998.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I strongly support this bill. It is imperative that we continue to fund projects that develop and enhance educational opportunities for our children. Reauthorizing the Community Services Block Grant and the Low-Income Home Energy Assistance program provides much needed aid to those who needed the most help.

It should be clear to all of us that education preserves the very qualities of humanity that we must uphold. As the great scholar Plutarch once wrote, ''The very spring and root of honesty and virtue lie in good education.''

By helping low-income families, Head Start provides financially-disadvantaged children the foundation for a good education, and it is this foundation that allows these children to excel in public schools. Such achievement can then carry them to college and beyond.

It is equally important to ensure the viability of Community Service Block Grants. This measure would continue the assistance that we already provide to States and local communities. Moreover, the measure continues the Federal government's partnership with a network of community action agencies and other neighborhood-based organizations as they strive to achieve 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.

Finally, it is vital that we provide adequate funds to the Low-Income Home Energy Assistance Program. With the ever-rising costs of home energy, we cannot forget those who often cannot afford such costs. All we have to do is look at my hometown of Houston, Texas, and the terrible heat crisis that resulted in loss of life. If we can provide assistance to low-income individuals, perhaps we could prevent future casualties.

Mr. ROEMER. Mr. Speaker, I rise in strong support of this Head Start bill. I would also like to commend the Committee Chairman, Mr. GOODLING, for his strong leadership on this important bill.

Mr. Chairman, I am a very strong supporter of the Head Start program, but have had many concerns about the quality and the educational components of the Head Start program. I am pleased with this legislation because it further addresses quality and professional development. I am pleased that this legislation establishes ''school readiness'' as a goal of the Head Start program, and adds very specific education performance measures to the Head Start statute. The Head Start program has great potential, and I think that we should continue to strive to improve the educational components of this valuable program.

I am also pleased that this bill infuses more money into quality—such as professional development, teachers' salaries, and overall quality improvements. I believe that the Head Start program must not be expanded at the expense of quality.

Finally, this bill addresses professional development by identifying specific skills that each classroom teacher should be able to demonstrate, as well as upgrading the degree requirements for the program so that a majority of classroom teachers will have at least an associate's degree by 2003. I am pleased that this bill also includes an amendment that I offered that will strengthen professional development and the quality of the program. My amendment would require Head Start grantees to develop or adopt, in consultation with experts in child development and classroom teachers, an assessment or evaluation instrument to be used by Head Start grantees when hiring classroom teachers.

We need to ensure that our Head Start teachers have mastered the skills to advance the intellectual and physical development of the children, improve school readiness, establish a safe and healthy environment, and support the social and emotional development of children. Again, I appreciate the Chairman's fine leadership on this bill, and strongly urge my colleagues to support this legislation.

The SPEAKER pro tempore (Mr. PETRI). The question is on the motion offered by the gentleman from Pennsylvania (Mr. GOODLING) that the House suspend the rules and pass the Senate bill, S. 2206, as amended.

The question was taken.

Mr. MARTINEZ. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 5 of rule I and the Chair's prior announcement, further proceedings on this motion will be postponed.

NEXT GENERATION INTERNET RESEARCH ACT OF 1998

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3332) to amend the High-Performance Computing Act of 1991 to authorize appropriations for fiscal years 1999 and 2000 for the Next Generation Internet program, to require the Advisory Committee on High-Performance Computing and Communications, Information Technology, and the Next Generation Internet to monitor and give advice concerning the development and implementation of the Next Generation Internet program and report to the President and the Congress on its activities, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3332

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Next Generation Internet Research Act of 1998''.

SEC. 2. FINDINGS.

(a) IN GENERAL.—The Congress finds that—

(1) United States leadership in science and technology has been vital to the Nation's prosperity, national and economic security, and international competitiveness, and there is every reason to believe that maintaining this tradition will lead to long-term continuation of United States strategic advantages in information technology;

(2) the United States investment in science and technology has yielded a scientific and engineering enterprise without peer, and that Federal investment in research is critical to the maintenance of United States leadership;

(3) previous Federal investment in computer networking technology and related fields has resulted in the creation of new industries and new jobs in the United States;

(4) the Internet is playing an increasingly important role in keeping citizens informed of the actions of their government; and

(5) continued inter-agency cooperation is necessary to avoid wasteful duplication in Federal networking research and development programs.

(b) ADDITIONAL FINDINGS FOR THE 1991 ACT.—Section 2 of the High-Performance Computing Act of 1991 (15 U.S.C. 5501) is amended by—

(1) striking paragraph (4) and inserting the following:

''(4) A high-capacity, flexible, high-speed national research and education computer network is needed to provide researchers and educators with access to computational and information resources, act as a test bed for further research and development for high-capacity and high-speed computer networks, and provide researchers the necessary vehicle for continued network technology improvement through research.''; and

(2) adding at the end thereof the following:

''(7) Additional research must be undertaken to lay the foundation for the development of new applications that can result in economic growth, improved health care, and improved educational opportunities.

''(8) Research in new networking technologies holds the promise of easing the economic burdens of information access disproportionately borne by rural users of the Internet.

''(9) Information security is an important part of computing, information, and communications systems and applications, and research into security architectures is a critical aspect of computing, information, and communications research programs.''.

SEC. 3. PURPOSES.

(a) IN GENERAL.—The purposes of this Act are—

(1) to authorize, through the High-Performance Computing Act of 1991 (15 U.S.C. 5501 et seq.), research programs related to—

(A) high-end computing and computation;

(B) human-centered systems;

(C) high confidence systems; and

(D) education, training, and human resources; and

(2) to provide, through the High-Performance Computing Act of 1991 (15 U.S.C. 5501 et seq.), for the development and coordination of a comprehensive and integrated United States research program which will—

(A) focus on the research and development of a coordinated set of technologies that seeks to create a network infrastructure that can support greater speed, robustness, and flexibility than is currently available and promote connectivity and interoperability among advanced computer networks of Federal agencies and departments;

(B) focus on research in technology that may result in high-speed data access for users that is both economically viable and does not impose a geographic penalty; and

(C) encourage researchers to pursue approaches to networking technology that lead