

Increase in ^{Keith Lewis-DHFS LL} funds

1/11/99

\$4 mil to \$6 mil

All to community action programs

§ 46.30 statutorily defined

★ Need to know if we can meet to HSA
review the block grant problem

What is the ratification process

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Slidensky memo on 2/7.10, get him press release

Dept itself said ^{do not} 10+10

CAPLAW LEGAL UPDATE

The first in a series of reports on current legal issues of interest to Community Action Agencies

December 1998

THE NEW COMMUNITY SERVICES BLOCK GRANT ACT and THE INDIVIDUAL DEVELOPMENT ACCOUNT DEMONSTRATION PROJECT

Congress recently reauthorized the Community Services Block Grant (CSBG) through fiscal year 2003. The CSBG appropriation for FY 1999 is \$500 million, an increase of about \$ 10 million from last year.

The revised CSBG Act, which became effective on October 27, 1998, preserves the fundamental goals and structure of the program, in particular the essential role of Community Action Agencies. Some significant changes have been made, however, both in substance and in the organization of the statute.

Congress also established, as a program separate from CSBG, the Individual Development Account Demonstration Project (IDA). An analysis of the IDA legislation follows the CSBG analysis.

Highlights of CSBG Changes

- ★ New expanded statement of purpose
- ★ Additional requirements and responsibilities for eligible entities' Boards of Directors
- ★ Increased focus on monitoring, training, and technical assistance, especially before termination or reduction of funding of a local agency
- ★ New uses permitted for states' discretionary funds, including charity tax credit and Individual Development Accounts
- ★ New requirement for timely submission of state plan, which may now cover either one or two years, 30 days before beginning of fiscal year

- ★ Increased reporting by states to U.S. Department of Health and Human Services (HHS)
- ★ New requirement for participation in “ROMA” or other performance measurement system approved by HHS
- ★ New process for designating eligible entities in unserved areas. Requires designation of an organization of demonstrated effectiveness in meeting CSBG goals and permits, but does not require, states to give preference to existing eligible entities
- ★ In designating eligible entities for unserved areas, states may now consider religious organizations on same basis as other private non-profit organizations, but the religious organization must meet tripartite board and other requirements and may not use CSBG funds for religious purposes
- ★ Reinstatement of restrictions on political activity
- ★ Allowance of drug testing of program participants

Analysis of the CSBG Act

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This section provides a detailed analysis of the major provisions of the new CSBG Act, with particular focus on changes from the prior version. Since the new Act has not yet been recodified, references are to sections of the Act rather than to sections of the United States Code (the new Act will be recodified at 42 U.S.C. § 9901 et seq.) A copy of the new Act is attached.

Purposes and Goals (Sec. 672)

The new CSBG Act adds a statement of purposes and goals which expands upon the old barebones version ("to ameliorate the causes of poverty"):

The purposes of [CSBG] are ... 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 [welfare] program.

This statement affirms the centrality of community action agencies to CSBG programs. Community revitalization is mentioned for the first time. Note also the focus on self-sufficiency and encouragement of families' efforts to move off welfare programs.

The Act's purposes will be accomplished by using CSBG funds for:

- *the strengthening of community capabilities for planning and coordinating the use of a broad range of Federal, State, local, and other assistance (including private resources) related to the elimination of poverty, so that this assistance can be used in a manner responsive to local needs and conditions*
- *the organization of a range of services related to the needs of low-income families and individuals, so that these services may have a measurable and potentially major impact on the causes of poverty in the community to achieve self-sufficiency*
- *the greater use of innovative and effective community-based approaches to attacking the causes and effects of poverty and of community breakdown*
- *the maximum participation of residents of the low-income communities and members of groups served by programs assisted through [CSBG Block Grants] to empower such residents and members to respond to the unique problems and needs within their communities*
- *the broadening of the resource base of programs directed to the elimination of poverty so as to secure a greater role for ... private, religious, charitable, and neighborhood-based organizations; and ... individual citizens, and business, labor, and professional groups, who are able to influence the quantity and quality of opportunities and services for the poor*

Eligible Entity (Sec. 673)

As in the previous version of the CSBG Act, only "eligible entities" are permitted to receive funding from the 90 percent portion of the states' allocation from HHS. (Sec. 675C). The prior version defined an "eligible entity" as an organization which: 1) was officially designated, for fiscal year 1981, as a Community Action Agency (CAA) or program under the 1964 Economic Opportunity Act (EOA); 2) came into existence during fiscal year 1982 as a direct successor in interest to an organization described in 1) and meets the CAA board composition requirements; 3) was designated for fiscal year 1981 as a "limited purpose agency" under the EOA and serves the general purposes of a CAA ; or 4) received a grant under the CSBG Act in fiscal year 1984 in accordance with the state's receipt of a waiver from HHS. There are no longer any waiver states.

The new version simplifies the definition of "eligible entity" by removing the listing of specific laws under which an organization could have become an eligible entity in the past, but remains the same in substance. The new version defines an "eligible entity" as an entity which was an "eligible entity" or a migrant farm worker organization under the prior version of the statute or is designated by the State as an "eligible entity" for an unserved area under the new version. In short, if an organization was an "eligible entity" immediately prior to the enactment of the new statute, it remains so under the new statute.

If an existing eligible entity has gone out of business, if a state has lawfully terminated the entity's CSBG funding, or if a geographic area is not or ceases to be served for any other reason, the State may designate a new "eligible entity" according to the process set out in Sec. 676A. Although the new version does away with the prior version's rigid three-tier designation system, which explicitly *required* the state to consider existing eligible entities before considering other organizations, it gives the state *discretion* to give priority to existing "eligible entities that are providing related services in the unserved areas, consistent with the needs identified by a community-needs assessment." (Sec. 676A(b)). The legislative history of the new CSBG bill emphasizes that it was the intent "that States shall give consideration to using existing, private nonprofit eligible entities to provide CSBG services in unserved areas. Utilizing existing eligible entities will effectively leverage CSBG resources and expertise and ensure continuity in the program." (Conf. Report in Oct. 6, 1998 Cong. Record at H9717).

The new process also favors existing eligible entities by requiring any private non-profit organization designated as an eligible entity to have demonstrated effectiveness in meeting CSBG's goals and purposes and a tripartite board.

Location is a factor in selection too. The state may choose among: 1) private non-profit organizations (including both current eligible entities and other non-profit organizations, including faith-based) located in the unserved area and capable of providing wide range of services designed to eliminate poverty and foster self-sufficiency; and 2) private eligible entities located nearby already providing related services in the unserved area. Therefore, another factor favoring existing eligible entities is that they may be selected if they are located either in or near the unserved area, but other entities may be selected only if they are located in, rather than just near, the unserved area. If no private non-profit organization is determined to be qualified, the state

may designate a political subdivision to serve as the eligible entity if it has a tripartite board or other mechanism for representation of and participation by low-income individuals.

Tripartite Board of Directors (Sec. 676B)

The new version retains the tripartite board of directors requirement for private non-profit eligible entities (one-third elected officials; at least one-third low-income representatives; and the balance members of business, labor, industry, education, etc.), while expanding on and clarifying several of the specific provisions:

- Adds requirement that the board “fully participate[] in the development, planning, implementation, and evaluation of the program to serve low-income communities”
- Requires “elected officials” who are board members to hold elective office on the date of selection to the board.
- Requires that no fewer than 1/3 of the members of the board “are 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.**” The change in wording from the prior version, which required that these members be representative of “the poor in the area served” reflects an increased emphasis on representation of the neighborhoods which are being served, rather than merely representation of the larger community.
- Requires that “each low-income representative selected to represent a specific neighborhood within the community ... reside in the neighborhood represented by that member.” (Sec. 676B(a)(2)(B)(ii).
- Specifies law enforcement as a group whose members may serve in the “private” sector of the board

The new version also expands on the requirement for a public eligible entity (a government agency) to have a board or other mechanism to assure representation of low-income individuals. The organization may meet this requirement through a board of directors composed of at least one-third individuals chosen through democratic selection procedures who are representative of low-income persons in and live in the neighborhood served and “are able to participate actively in the development, planning, implementation, and evaluation of [CSBG] programs.” (Sec. 676B(b)). The public/governmental organization may also meet this requirement through “another mechanism specified by the State to assure decisionmaking and participation by low-income individuals in the development, planning, implementation, and evaluation of [CSBG] programs.” (Sec. 676B(b)(2)).

In addition, all eligible entities will now be required to establish a procedure for low-income individuals, community organizations, and religious organizations to petition for adequate representation on the board or other mechanism (if a public organization) if such individual or organization considers itself to be inadequately represented.

Appropriations, Reservations, and Uses of Funds (Secs. 674 and 675B)

The new CSBG Act, like the prior version, authorizes appropriation of "such sums as may be necessary to carry out the [CSBG program].(Sec. 674(a)).

The uses of funds, on both the federal and state levels, has changed little. Seventy-nine percent of all federal funds will be passed through to states in a block grant and the remainder used for direct-funded discretionary grants, technical assistance, evaluation, assistance to states in monitoring and correction of deficiencies and other activities as described below (Sec. 674(b)).

The two changes are: 1) HHS will now be required to reserve more of the CSBG appropriation, 1.5% as compared to between .5% and 1%, for training, technical assistance, and other programs designed to assist CAAs; and 2) such programs are now enumerated in much greater detail than in the prior version. The distribution of CSBG/ HHS funding (for all CSBG programs except Community Food and Nutrition (Sec. 681) and Instructional Activities for Low-Income Youth (Sec. 682), which are funded separately) is:

- 1) 79%: block grants through HHS to the states
- 2) 11%: reserved by HHS for:
 - a) .5%: grants to territories
 - b) 1.5% (an increase from the .5 % to 1% range in prior version):

training, technical assistance, planning, evaluation, investigations, assistance to states in carrying out corrective action, monitoring, and reporting and data collection, development of performance measurement systems, and report to Congress, to be allocated as follows:

- i) At least half (.75%) directly to eligible entities and statewide and local organizations and associations with demonstrated expertise in providing training to individuals on addressing needs of low-income families and communities. Those funds must be used for:
 - improving program quality (including financial management)
 - management information and reporting systems
 - measurement of program results
 - ensuring responsiveness to identified local needs

- ii) Half of the balance to carry out evaluation and to assist the states in carrying out corrective action and monitoring
 - iii) Half of the balance for other unspecified activities consistent with the purposes of the 1.5 percent reservation as described in i
- c) 9 %: Discretionary HHS programs which are to be used for **(new discretionary activities in bold)**:
- Community Economic Development
 - Rural Community Development
 - **Neighborhood innovation projects “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 [CSBG] purposes, and which may include providing assistance to projects that are designed to serve low-income individuals and families who are not being effectively served by other programs”**

No Change in Allocation of 90% of State Funds to Eligible Entities

States must still distribute at least 90% of block grant to fund existing eligible entities, reserve no more than five percent for administrative expenses, and may use the balance for statewide activities. (Sec. 675C(a)(1)).

States may no longer transfer up to five percent of the funds to programs providing services under the Older Americans Act, Head Start, and other federal programs.

New Carryover Provision

There is a new provision allowing states to recapture and redistribute funds not obligated by an eligible entity to the extent those funds exceed 20% of the amount allocated to the entity for that year. If the state recaptures the funds, it must either redistribute the funds to an eligible entity or require the original recipient to redistribute the funds to a private, non-profit organization within the community for activities consistent with CSBG purposes. (Sec. 675C(a)(3)(A)).

State Funding Requirements (Sec. 675C)

As listed below, the basic state funding requirements remain the same, although new statewide activities and permissible uses of funds by eligible entities have been added (**new provisions in bold**):

- 1) At least 90%: to eligible entities for uses described below
- 2) No more than the greater of \$55,000 or five percent of the state's total allocation: administrative expenses, including monitoring
- 3) Balance: statewide activities that may include:
 - A) Training and technical assistance to eligible entities
 - B) Coordinating state-operated programs and, at the option of the state, local programs, serving low-income children and families with services provided by eligible entities and other CSBG-funded organizations, including detailing state or local employees to CSBG-funded entities, to ensure increased access to state and local services
 - C) Supporting statewide coordination among eligible entities
 - D) Analyzing distribution of state CSBG funds to determine if funds have gone to areas with greatest need
 - E) **Supporting individual development account and other asset-building programs**
 - F) **Supporting innovative programs conducted by community action agencies or other neighborhood-based organizations to eliminate poverty and to promote self-sufficiency and community revitalization**
 - G) **Supporting state charity tax credits, described below**
 - H) **Supporting other activities consistent with CSBG purposes.**

Charity Tax Credit (Sec. 675C(c))

The charity tax credit is designed to increase charitable contributions to organizations which assist low-income individuals. The theory is that using CSBG funds to reimburse states for revenue lost as a result of charity tax credits will encourage more states to adopt the tax credit, which in turn will encourage more individual charitable contributions to charities serving the poor.

This new provision applies only to those states which give income tax *credits* (as opposed to *deductions* from taxable income) to taxpayers for charitable contributions. It allows such states to use for any purpose (except legal assistance and tuition vouchers) that portion of their CSBG allotment *not* distributed to eligible entities which is equal to or less than the amount of tax revenue lost as a result of the credits for certain charitable contributions. In other words, the state may use the 10% of CSBG funds it is not required to distribute to eligible entities.

To qualify, the contribution must be made to a tax-exempt charity, eligible entity, or public housing agency which assists low-income individuals. The following states currently provide either a Neighborhood Assistance Credit, or some other credit for charitable contributions to the poor which may meet the requirements for reimbursement under this provision: Arizona, Connecticut, Delaware, Idaho, Indiana, Kansas, Michigan, Missouri, Nebraska, Pennsylvania, South Carolina, Utah, and Virginia.

If the state uses CSBG funds for start-up and administrative expenses for this program, the costs are considered CSBG administrative expenses and are therefore capped at the greater of \$55,000 or 5% of the State's allotment.

Let's look at an example of how this works. Assume that a state which has a charity tax credit is allotted \$10 million and distributes \$9 million, or 90%, to eligible entities. Also assume that the state has given \$500,000 in tax credits (and thus lost that amount of tax revenue) for contributions to qualified charities. Under the new law, the state could offset that revenue loss by spending up to \$500,000 of its CSBG allotment for improving its highways, or any other purpose it chose, other than legal assistance and tuition vouchers. But, even if the state had given, for example, \$2,000,000 in tax credits, it still could not spend over \$1,000,000, or 100% of funds not reserved for eligible entities.

Uses of Funds by Eligible Entities (Sec. 676(b)(1))

The new version of the Act also expands the uses for which states may fund eligible entities to add literacy, grassroots partnerships, prevention of youth violence, and TANF transition assistance initiatives. One use included in the prior version, "to coordinate and establish linkages" has been moved out of the list of permissible uses by eligible entities and into a separate assurance required to be made in the state plan, as discussed below. The uses described in the new version are as follows (**new uses are in bold**):

- A) support activities designed to assist low-income families and individuals, **including those receiving TANF assistance**, homeless families and individuals, migrant or seasonal farmworkers, and the elderly, to:

- remove obstacles to self-sufficiency, **including self-sufficiency for those attempting to move off TANF assistance;**
 - secure and retain meaningful employment;
 - attain an adequate education, **with particular attention toward improving literacy skills of low-income families, which may include family literacy initiatives;**
 - make better use of available income;
 - obtain and maintain adequate housing and a suitable living environment;
 - obtain emergency assistance through loans, grants, or other means;
 - achieve greater participation in communities' affairs, **including development of public and private grassroots partnerships with local law enforcement agencies, local housing authorities, private foundations, and other public and private partners to:**
 - **develop methodologies for replication of successful grassroots intervention in urban areas,;**
 - **improve relationships with local law enforcement agencies, including neighborhood policing efforts;**
- 2) **implement youth development programs which support primary family role, give priority to prevention of youth crime and problems, promote increased community coordination and collaboration in meeting youth needs, and support development and expansion of innovative community-based youth development programs that have demonstrated success in preventing or reducing youth crime, such as:**
- **violence-free zones**
 - **after-school childcare programs**
- 3) **make more effective use of, and coordinate with, other programs related to CSBG purposes (including State welfare reform efforts)**

State Plan (Sec. 676)

The revised Act imposes a number of new requirements on the state in connection with its state plan which increase the state's accountability to both HHS and the public, as well as ensure quicker access by eligible entities to CSBG funds distributed by the state.

- State must designate in its funding application to HHS a lead state agency to carry out CSBG activities.
- State must submit the state plan to HHS at least 30 days before the beginning of the fiscal year.
- Prior to submission of state plan, the state agency responsible for administering the CSBG program must hold a public hearing with sufficient time and statewide distribution of notice to give the public an opportunity to comment on the proposed uses of CSBG funds. The state must also hold a legislative hearing at least once every three years in conjunction with development of the state plan. Previously, the state had been required to hold a yearly legislative hearing, but there had been no requirement for any public hearing to be conducted by the state agency administering the CSBG program.
- As in the prior version, the state must make the state plan available for public inspection.

The new Act continues to require the state plan to include various assurances and descriptions of how the state will carry them out. It now also requires the state plan to include descriptions of how the programs carried out by the eligible entities will further the goals specified in Sec. 676(b)(1)(A) (listed above) and of the state's proposed use of its discretionary funds, as well as information provided by the eligible entities describing their service delivery systems, proposed linkages to fill identified service gaps, and use of funds to coordinate with other public and private resources and to support innovative community initiatives, including fatherhood and other effective parenting initiatives. See discussion below for mandatory reports the states will file on their plan goals and how they achieve them.

The state will now also be required to assure in its plan that:

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

(Sec. 676(b)(5)).

Monitoring of Eligible Entities (Sec. 678B)

The revised Act now requires states to monitor eligible entities in order to determine whether they meet the performance goals, administrative standards, financial management requirements, and other state requirements. States must conduct:

- on-site review of each eligible entity at least once every three years
- on-site review of each newly designated entity at the completion of the first year
- follow-up reviews of entities that fail to meet the state's goals, standards, and requirements
- other reviews as appropriate, including reviews of entities which have had other grants terminated for cause

In addition, as in the prior version, HHS, through the Office of Community Services (OCS) must conduct in several states each year evaluations and investigations of the use of CSBG funds. OCS must submit to the state a report of the evaluation and recommendations for improvements. The state must then submit to OCS a plan of action in response to the recommendations. The evaluation results must be included in the annual report by OCS to Congress.

Corrective Action and Termination and Reduction of Funding (Secs. 676(b)(8); 676(c); and 678C)

The new Act creates an entirely new process for identification and correction of an eligible entity's deficiencies. There is now a process which must be followed before initiation of funding termination or reduction proceedings that are based on non-compliance with state requirements, agreements, or the state plan. This process should be of enormous help in correcting problems before they become so severe as to cause a loss of funding.

The trigger for the process is a final decision by the state, based on a review conducted as described in the preceding section, that the entity fails to:

- comply with the terms of an agreement or the state plan;
- provide CSBG services; or
- meet the state's appropriate standards, goals or other requirements, including performance objectives.

If so, the state must inform the entity of the deficiency to be corrected, require the entity to correct it, offer training and technical assistance to help correct the deficiency, and submit to OCS a report describing such training and assistance or explaining why such activities are not appropriate.

The state may, at its discretion, taking into account the seriousness of the deficiency and the time reasonably required to correct it, allow the entity to develop and implement, within 60 days of being informed of the deficiency, a plan to correct the deficiency within a reasonable period of time. Within 30 days of receiving such a plan, the state must either approve it or explain why it cannot be approved.

If the eligible entity does not correct the deficiency, the state must, after providing adequate notice an opportunity for a hearing, initiate proceedings to terminate the designation or reduce its funding. Before terminating or reducing the funding, the state must determine that "cause" exists and, if the entity so requests, submit the decision to OCS for review. OCS must complete the review within 90 days of receiving necessary materials from the state; otherwise the state's determination becomes final. For purposes of both funding reductions and termination, "cause" exists where an eligible entity has not complied with a state requirement or the terms of an agreement or the state plan.

For purposes of a funding reduction, "cause" also exists where there has been a statewide redistribution of CSBG funds in order to respond to new census results, the designation of a new eligible entity, or severe economic dislocation. Under those circumstances, the state is not required to go through the corrective action steps described above before initiating funding reduction proceedings. The state must still, however, provide notice and an opportunity for a hearing on the record and review by OCS.

If a state terminates or reduces funding without providing the required hearing or OCS review, OCS may directly fund the eligible entity until the violation is corrected.

Fiscal Controls, Audits, and Withholding (Sec. 678D)

The new CSBG Act's provisions concerning fiscal control, audits, and withholding are substantially the same as before, but have been reorganized into a single section. They still require a state to

- Establish fiscal control and fund accounting procedures necessary to assure the proper disbursement of and accounting for federal funds paid to the state
- Ensure that OMB cost and accounting standards apply to CSBG fund recipients
- Prepare an audit at least yearly. The audit must be conducted by an independent entity in accordance with generally accepted accounting principles and the single audit requirements contained in 31 U.S.C. §75. Within 30 days of completion, the governor of the state must submit a free copy of the audit to any eligible entity that was the subject of the audit, to the state legislature, and to the Secretary.

- Make appropriate records available to OCS and the Comptroller General of the United States

The state must repay to the United States, or OCS may offset from other CSBG funds which the State is or may become due, all amounts found to have been spent in violation of the CSBG Act.

In addition, OCS may withhold funds from a state if, after providing adequate notice and an opportunity for a hearing conducted in the state, it determines that the state has not used its CSBG funds in accordance with the CSBG Act provisions, including the state's assurances. Note that this standard is lower than the that contained in the previous version, which permitted withholding only where the state's utilization of funds was not *substantially* in accordance with the CSBG Act. It may therefore now be easier for OCS to withhold funds from a state.

OCS must respond promptly to serious or substantial complaints that a state has failed to use funds in accordance with the CSBG Act. A complaint of a failure to meet any one of the assurances in the state plan is considered a serious complaint. Whenever OCS finds a pattern of such complaints, OCS must conduct an investigation of the state's use of funds.

Accountability and Reporting Requirements (Sec. 678E)

This new section requires states and eligible entities, by October 1, 2001, to participate in either a performance measurement system developed by OCS (ROMA) or an alternative system approved by OCS. The systems, the development of which OCS will facilitate in collaboration with the states and eligible entities, "may be used by the States and by eligible entities to measure their performance in carrying out the [CSBG] requirements and in achieving the goals of their community action plans." (Sec. 678E(b)(1). OCS will "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." (Id.).

The prior version of the CSBG Act did not require states to submit an annual report to OCS, or to participate in data collection or ROMA (only an audit was required). States will now be required to submit an annual report to OCS, beginning with a report covering the fiscal year October 1, 1999 through September 30, 2000 (federal fiscal year 2000), which contains:

- a report on the measured performance of the state and eligible entities. Prior to implementation of the mandatory performance measurement system in October 2001, the report must contain any information collected by the state relating to such performance. Reports covering periods on and after October 1, 2001 must contain information required by the ROMA system or alternative performance measurement system approved by OCS.
- an accounting of the expenditure of CSBG funds, including

those funds spent on administrative costs by the state (currently provided voluntarily) and eligible entities

- an accounting of funds spent by the eligible entities on the direct delivery of local services
- information on the number and characteristics of CSBG clients (currently provided voluntarily)
- a summary of training and technical assistance offered by the state to eligible entities to correct deficiencies
- summaries of the planned and actual uses of CSBG funds. Although this is not required by either the prior or new CSBG Act, OCS will require states to include this information in their annual reports since OCS is now required to include such information in its report to Congress (see below).

As in the prior version, OCS must prepare yearly , either directly or by grant or contract, a report for submission to Congress. The report must now include summaries of both the planned and actual uses of CSBG grants to the states, with a breakdown of funds actually spent on administrative costs and on direct delivery of local services by eligible entities, and a comparison of planned versus actual uses. The report must also contain information on the number of entities eligible for CSBG funds, the number of low income people served, and other demographic data, and a summary of each state's and eligible entity's performance results.

Limitation on Use of Funds for Construction (Sec. 678F)

As in the past, CSBG funds may not be used, without a waiver from OCS, for the purchase or improvement of land, or the construction or permanent improvement of any building or facility. Funds may be used for low-cost weatherization or other energy-related home repairs.

Limitation on Use of Funds for Political Activity (Sec. 678F)

The new version retains the prior prohibition on CSBG-funded programs supporting or being identified with voter registration activity or transportation to the polls or other similar assistance to voters or prospective voters. But it also adds new political restrictions, including a prohibition on support by CSBG-funded programs of, or identification of CSBG-funded programs with, any political activity connected with an election for public or political party office. (Entities receiving CSBG funds which are tax-exempt 501(c)(3) organizations are already prohibited from all activity connected with a political campaign).

In addition, the new version reinstates Hatch Act restrictions on political activity of employees (even if CSBG funds are not used), found at 5 U.S.C. §§1501 - 1508. Those restrictions had been removed from the CSBG Act in 1994. Employees of *any entity which receives CSBG funds* may not: 1) use their official authority or influence to interfere with or affect

the result of an election or a nomination for office; or 2) coerce, command, or advise a state or local officer or employee, or another employee of a CSBG-funded entity, to pay, lend, or contribute anything of value to any person or entity (including a political party) for political purposes. Also, employees of *any entity which both receives CSBG funds and plans, develops, and coordinates CSBG activities* ("CSBG coordination entities") (presumably most community action agencies) may not be a candidate for partisan elective office (i.e. as a representative of a political party). Such restrictions do not bar employees from voting as they choose or expressing their opinions on political subjects or candidate, as long as those opinions are not identified with CSBG-funded programs. OCS will issue regulations to enforce the new rules on political activity.

Drug Testing (Sec. 678G(a))

The new Act adds a provision allowing states to conduct drug testing on CSBG program participants. If the state does so, it must inform participants who test positive about, and refer them to, treatment facilities.

Child Support Services and Referrals (Sec. 675G(b))

This new provision requires eligible entities to inform custodial parents in single-parent homes who participate in CSBG-funded programs about the availability of child-support services and refer them to the child support offices of state and local governments.

Role of Religious Organizations (Secs. 673(3); 679)

The revised Act now requires religious organizations to be considered for CSBG funding on the same basis as any other non-governmental organization, so long as the program is implemented in a manner consistent with the Establishment clause of the first amendment to the United States constitution. In other words, the program may not support religious activity or compel participants to adopt or participate in religious practices or teachings. A religious organization may not use CSBG funds for sectarian worship, instruction, or proselytization. It may, however, retain its religious character and not be forced by any government to alter its form of governance (other than creating a tripartite board) or remove religious art, icons, scripture or other symbols.

Religious organizations may now be designated as new eligible entities in unserved areas, but only if all the requirements applicable to other private non-profit organizations, such as a tripartite board, location in the geographic area to be served, ability to provide a broad range of services designed to eliminate poverty and foster self sufficiency, and demonstrated effectiveness in meeting CSBG goals and purposes, are met. If an eligible entity sub-contracts any CSBG programs, it must follow the same rules as the government with respect to its treatment of religious organizations subcontractees.

Religious organizations are subject to the same fiscal accountability regulations as other entities, but must segregate CSBG program funds into a separate account, which will be subject to government audit. Other funds of the organization are not subject to such audit.

Community Food and Nutrition Programs (Sec. 681)

This section remains substantially the same in the new Act. OCS may award grants to public and private nonprofit agencies for programs to coordinate food assistance resources, assist low-income communities to identify potential sponsors of child nutrition programs, initiate such programs in unserved areas, and develop innovative approaches to meeting nutritional needs of low-income individuals. The only change in this program is the authorization. The 1994 CSBG Act had appropriated \$25,000,000 for fiscal year 1995, and such sums as would be necessary to carry out the Community Food and Nutrition programs for fiscal years 1996 through 1998. The new version authorizes appropriation of such sums as may be necessary for fiscal years 1999 through 2003.

Instructional Activities for Low-Income Youth ("National Youth Sports") (Sec. 682)

The new Act reauthorizes this program, under which HHS will make grants for the administration of "national or regional programs to provide instructional activities for low-income youth." The appropriation remains the same: \$15,000,000 for each fiscal year through 2003.

INDIVIDUAL DEVELOPMENT ACCOUNTS (IDAs) (Sec. 401 of Coats Human Services Reauthorization Act of 1998)

OCS will operate this newly-created demonstration program, which is established under a separate title distinct from CSBG. It will be funded at \$25 million a year for five years. The program's goal is to encourage low-income individuals to accumulate assets, by saving a portion of their incomes, for purposes of home ownership, postsecondary education, and businesses start-ups. Grant funds will match deposits made by low-income individuals into bank-held Individual Development Accounts (IDAs) used for those purposes. Individuals may withdraw their deposits for certain defined emergencies.

Individuals may be selected for the program if they are eligible for TANF, or are eligible for the Earned Income Tax Credit and have a net worth, excluding the primary residence and one car, of no more than \$10,000. Grantees must match each dollar of earned income deposited by the individual into the IDA with between fifty cents and four dollars of non-federal funds and an equal amount of federal funds from the IDA grant. An individual may receive from the federal IDA grant no more than \$2,000, and a household no more than \$4,000, over the course of the demonstration project.

Private non-profit organizations, either independently or jointly with state, local or tribal government agencies, banks, or for-profit community development corporations, are eligible for IDA grants. Applications must be submitted to OCS by April 27, 1999.

Criteria for awarding IDA grants include the degree to which the proposed project will aid self-sufficiency for the individual participants; the applicant's administrative experience and ability, the applicant's ability to assist participants, the commitment of non-federal matching funds, and the adequacy of the plan for evaluation. Preference will be given to applicants who will select

individual participants from households in which children are living with their parents or legal guardians; commit non-federal funds with a proportionately greater amount of such funds from the private sector (as opposed to state or local government), and targets individuals living in neighborhoods with high rates of poverty or unemployment. Existing statewide individual asset-building programs established under state law with non-federal funding of at least \$1,000,000 which are consistent with the new federal IDA program need not follow the federal program requirements.

Each grant will be awarded for a five-year period. The amount of each year's funding will equal the lesser of \$1,000,000 or the total amount of funds committed as matching contributions from non-federal sources.

Each grantee must submit a detailed annual progress report to HHS and the treasurer of the state in which the project is conducted if state, local or tribal government matching funds were used. OCS may terminate a grantee's authority to conduct the IDA project if it determines that the grantee is not operating the project in accordance with grantee's application or the program's requirements and has not taken corrective measures directed by OCS.

OCS must contract with an independent research organization to evaluate the IDA projects and submit yearly and final reports to Congress.



Community Services Block Grant Act

Reauthorization Act of 1994

Public Law 97-35 as amended



any limited purpose agency designated under title II of the Economic Opportunity Act of 1964 for fiscal year 1981 which served the general purposes of a community action agency under title II of such Act, unless such designated agency lost its designation under title II of such Act as a result of a failure to comply with the provisions of such Act, any grantee which received financial assistance under section 222(a)(4) of the Economic Opportunity Act of 1964 in fiscal year 1981, and any organization to which a State which applied for and received a waiver from the Secretary under Public Law 98-139 made a grant under this Act in fiscal year 1984, ~~if any geographic area of a State is not, or ceases to be, served by an eligible entity, the chief executive officer of the State may decide to serve such a new area by—~~

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

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

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

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

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

(4) The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American

COMMUNITY SERVICES GRANTS AUTHORIZED

SEC. 672. (a) The Secretary is authorized to make grants in accordance with the provisions of this subtitle, to States to ameliorate the causes of poverty in communities within the State.

(b) There are authorized to be appropriated \$525,000,000 for fiscal year 1995, and such sums as may be necessary for each of fiscal years 1996 through 1998, to carry out the provisions of this subtitle.

(42 U.S.C. 9901)

DEFINITIONS

SEC. 673. For purposes of this subtitle:

(1) The term "eligible entity" means any organization which was officially designated as a community action agency or a community action program under the provisions of section 210 of the Economic Opportunity Act of 1964 for fiscal year 1981, or which came into existence during fiscal year 1982 as a direct successor in interest to such a community action agency or community action program and meets all the requirements under section 675(c)(3) of this Act with respect to the composition of the board, unless such community action agency or a community action program lost its designation under section 210 of such Act as a result of a failure to comply with the provisions of such Act. The term "eligible entity" also includes

Same as the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

(42 U.S.C. 9902)

STATE ALLOCATIONS

SEC. 674. (a)(1) Of the amounts appropriated for a fiscal year pursuant to section 672(b), the Secretary may reserve not less than one-half of 1 percent and not more than 1 percent for training, technical assistance, planning, evaluation, and data collection activities related to programs or projects carried out under this subtitle. Such 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.

(2) The process for determining the technical assistance and training activities to be carried out under this section shall—

(A) ensure the needs of community action agencies and programs relating to improving program quality, including financial management practices, are addressed to the maximum extent feasible; and

(B) incorporate mechanisms to ensure responsiveness to local needs, including an ongoing procedure for obtaining input from the community action State and national network.

(b)(1) The Secretary shall from the amount appropriated under section 672 for each fiscal year which remains after—

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

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

allot to each State an amount which bears the same ratio to such remaining amount as the amount received by the State for fiscal year 1981 under section 221¹ of the Economic Opportunity Act of 1964 bore to the total amount received by all States for fiscal year 1981 under such part,² except that no State shall receive less than one-quarter of 1 percent of the amount appropriated under section 672 for such fiscal year.

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

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

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

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

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

¹ Section 683(a) of Public Law 97-35 repealed section 221 effective October 1, 1981.

² So in original. Probably should be "such section".

(C) The amount allotted under subparagraph (A) to a State shall be reduced, if necessary, so that the aggregate amount allotted to such State under such subparagraph and paragraph (1) does not exceed 1.40 percent of the aggregate amount so allotted to such State for the fiscal year preceding the fiscal year for which a determination is made under this paragraph.

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

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

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

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

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

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

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

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

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

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

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

(42 U.S.C. 9903)

2

SEC. 675. (a) Each State desiring to receive an allotment for a fiscal year under this subtitle shall submit an application to the Secretary. Each such application shall be in such form as the Secretary shall require. Each such application or significant amendments thereof shall contain assurances by the chief executive officer of the State that the State will comply with subsection (b) and will meet the conditions enumerated in subsection (c).

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

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

(1) ensure that, at its discretion and consistent with agreements with the State, each recipient of funds available under this subtitle will use such funds—

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

(B) to provide activities designed to assist low-income participants including homeless individuals and families, migrants, and the elderly poor—

(i) to secure and retain meaningful employment;

(ii) to attain an adequate education;

(iii) to make better use of available income;

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

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

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

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

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

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

(D) to coordinate and establish linkages between governmental and other social services programs to assure the effective delivery of such services to low-income individuals; and 1

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

(2)(A) use, for fiscal year 1985 and for each subsequent fiscal year, not less than 90 percent of the funds allotted to the State under section 674 to make grants to use for the purposes described in clause (1) to eligible entities (as defined in section 673(1)) or to organizations serving seasonal or migrant farmworkers, except that no more than 7 percent of the funds available for this subclause shall be granted to organizations which were not eligible entities during the previous fiscal year; and (B) if less than 100 percent of the allotment is expended under subparagraph (A), provide assurances that with respect to the remainder of the allotment a reasonable amount shall be used for—

(i) providing training and technical assistance to those entities in need of such assistance and such activities will not be considered administrative expenses;

(ii) coordinating State-operated programs and services targeted to low-income children and families with services provided by eligible entities funded under this subtitle, including outposting appropriate State or local public employees into entities funded under this subtitle to ensure increased access to services provided by such State or local agencies;

(iii) supporting statewide coordination and communication among eligible entities;

(iv) administrative expenses at the State level, including monitoring activities, but not more than \$55,000 or 5 percent of its allotment under section 674; and

(v) considering the distribution of funds under this subtitle within the State to determine if such funds have been targeted to the areas of greatest need.

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

(i) a board of which at least one-third of the members are persons chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served;

(ii) another mechanism specified by the State to assure low-income citizen participation in the planning, administration, and evaluation of projects for which such organization has been funded;¹

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

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

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

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

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

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

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

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

(A) For purposes of making a determination with respect to a funding reduction, the term "cause" includes—

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

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

(bb) the establishment of a new eligible entity;

(cc) severe economic dislocation; and

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

(B) for purposes of making a determination with respect to a termination, the term "cause" includes the material failure of an eligible entity to comply with the terms of its agreement and community action plan to provide services under this subtitle;

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

(13) secure from each eligible entity as a condition to its receipt of funding under this Act a community action plan (which shall be available to the Secretary for inspection) that includes—

(A) a community needs assessment (including food needs);

(B) a description of the service delivery system targeted to low-income individuals and families in the service area;

(C) a description of how linkages will be developed to fill identified gaps in services through information, referral, case management, and followup consultations;

(D) a description of how funding under this Act will be coordinated with other public and private resources; and

(E) a description of outcome measures to be used to monitor success in promoting self-sufficiency, family stability, and community revitalization; and

¹ Margins in law are incorrect. Probably should be moved to the left.
² So in law. See section 202(c)(6) of the Human Services Amendments of 1994

(14) provide assurances that cost and accounting standards of the Office of Management and Budget shall apply to a recipient of funds under this subtitle.

The Secretary may prescribe procedures only for the purpose of assessing the effectiveness of eligible entities in carrying out the purposes of this subtitle. The Secretary shall provide to the chief executive officer of each State appropriate information regarding designated limited purpose agencies and grantees which meet the requirements of the second sentence of section 673(1).

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

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

[Subsection (e) was repealed by section 6 of the Hatch Act Reform Amendments of 1993 (P.L. 103-94). Section 12(a) of such Act provides the amendments made by this Act, shall take effect 120 days after the date of the enactment [October 6, 1993] of this Act.]

(f) Each audit required by subsection (c)(9) shall be conducted by an entity independent of any agency administering activities or services carried out under this subtitle and shall be conducted in accordance with generally accepted accounting principles. Within 30 days after the completion of each audit, the chief executive officer of the State shall submit a copy of such audit to the eligible entity at no charge, to the legislature of the State and to the Secretary.

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

(h) The Comptroller General of the United States shall, from time to time, evaluate the expenditures by States (including any State that received a waiver under Public Law 98-139) of grants under this subtitle in order to assure that expenditures are consistent with the provisions of this subtitle and to determine the effectiveness of the State in accomplishing the purposes of this subtitle.

(42 U.S.C. 9904)

ADMINISTRATION

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

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

(42 U.S.C. 9905)

PROCEDURES FOR A REVIEW OF TERMINATION OR REDUCTION OF FUNDING

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

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

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

(42 U.S.C. 9905a)

NONDISCRIMINATION PROVISIONS

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

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

(c) When a matter is referred to the Attorney General pursuant to subsection (b), or whenever he has reason to believe that the State is engaged in a pattern or practice in violation of the provisions of this section, the Attorney General may bring a civil action

in appropriate United States district court for such relief as may be appropriate, including injunctive relief.

(42 U.S.C. 9906)

PAYMENTS TO STATES

SEC. 678. (a) From its allotment under section 674, the Secretary shall make payments to each State in accordance with section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213), for use under this subtitle.

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

(42 U.S.C. 9907)

WITHHOLDING

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

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

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

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

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

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

(42 U.S.C. 9908)

LIMITATION ON USE OF GRANTS FOR CONSTRUCTION

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

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

(42 U.S.C. 9909)

DISCRETIONARY AUTHORITY OF SECRETARY

SEC. 681. (a) The Secretary is authorized to make grants, loans, or guarantees to States and public agencies and private nonprofit organizations, or to enter into contracts or jointly financed cooperative arrangements with States and public agencies and private nonprofit organizations, to provide for ongoing activities of national or regional significance related to the purposes of this subtitle, with special emphasis on—

(1) a Community Initiative Program, awarded on a competitive basis, to fund private, nonprofit community development corporations for purposes of planning and carrying out community and economic development activities in economically distressed areas and in rural areas, as described in subsection (c);

(2) grants to support the design, development, and widespread availability of interactive information technology among the nationwide network of Community Service Block Grant eligible entities, State administrators, national associations and organizations, and program recipients to promote electronic communication and access to program information that would enhance the effective delivery of social services; and

(3) grants to nonprofit private organizations that provide assistance for migrants and seasonal farmworkers.

(b) COMMUNITY INITIATIVE PROGRAM.—

(1) IN GENERAL.—

16

(A) ECONOMIC DEVELOPMENT ACTIVITIES.—Economic development activities under this section shall be 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) in consultation with other relevant Federal officials.

(C) GOVERNING BOARDS.—Each community development corporation receiving funds under this section 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 providing assistance or entering into other arrangements under this section, the Secretary shall take into consideration the geographic distribution of funds among States and the relative proportion of funding among rural and urban areas.

(E) RESERVATION.—Of the amounts made available to carry out this section, the Secretary may reserve not to exceed 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 projects funded under this section and to evaluate projects funded under this section.

(2) RURAL COMMUNITY DEVELOPMENT ACTIVITIES.—Rural community development activities under this section shall include—

(A) grants to private, nonprofit corporations that provide assistance to rural low-income families in home repair and in planning and developing low-income rural rental housing units; and

(B) grants to multistate, regional private, nonprofit organizations that provide training and technical assistance to small, rural communities in meeting their community facility needs.

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

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

(A) a description of each project;

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

(C) a description of the project objectives; and

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

(d)¹ Of the amounts appropriated under section 672(b) for any fiscal year, not more than 9 percent of such amounts shall be available to the Secretary for purposes of carrying out this section, section 682, and subchapter A of chapter 8 of subtitle A of this title.

(42 U.S.C. 9910)

COMMUNITY FOOD AND NUTRITION

SEC. 681A. (a) The Secretary may through grants to public and private nonprofit agencies, provide for community-based, local, statewide, and national programs—

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

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

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

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

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

(B) From 40 percent of such amount (but not to exceed \$2,400,000), the Secretary shall allot for grants on a competitive basis to eligible agencies for local and statewide programs.

(2) Any amounts appropriated for a fiscal year to carry out this section in excess of \$6,000,000 shall be allotted as follows:

(A) The Secretary shall use 40 percent of such excess to make allotments for grants under subsection (a) to eligible agencies for statewide programs in each State in an aggregate amount that bears the same ratio to 40 percent of such excess as the low-income and unemployed populations of such State bears to the low-income and unemployed populations of all States.

(B) The Secretary shall use 40 percent of such excess to award grants under subsection (a) on a competitive basis to eligible agencies for local and statewide programs.

(C) The Secretary shall use the remaining 20 percent of such excess to award grants under subsection (a) on a competi-

¹ Section 614 of the Community Economic Development Act of 1981 (42 U.S.C. 9803) authorizes the use of funds available under "section 681(c)", to carry out such Act. Because the amendment made by section 405(b)(2) of Public Law 101-501 redesignated subsection (c) as subsection (d), a conforming amendment should be made to such section 614.

basis to eligible agencies for nationwide programs, including programs benefiting Native Americans and migrant farm workers. In any fiscal year, the Secretary may not make grants under this subparagraph to a particular eligible agency in an aggregate amount exceeding \$300,000.

(3) For purposes of paragraphs (1)(A) and (2)(A), an eligible agency shall demonstrate that the proposed program is statewide in scope and represents a comprehensive and coordinated effort to alleviate hunger within the State.

(4) From the amounts allocated under paragraphs (1)(A) and (2)(A), the minimum total allotment for each State for each fiscal year shall be—

(A) \$15,000 if the total amount appropriated to carry out this section is not less than \$7,000,000 but less than \$10,000,000;

(B) \$20,000 if the total amount appropriated to carry out this section is not less than \$10,000,000 but less than \$15,000,000; or

(C) \$30,000 if the total amount appropriated to carry out this section is not less than \$15,000,000.

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

(5) From funds allotted under paragraphs (1)(B) and (2)(B) in any fiscal year, the Secretary may not make grants under subsection (a) to an eligible agency in an aggregate amount exceeding \$50,000.

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

(1) a list of grantees;

(2) the amount of funding awarded to each grantee; and

(3) a summary of the activities performed by grantees with funds awarded under this section and a description of the manner in which such activities meet the objectives described in subsection (a).

(d) There are authorized to be appropriated \$25,000,000 for fiscal year 1995, and such sums as may be necessary for each of fiscal years 1996 through 1998, to carry out this section.

(42 U.S.C. 9910a)

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

(a) GENERAL AUTHORITY.—The Secretary of Health and Human Services is authorized to make a grant to an eligible service provider to administer national or regional programs to provide instructional activities for low-income youth. In making such a grant, the Secretary shall give a priority to eligible service providers that have a demonstrated ability to operate such a program.

(b) PROGRAM REQUIREMENTS.—

(1) Any instructional activity carried out by an eligible service provider receiving a grant under this subsection shall

be carried out on the campus of an institution of higher education (as defined in section 1201(a) of the Higher Education Act) and shall include—

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

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

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

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

(E) enrichment instruction and information on matters relating to the well-being of youth, to include educational opportunities and study practices, education for the prevention of drugs and alcohol abuse, health and nutrition, career opportunities and family and job responsibilities.

(c) ELIGIBLE PROVIDERS.—A national private nonprofit organization, a coalition of such organizations, or a private nonprofit organization applying jointly with a business concern shall be eligible for a grant under this subsection if—

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

(2) the applicant shall contribute amounts in cash or fairly evaluated in kind of no less than 25 percent of the amount requested;

(3) the applicant shall use no funds from a grant authorized under this section for administrative expenses; and

(4) the applicant agrees to comply with the regulations or program guidelines promulgated by the Secretary of Health and Human Services for use of funds made available by this grant.

(d) APPLICATIONS PROCESS.—Eligible service providers may submit to the Secretary of Health and Human Services, for approval, an application in such form at such time as the Secretary deems appropriate.

(e) PROMULGATION OF REGULATIONS OR PROGRAM GUIDELINES.—The Secretary of Health and Human Services shall promulgate regulations or program guidelines to ensure funds made available under a grant made under this section are used in accordance with the intentions of this Act.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated \$15,000,000 for each fiscal year 1995, 1996, 1997, and 1998 for grants to carry out this section.

(42 U.S.C. 9910c)

ANNUAL REPORT

SEC. 683. (a)(1) For each fiscal year beginning after September 30, 1991, the Secretary shall, by awarding a grant or contract to

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Under section 674, prepare a report containing the following

(A) The uses of the Community Services Block Grant to the States that are related to the purposes of the subtitle.
(B) The number of entities eligible for funds under this subtitle, the number of low-income persons served under this subtitle, and that amount of information concerning the demographics of the low-income populations served by such entities as is determined to be feasible.
(C) Any information in addition to that described in subparagraph (B) that the Secretary considers to be appropriate to carry out this subtitle, except that the Secretary may not require a State to provide such additional information until the expiration of the 1-year period beginning on the date on which the Secretary notifies such State that such additional information will be required to be provided.

(2) In selecting an entity to prepare a report under this subtitle, the Secretary shall give a preference to any nonprofit entity that has demonstrated the ability to secure the voluntary cooperation of grantees under this subtitle in designing and implementing national Community Services Block Grant information systems.

(b) The Secretary shall transmit to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate—
(1) such report in the form in which it was received by the Secretary; and
(2) any comments the Secretary may have with respect to such report.

(c) Of the funds made available under section 681(d), not more than \$250,000 shall be available to carry out this section.
(42 U.S.C. 9911)

REPEALER; AUTHORIZATION PROVISIONS; TECHNICAL AND CONFORMING PROVISIONS

SEC. 684. (a) Effective October 1, 1981, the Economic Opportunity Act of 1964, other than titles VIII and X of such Act, is repealed.

(b) There is authorized to be appropriated such sums as may be necessary for each of the fiscal years 1982, 1983, and 1984, to carry out title VIII of the Economic Opportunity Act of 1964.
(c)(1) Any reference in any provision of law to the poverty line set forth in section 624 or 625 of the Economic Opportunity Act of 1964 shall be construed to be a reference to the poverty line defined in section 673(2) of this Act.
(2) Any reference in any provision of law to the poverty line designation agency designated under title II of the Economic Opportunity Act of 1964 shall be construed to be a reference to private nonprofit community organizations eligible to receive funds under this subtitle.

(3) No action or other proceeding commenced by or against any officer in the official capacity of such individual as an officer of any

REPORTS ON PROPOSED USE OF FUNDS; PUBLIC HEARINGS

SEC. 1742. (a) Each State shall prepare a report on the proposed use of block grant funds received by that State, including (1) a statement of goals and objectives, (2) information on the types of activities to be supported, geographic areas to be served, and categories or characteristics of individuals to be served, and (3) the criteria and method established for the distribution of the funds, including details on how the distribution of funds will be targeted on the basis of need to achieve the purposes of the block grant funds. Beginning in the fiscal year 1983, the report required by this subsection shall include a description of how the State has met the goals, objectives, and needs in the use of funds for the previous fiscal year as identified in the report prepared pursuant to this subsection for that previous fiscal year.

(b) The report prepared by a State pursuant to subsection (a) with any changes in such report, shall be made public within the State on a timely basis and in such manner as to facilitate comments from interested local governments and persons.
(c) No State may receive block grant funds for any fiscal year until notice, on the use and distribution of the funds proposed by the State as set forth in the report prepared pursuant to subsection (a) with respect to that fiscal year.

SEC. 119. REPEAL OF HEAD START TRANSITION PROJECT ACT.

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

**TITLE II—COMMUNITY SERVICES
BLOCK GRANT PROGRAM**

SEC. 201. REAUTHORIZATION.

The Community Services Block Grant Act (42 U.S.C. 9901 et seq.) is 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 purposes of this subtitle are—

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

“(2) to accomplish the goals described in paragraph (1) through—

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

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

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

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

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

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

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

“SEC. 673. DEFINITIONS.

“In this subtitle:



“(1) ELIGIBLE ENTITY; FAMILY LITERACY SERVICES.—

“(A) ELIGIBLE ENTITY.—The term ‘eligible entity’ means an entity—

“(i) that is an eligible entity described in section 673(1) (as in effect on the day before the date of enactment of the Coats Human Services Reauthorization Act of 1998) as of the day before 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

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

“(B) FAMILY LITERACY SERVICES.—The term ‘family literacy services’ has the meaning given the term in section 637 of the Head Start Act (42 U.S.C. 9832).

“(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 annually (or at any shorter interval the Secretary determines to be feasible and desirable) the poverty line, which shall be used as a criterion of eligibility in the community services block grant program established under this subtitle. The required revision shall be accomplished by multiplying the official poverty line by the percentage change in the Consumer Price Index for All Urban Consumers during the annual or other interval immediately preceding the time at which the revision is made. Whenever a State determines that it serves the objectives of the block grant program established under this subtitle, the State may revise the poverty line to not to exceed 125 percent of the official poverty line otherwise applicable under this paragraph.

✱ “(3) PRIVATE, NONPROFIT ORGANIZATION.—The term ‘private, nonprofit organization’ includes a religious 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.

"SEC. 674. AUTHORIZATION OF APPROPRIATIONS.

"(a) **IN GENERAL.**—There are authorized to be appropriated such sums as may be necessary for each of fiscal years 1999 through 2003 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) $\frac{1}{2}$ of 1 percent for carrying out section 675A (relating to payments for territories);

"(2) $1\frac{1}{2}$ percent for activities authorized in sections 678A through 678F, of which—

"(A) not less than $\frac{1}{2}$ of the amount reserved by the Secretary under this paragraph shall be distributed directly to eligible entities, organizations, or associations described in section 678A(c)(2) for the purpose of carrying out activities described in section 678A(c); and

"(B) $\frac{1}{2}$ of the remainder of the amount reserved by the Secretary under this paragraph shall be used by the Secretary to carry out evaluation and to assist States in carrying out corrective action activities and monitoring (to correct programmatic deficiencies of eligible entities), as described in sections 678B(c) and 678A; and

"(3) 9 percent for carrying out section 680 (relating to discretionary activities) and section 678E(b)(2).

"SEC. 675. ESTABLISHMENT OF BLOCK GRANT PROGRAM.

"The Secretary is authorized to establish a community services block grant program and make grants through the program to States to ameliorate the causes of poverty in communities within the States.

"SEC. 675A. DISTRIBUTION TO TERRITORIES.

"(a) **APPORTIONMENT.**—The Secretary shall apportion the amount reserved under section 674(b)(1) for each fiscal year on the basis of need among Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

"(b) **APPLICATION.**—Each jurisdiction to which subsection (a) applies may receive a grant under this section 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 section, that is prepared in accordance with, and contains the information described in, section 676.

"SEC. 675B. ALLOTMENTS AND PAYMENTS TO STATES.

"(a) **ALLOTMENTS IN GENERAL.**—The Secretary shall, from the amount appropriated under section 674(a) for each fiscal year that remains after the Secretary makes the reservations required in section 674(b), allot to each State (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—

"(1) that no State shall receive less than $\frac{1}{4}$ of 1 percent of the amount appropriated under section 674(a) for such fiscal year; and

"(2) as provided in subsection (b).

"(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 $\frac{1}{2}$ 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 section 674(a)(1) (as in effect on September 30, 1989) to such State for fiscal year 1990.

"(3) MAXIMUM ALLOTMENTS.—The amount allotted under paragraph (1) to a State for a fiscal year shall be reduced, if necessary, so that the aggregate amount allotted to such State under such paragraph and subsection (a) does not exceed 140 percent of the aggregate amount allotted to such State under the corresponding provisions of this subtitle for the preceding fiscal year.

"(c) PAYMENTS.—The Secretary shall make grants to eligible States for the allotments described in subsections (a) and (b). The Secretary shall make payments for the grants in accordance with section 6503(a) of title 31, United States Code.

"(d) DEFINITION.—In 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 ELIGIBLE ENTITIES AND OTHER ORGANIZATIONS.—

"(1) IN GENERAL.—Not less than 90 percent of the funds made available to a State under section 675A or 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, subject to 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 grant or allotment received under section 675A or 675B to make grants under subsection (a), the State shall use the remainder of the grant or allotment under section 675A or 675B (subject to paragraph (2)) for activities that 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, and at the option of the State, locally-operated programs and services, targeted to low-income children and families with services provided by eligible entities and other organizations funded under this subtitle, including detailing appropriate employees of State or local agencies to entities funded under this subtitle, to ensure increased access to services provided by such State or local agencies;

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

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

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

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

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

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

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

"(c) CHARITY TAX CREDIT.—

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

"(2) LIMIT.—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) DEFINITIONS AND RULES.—In 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 that does not impose an income tax, a comparable benefit) that 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) that 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) an eligible entity; 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) that 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, that 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) that solicits and collects gifts and grants that, by agreement, are distributed to qualified charities;

“(bb) that distributes to qualified charities at least 90 percent of the gifts and grants the organization receives that are designated for such qualified charities; and

“(cc) that 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 poverty line 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 that 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 provision 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 direct 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 that consists of a payment to an affiliate of the organization.

"(v) REPORTING REQUIREMENT.—The information required to be furnished under this clause about an organization is—

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

"(II) the category or categories (including food, shelter, education, substance abuse prevention or

treatment, job training, or other) of services that constitute predominant activities of the organization.

“(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 information on the administrative and fundraising costs of the organization, and information as to the organizations receiving funds from the organization and the amount of such funds.

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

“(I) that has a constitutional requirement of tax uniformity; and

“(II) that, 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 described in paragraph (2) is limited to a uniform percentage (but not greater than 25 percent) of State personal income tax liability (determined without regard to credits).

“(4) **LIMITATION ON USE OF FUNDS FOR STARTUP AND ADMINISTRATIVE ACTIVITIES.**—Except to the extent provided in subsection (b)(2), no part of the aggregate amount a State uses under paragraph (1) may be used to pay for the cost of the startup and administrative activities conducted under this subsection.

“(5) **PROHIBITION ON USE OF FUNDS FOR LEGAL SERVICES OR TUITION ASSISTANCE.**—No part of the aggregate amount a State uses under paragraph (1) may be used to provide legal services or to provide tuition assistance related to compulsory education requirements (not including tuition assistance for tutoring, camps, skills development, or other supplemental services or training).

“(6) **PROHIBITION ON SUPPLANTING FUNDS.**—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 a grant or allotment under section 675A or 675B 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 one 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 grant or allotment under section 675A or 675B for the period covered by the State plan; and

"(C) conduct reviews of eligible entities under section 678B.

"(3) LEGISLATIVE HEARING.—In order to be eligible to receive a grant or allotment under section 675A or 675B, the State shall hold at least one 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 a grant or allotment under section 675A or 675B, 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 grant or allotment will be used—

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

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

"(ii) to secure and retain meaningful employment;

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

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

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

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

"(vii) to achieve greater participation in the affairs of the communities involved, including the development of public and private grassroots partnerships with local

law enforcement agencies, local housing authorities, private foundations, and other public and private partners to—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"(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 in the State that received funding in the previous fiscal year through a community services block grant made under this subtitle will not have its funding terminated under this subtitle, or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that cause exists for such termination or such reduction, subject to review by the Secretary as provided in section 678C(b);

"(9) an assurance that the State and 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 religious organizations, charitable groups, and community organizations;

"(10) an assurance that the State will require each eligible entity in the State to establish procedures under which a low-income individual, community organization, or religious 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 in the State, as a condition to receipt of funding by the entity through a community services block grant made 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 for which the Secretary facilitated development pursuant to section 678E(b), or an alternative system for measuring performance and results that meets the requirements of that section, and a description of outcome measures to be used to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization; and

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

“(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 through a community services block grant 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 or a State plan, or to meet a State requirement, as described in section 678C(a); and

“(2) a termination, the term ‘cause’ includes the failure of an eligible entity to comply with the terms of an agreement or a State plan, or to meet a State requirement, as described in section 678C(a).

“(d) PROCEDURES AND INFORMATION.—The Secretary may prescribe procedures 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.

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

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

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

“(1) IN GENERAL.—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 organization (which may include an eligible entity) 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; and

“(B) a private nonprofit eligible entity that is geographically located in an area contiguous to or within reasonable proximity of the unserved area and that is already providing related services in the unserved area.

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

“(A) in each of the three 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)(B), by members that reside in the neighborhood to be 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 eligible entities that are 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, planning, implementation, and evaluation of the program to serve low-income communities.

“(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) $\frac{1}{3}$ of the members of the board are elected public officials, holding office on the date of selection, or their representatives, except that if the number of such elected officials reasonably available and willing to serve on the board is less than $\frac{1}{3}$ of the membership of the board, membership on the board of appointive public officials or their representatives may be counted in meeting such $\frac{1}{3}$ requirement;

“(B)(i) not fewer than $\frac{1}{3}$ 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; and

“(ii) each representative of low-income individuals and families selected to represent a specific neighborhood within a community under clause (i) resides in the neighborhood represented by the member; and

“(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.

“(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 $\frac{1}{3}$ of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members—

“(A) are representative of low-income individuals and families in the neighborhood served;

“(B) reside in the neighborhood served; and

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

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

“SEC. 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 through a community services block grant made 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 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, AND COOPERATIVE AGREEMENTS.—The Secretary shall carry out functions of this subtitle through grants, contracts, or cooperative agreements.

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

"(a) ACTIVITIES.—

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

"(A) for training, technical assistance, planning, evaluation, and performance measurement, to assist States in carrying out corrective action activities and monitoring (to correct programmatic deficiencies of eligible entities), and for reporting and data collection activities, related to programs carried out under this subtitle; and

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

"(2) GRANTS, CONTRACTS, AND COOPERATIVE AGREEMENTS.—The activities described in paragraph (1)(A) may be carried out by the Secretary through grants, contracts, or cooperative agreements with appropriate entities.

"(b) TERMS AND TECHNICAL ASSISTANCE 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 quality of 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 networks of eligible entities.

"(c) DISTRIBUTION REQUIREMENT.—

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

systems, and measurement of program results, and for the purpose of ensuring responsiveness to identified local needs.

"(2) ELIGIBLE ENTITIES, ORGANIZATIONS, OR ASSOCIATIONS.—Eligible entities, organizations, or associations described in this paragraph shall be eligible entities, or statewide or local organizations or associations, with demonstrated expertise in providing training to individuals and organizations on methods of effectively addressing the needs of low-income families and communities.

"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 (other than assistance provided under this subtitle) 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 (including investigations) of the use of funds received by the States under this subtitle in order to evaluate compliance with the provisions of this subtitle, and especially with respect to compliance with section 676(b). The Secretary shall submit, to each State evaluated, a report containing the results of such evaluations, and recommendations of improvements designed to enhance the benefit and impact of the activities carried out with such funds for people in need. On receiving the report, the State shall submit to the Secretary a plan of action in response to the recommendations contained in the report. The results of the evaluations shall be submitted annually to the Chairperson of the Committee on Education and the Workforce of the House of Representatives and the Chairperson of the Committee on Labor and Human Resources of the Senate as part of the report submitted by the Secretary in accordance with section 678E(b)(2).

"SEC. 678C. CORRECTIVE ACTION; TERMINATION AND REDUCTION OF FUNDING.

"(a) DETERMINATION.—If the State determines, on the basis of a final decision in a review pursuant to section 678B, that an eligible entity 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 90 days after the Secretary receives from the State all necessary documentation relating to the determination to terminate the designation or reduce the funding. If the review is not completed within 90 days, the determination of the State shall become final at the end of the 90th day.

"(c) DIRECT ASSISTANCE.—Whenever a State violates the assurances contained in section 676(b)(8) and terminates or reduces the funding of an eligible entity prior to the completion of the State hearing described in that section and the Secretary's review as required in subsection (b), the Secretary is authorized to provide financial assistance under this subtitle to the eligible entity affected until the violation is corrected. In such a case, the grant or allotment for the State under section 675A or 675B for the earliest appropriate fiscal year shall be reduced by an amount equal to the funds provided under this subsection to such eligible entity.

"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 disbursement 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 the funds under this subtitle;

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

“(D) 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.—

“(A) IN GENERAL.—Subject to subparagraph (B), 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.

“(B) SINGLE AUDIT REQUIREMENTS.—Audits shall be conducted under this paragraph in the manner and to the extent provided in chapter 75 of title 31, United States Code (commonly known as the ‘Single Audit Act Amendments of 1996’).

“(C) SUBMISSION OF COPIES.—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 grant or allotment under section 675A or 675B in accordance with the provisions of this subtitle, including the assurances such State provided under section 676.

“(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 one 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 for which the Secretary facilitated development pursuant to subsection (b), or an alternative system that the Secretary is satisfied meets the requirements of subsection (b).

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

“(2) ANNUAL REPORT.—Each State shall annually prepare and submit to the Secretary a report on the measured performance of the State and the eligible entities in the State. Prior to the participation of the State in the performance measurement system, the State shall include in the report any information collected by the State relating to such performance. Each State shall also include in the report an accounting of the expenditure of funds received by the State through the community services block grant program, including an accounting of funds spent on administrative costs by the State and the eligible entities, and funds spent by eligible entities on the direct delivery of local services, and shall include information on the number of and characteristics of clients served under this subtitle in the State, based on data collected from the eligible entities. The State shall also include in the report a summary describing the training and technical assistance offered by the State under section 678C(a)(3) during the year covered by the report.

“(b) SECRETARY’S ACCOUNTABILITY AND REPORTING REQUIREMENTS.—

“(1) PERFORMANCE MEASUREMENT.—The Secretary, in collaboration with the States and with eligible entities throughout the Nation, shall facilitate the development of one or more model performance measurement systems, which may be used by the 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 administrative costs and on the direct delivery of local services by eligible entities;

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

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

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

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

"(3) SUBMISSION.—The Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives 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 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, 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.), 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.), 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. 678G. DRUG AND CHILD SUPPORT SERVICES AND REFERRALS.

"(a) DRUG TESTING AND REHABILITATION.—

"(1) IN GENERAL.—Nothing in this subtitle shall be construed to prohibit a State from testing participants in programs, activities, or services carried out or provided under this subtitle for controlled substances. A State that conducts such testing shall inform the participants who test positive for any of such substances about the availability of treatment or rehabilitation services and refer such participants for appropriate treatment or rehabilitation services.

"(2) ADMINISTRATIVE EXPENSES.—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).

"(3) DEFINITION.—In this subsection, the term 'controlled substance' has the meaning given the term in section 102 of the Controlled Substances Act (21 U.S.C. 802).

"(b) CHILD SUPPORT SERVICES AND REFERRALS.—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 or provided under this subtitle about the availability of child support services; and

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

"SEC. 679. OPERATIONAL RULE.

"(a) RELIGIOUS ORGANIZATIONS INCLUDED AS NONGOVERNMENTAL PROVIDERS —For any program carried out by the Federal Government, or by a State or local government under this subtitle, the government shall consider, on the same basis as other nongovernmental organizations, religious organizations to provide the assistance under the program, so long as the program is implemented in a manner consistent with the Establishment Clause of the first amendment to the Constitution. 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 religious character.

"(b) RELIGIOUS CHARACTER AND INDEPENDENCE.—

"(1) IN GENERAL.—A religious organization that provides assistance under a program described in subsection (a) shall retain its religious character and control over the definition, development, practice, and expression of its religious beliefs.

"(2) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State or local government shall require a religious organization—

"(A) to alter its form of internal governance, except (for purposes of administration of the community services block grant program) as provided in section 676B; or

“(B) to remove religious art, icons, scripture, or other symbols;
in order to be eligible to provide assistance under a program described in subsection (a).

“(3) EMPLOYMENT PRACTICES.—A religious organization's exemption provided under section 702 of the Civil Rights Act of 1964 (42 U.S.C. 2000e-1) regarding employment practices shall not be affected by its participation in, or receipt of funds from, programs described in subsection (a).

“(c) LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.—No funds provided directly to a religious 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 religious 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.

“(e) TREATMENT OF ELIGIBLE ENTITIES AND OTHER INTERMEDIATE ORGANIZATIONS.—If an eligible entity or other organization (referred to in this subsection as an ‘intermediate organization’), acting under a contract, or grant or other agreement, with the Federal Government or a State or local government, is given the authority under the contract or agreement to select nongovernmental organizations to provide assistance under the programs described in subsection (a), the intermediate organization shall have the same duties under this section as the government.

“SEC. 680. DISCRETIONARY AUTHORITY OF THE SECRETARY.

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

“(1) IN GENERAL.—The Secretary shall, from funds reserved under section 674(b)(3), make grants, loans, or guarantees to States and public agencies and private, nonprofit organizations, or enter into contracts or jointly financed cooperative arrangements with States and public agencies and private, nonprofit organizations (and for-profit organizations, to the extent specified in paragraph (2)(E)) for each of the objectives described in paragraphs (2) through (4).

“(2) COMMUNITY ECONOMIC DEVELOPMENT.—

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

“(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 providing—

“(A) grants to private, nonprofit corporations to enable the corporations to provide assistance concerning home repair to rural low-income families and concerning planning and developing low-income rural rental housing units; and

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

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

“(b) EVALUATION.—The Secretary shall require all activities receiving assistance under this section to be evaluated for their effectiveness. Funding for such evaluations shall be provided as a stated percentage of the assistance or through a separate grant awarded by the Secretary specifically for the purpose of evaluation of a particular activity or group of activities.

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

"SEC. 681. COMMUNITY FOOD AND NUTRITION PROGRAMS.

"(a) GRANTS.—The Secretary may, through grants to public and private, nonprofit agencies, provide for community-based, local, statewide, and national programs—

"(1) to coordinate private and public food assistance resources, wherever the grant recipient involved determines such coordination to be inadequate, to better serve low-income populations;

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

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

"(b) ALLOTMENTS AND DISTRIBUTION OF FUNDS.—

"(1) NOT TO EXCEED \$6,000,000 IN APPROPRIATIONS.—Of the amount appropriated for a fiscal year to carry out this section (but not to exceed \$6,000,000), the Secretary shall distribute funds for grants under subsection (a) as follows:

"(A) ALLOTMENTS.—From a portion equal to 60 percent of such amount (but not to exceed \$3,600,000), the Secretary shall allot for grants to eligible agencies for statewide programs in each State the amount that bears the same ratio to such portion as the low-income and unemployed population of such State bears to the low-income and unemployed population of all the States.

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

"(2) GREATER AVAILABLE APPROPRIATIONS.—Any amounts appropriated for a fiscal year to carry out this section in excess of \$6,000,000 shall be allotted as follows:

"(A) ALLOTMENTS.—The Secretary shall use 40 percent of such excess to allot for grants under subsection (a) to eligible agencies for statewide programs in each State an amount that bears the same ratio to 40 percent of such excess as the low-income and unemployed population of such State bears to the low-income and unemployed population of all the States.

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

"(C) COMPETITIVE GRANTS FOR NATIONWIDE PROGRAMS.—The Secretary shall use the remaining 20 percent of such excess to make grants under subsection (a) on a competitive basis to eligible agencies for nationwide programs, including programs benefiting Indians, as defined in section 677, and migrant or seasonal farmworkers.

"(3) ELIGIBILITY FOR ALLOTMENTS FOR STATEWIDE PROGRAMS.—To be eligible to receive an allotment under paragraph (1)(A) or (2)(A), an eligible agency shall demonstrate that the proposed program is statewide in scope and represents a comprehensive and coordinated effort to alleviate hunger within the State.

"(4) MINIMUM ALLOTMENTS FOR STATEWIDE PROGRAMS.—

"(A) IN GENERAL.—From the amounts allotted under paragraphs (1)(A) and (2)(A), the minimum total allotment for each State for each fiscal year shall be—

"(i) \$15,000 if the total amount appropriated to carry out this section is not less than \$7,000,000 but less than \$10,000,000;

"(ii) \$20,000 if the total amount appropriated to carry out this section is not less than \$10,000,000 but less than \$15,000,000; or

"(iii) \$30,000 if the total amount appropriated to carry out this section is not less than \$15,000,000.

"(B) DEFINITION.—In this paragraph, the term 'State' does not include Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

"(5) MAXIMUM GRANTS.—From funds made available under paragraphs (1)(B) and (2)(B) for any fiscal year, the Secretary may not make grants under subsection (a) to an eligible agency in an aggregate amount exceeding \$50,000. From funds made available under paragraph (2)(C) for any fiscal year, the Secretary may not make grants under subsection (a) to an eligible agency in an aggregate amount exceeding \$300,000.

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

"(1) a list of grant recipients;

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

"(3) a summary of the activities performed by the grant recipients with funding awarded under this section and a description of the manner in which such activities meet the objectives described in subsection (a).

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

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

"(a) GENERAL AUTHORITY.—The Secretary is authorized to make a grant to an eligible service provider to administer national or regional programs to provide instructional activities for low-income youth. In making such a grant, the Secretary shall give priority to eligible service providers that have a demonstrated ability to operate such a program.

"(b) PROGRAM REQUIREMENTS.—Any instructional activity carried out by an eligible service provider receiving a grant under this section shall be carried out on the campus of an institution of higher education (as defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))) and shall include—

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

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

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

"(4) high quality instruction in a variety of sports (that shall include swimming and that may include dance and any other high quality recreational activity) provided by coaches and teachers from institutions of higher education and from elementary and secondary schools (as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801)); and

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

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

"(1) ensure that—

"(A) a community-based advisory committee is established, with representatives from local youth, family, and social service organizations, schools, entities providing park and recreation services, and other community-based organizations serving high-risk youth; or

"(B) an existing community-based advisory board, commission, or committee with similar membership is utilized to serve as the committee described in subparagraph (A); and

"(2) enter into formal partnerships with youth-serving organizations or other appropriate social service entities in order to link program participants with year-round services in their home communities that support and continue the objectives of this subtitle.

"(d) **ELIGIBLE PROVIDERS.**—A service provider that is a national private, nonprofit organization, a coalition of such organizations, or a private, nonprofit organization applying jointly with a business concern shall be eligible to apply for a grant under this section if—

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

"(2) the applicant agrees to contribute an amount (in cash or in kind, fairly evaluated) of not less than 25 percent of the amount requested, for the program funded through the grant;

"(3) the applicant agrees to use no funds from a grant authorized under this section for administrative expenses; and

"(4) the applicant agrees to comply with the regulations or program guidelines promulgated by the Secretary for use of funds made available through the grant.

"(e) **APPLICATION PROCESS.**—To be eligible to receive a grant under this section, a service provider shall submit to the Secretary, for approval, an application at such time, in such manner, and containing such information as the Secretary may require.

"(f) **PROMULGATION OF REGULATIONS OR PROGRAM GUIDELINES.**—The Secretary shall promulgate regulations or program guidelines to ensure funds made available through a grant made

under this section are used in accordance with the objectives of this subtitle.

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

“SEC. 683. REFERENCES.

“Any reference in any provision of law to the poverty line set forth in section 624 or 625 of the Economic Opportunity Act of 1964 shall be construed to be a reference to the poverty line defined in section 673. Except as otherwise provided, 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. 202. CONFORMING AMENDMENTS.

(a) OLDER AMERICANS ACT OF 1965.—Section 306(a)(6)(E)(ii) of the Older Americans Act of 1965 (42 U.S.C. 3026(a)(6)(E)(ii)) is amended by striking “section 675(c)(3) of the Community Services Block Grant Act (42 U.S.C. 9904(c)(3))” and inserting “section 676B of the Community Services Block Grant Act”.

(b) COMMUNITY ECONOMIC DEVELOPMENT ACT OF 1981.—

(1) SOURCE OF FUNDS.—Section 614 of the Community Economic Development Act of 1981 (42 U.S.C. 9803) is repealed.

(2) ADVISORY COMMUNITY INVESTMENT BOARD.—Section 615(a)(2) of the Community Economic Development Act of 1981 (42 U.S.C. 9804(a)(2)) is amended by striking “through the Office” and all that follows and inserting “through an appropriate office.”.

(c) HUMAN SERVICES REAUTHORIZATION ACT OF 1986.—Section 407 of the Human Services Reauthorization Act of 1986 (42 U.S.C. 9812a) is amended—

(1) in subsection (a)—

(A) by inserting after “funds available” the following: “(before the date of enactment of the Coats Human Services Reauthorization Act of 1998)”; and

(B) by inserting after “9910(a)” the following: “(as in effect before such date)”; and

(2) in subsection (b)(2)—

(A) by inserting after “funds available” the following: “(before the date of enactment of the Coats Human Services Reauthorization Act of 1998)”; and

(B) by inserting after “9910(a)” the following: “(as in effect before such date)”.

(d) ANTI-DRUG ABUSE ACT OF 1988.—Section 3521(c)(2) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11841(c)(2)) is amended by striking “, such as activities authorized by section 681(a)(2)(F) of the Community Services Block Grant Act (42 U.S.C. section 9910(a)(2)(F))”.