

**Head Start
Q&A
September 2, 1999**

Q: What is the Administration's response to Governor Bush's proposal to move the Head Start program from HHS to the Department of Education?

A: The Administration is proud that under the leadership of the Department of Health and Human Services, Head Start, a competitive grant program to provide early childhood services for low-income children and their families, has dramatically improved and expanded since 1993. Under the Clinton Administration funding for Head Start has increased by 68 percent and enrollment has increased by over 200,000 children, reaching 835,000 children in fiscal year 1999. The Administration also created the Early Head Start program to serve children under three and their families.

We have not seen Governor Bush's specific proposal. But the important thing is that we continue to invest in Head Start quality and expansion. The President has set a goal of serving 1 million children with Head Start services by the year 2000. His FY 2000 budget request seeks an historic increase for the program -- \$607 million. The Republican budget plan, on the other hand, would undermine this vital investment-- if enacted, it could cut Head Start participation in half, cutting over 430,000 children from the program by FY 2009. This is the real issue with Head Start-whether we will support it or slash it.

**PRESIDENT CLINTON SIGNS LEGISLATION THAT STRENGTHENS
HEAD START AND PROVIDES CRITICAL SUPPORT FOR AMERICA'S FAMILIES
October 27, 1998**

Today, President Clinton signed into law bipartisan legislation that strengthens and expands Head Start services for America's families, promotes promising Individual Development Accounts to help more low-income families achieve self-sufficiency, and renews the Low-Income Home Energy Assistance Program. Passed by Congress at the President's urging, the Human Services Reauthorization Act of 1998 provides critical support for America's families.

STRENGTHENS HEAD START. This legislation builds on the President's commitment to improve and expand Head Start. Under the President's leadership, Head Start has become America's premier early childhood development program, ensuring that low-income children start school ready to learn.

- **INCREASES INVESTMENTS IN HEAD START.** The new legislation builds on the President's commitment to getting Head Start services to more children while also improving quality. Under the Clinton Administration, funding for Head Start increased by 68 percent, and enrollment has increased by over 200,000 children, reaching 830,000 children this past fiscal year. Because the President fought for and won a funding increase of \$313 million for FY 1999, Head Start will continue to expand, moving toward the goal of serving one million children.
- **DOUBLES THE EARLY HEAD START PROGRAM.** This legislation adopts the President's proposal to double the percentage of Head Start funds directed to Early Head Start by 2002. In 1994, President Clinton created Early Head Start, expanding the program to reach low-income families with children aged three and under and to pregnant women. In FY 1999, funding for Early Head Start will total nearly \$340 million.
- **ENSURES QUALITY IN HEAD START.** The new legislation builds on the President's commitment to enhance the quality of Head Start; it promotes school readiness and family literacy, improves staff training and credentialing, and increases the funds set aside for quality improvements. The Clinton Administration has invested in improving Head Start services, attracting and retaining high quality teachers, and ensuring the safety of Head Start centers. In 1996, the Department of Health and Human Services set new Head Start performance standards, and has since monitored Head Start programs against these standards, provided staff training and technical assistance, and closed 100 programs unable to meet them.

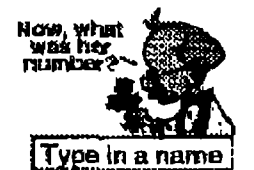
ESTABLISHES INDIVIDUAL DEVELOPMENT ACCOUNTS TO PROMOTE SELF-SUFFICIENCY. Since 1992, President Clinton has supported the creation of Individual Development Accounts (IDAs) to empower individuals to save for a first home, post-secondary education, or to start a new business. The passage of this legislation effectively completes the President's 1992 community empowerment agenda. The legislation creates a five-year, \$125 million demonstration program to establish IDAs for more than 50,000 people. Each dollar saved by a low-income family in an IDA would be matched, providing an incentive to build assets. The final budget agreement included \$10 million to get this program off the ground.

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP) KEEPS THE HEAT ON AND CONTINUED SUPPORT FOR COMMUNITIES. After threats from some in Congress to eliminate this critical support for the elderly and low-income families, President Clinton successfully fought to fund the program that provides heating and cooling assistance to over five million households across the nation. The bill signed today also extends the Community Service Block Grant programs, providing states and organizations support on economic development, social services and other needs for low-income communities.



FILE 00

Ruby Sharniz Y



Though aides said Bush intentionally avoided the politically charged term "school vouchers," his proposal would in fact pump federal money into private schools -- a concept Democrats say would hurt the public school system. Requiring tests is not popular among conservative Republicans who favor local control, though Bush was careful to say he would leave it up to states to choose and administer the tests.



Bush climbs out of a combine on Wednesday, in Dallas Center, Iowa, at a campaign stop.

"A president is not a federal principal, and I will not be one," Bush said. "The federal government must be humble enough to stay out of the

day-to-day operation of local schools, wise enough to give states and school districts more authority and freedom, and strong enough to require proven performance in return. When we spend federal money, we want results -- especially when it comes to disadvantaged children.

"Pigment and poverty need not determine performance," he said.

Bush is proposing a dramatic shift in the federal Title I program, which spends \$7.7 billion a year to help educate poor children. The Education Department wants to increase the program to \$8 billion to serve 12 million students in 44,000 schools.

Under Bush's plan, every school getting Title I money would be required to test its impoverished students on basic academics each year. A warning would be issued to schools that fail to make progress toward the state standards. After three years of no progress, the Title I money would be matched with other federal education money and given to the state.

Parents have role in selecting alternatives

Mike Luckovich:
"Bush's new running mate" (8-25-99) [more](#)

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"Prognosis: 'Ify'" (8-30-99), "Theater of the absurd" (8-25-99) [more](#)

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The state would establish an education account -- about \$1,500 a year for a student's parents to use toward the education alternative of their choice. "For whatever offers hope," Bush said.

In the best cases, he said, schools would be forced to get better. In the worst cases, needy children would be removed from bad schools and given money to go elsewhere.

"In any case, the federal government will no longer pay schools to cheat poor children," he said.

The proposal could have a huge impact on poor school systems -- particularly urban areas -- that rely on Title I money.

"We would be against a plan like this," said Reginald Felton, director of federal relations for the National School Boards Association. He said money given to personal education accounts would leave the rest of the school system shortchanged. "The objective is to raise the academic achievement of all students."

This likely is not Bush's final word on vouchers. He plans to deliver two other education addresses this fall, and aides say he is considering other ways to use federal money for force accountability.

Bush also proposed shifting the Head Start program from the Department of Health and Human Services to the Education Department, returning the program's focus to preparing disadvantaged pre-schoolers for school. Greater efforts would be made to terminate unsuccessful programs and offer contracts to churches, synagogues and community groups.

Gore offers a competing proposal

Vice President Al Gore, the leading Democratic presidential candidate, has promised to create unlimited access to pre-school if he became president. With polls showing education as the top voter concern, Gore traveled to Texas on Wednesday to question Bush's education record as governor.

Bush: Take funds from bad public schools, give to private ones - September 2, 1999 www.cnn.com/ALLPOLITICS/stories/1999/09/02/president.2000/bush.education.ap/

His spokesman, Chris Lehane, criticized Bush for supporting congressional tax cuts that Democrats say will force school spending reductions.

"Any Republican presidential candidate who is supporting a risky tax cut that would hurt our children -- especially in areas like Head Start and Title I -- has little credibility talking about education," Lehane said. "Sound like the Texas two-step to me."

Replied Bush spokeswoman Mindy Tucker: "Governor Bush has shown in Texas that you can cut taxes and make education a top priority."

Texas test scores have risen during Bush's tenure, and the gap between the scores of whites and minorities has closed. However, Texas students' scores on SAT college entrance exams still lag behind the national average. He has failed to push a school voucher bill through the Texas legislature.

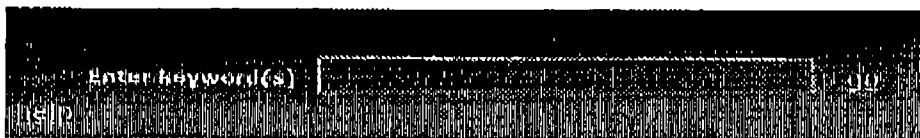
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Thursday, September 2, 1999

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ARCHIVES



Nicole R. Rabner

12/03/98 05:36:44 PM

Record Type: Record

To: Jennifer L. Klein/OPD/EOP, Neera Tanden/WHO/EOP

cc:

Subject: Re: Head Start

FYI.

----- Forwarded by Nicole R. Rabner/WHO/EOP on 12/03/98 04:36 PM -----



Jennifer Friedman

12/03/98 04:25:23 PM

Record Type: Record

To: Nicole R. Rabner/WHO/EOP

cc: Barry White/OMB/EOP, Jack A. Smalligan/OMB/EOP, Matthew McKearn/OMB/EOP

bcc:

Subject: Re: Head Start

OMB
The guidance level (level within the budget caps) assumed for Head Start for FY00 is \$4,997 million. This amount will allow the program to add around 20,000 slots in FY00, for a total enrollment of 857,000. Reaching the 1 million by 2002 would require 71,000 new slots in each of FYS 2001 and 2002. Program expansion under this scenario costs roughly \$5.3 billion over the five year guidance levels for Head Start.

The FY99 P.B. assumed the creation of 44,000 new slots in FY00, for total enrollment of 910,000. Adding 44,000 slots in FY00 requires a funding level of \$5,266 million. Due to lower than projected participation in 1997 and 1998, adding 44,000 new slots brings the program only to 881,000. Reaching the 1 million goal under this scenario is \$5.8 billion over the five year guidance levels.

Reaching 910,000 slots in FY00 would require over 70,000 new slots in FY00, at a funding level of \$5,620 million. The five year cost of reaching the 1 million goal under this scenario is \$6.6 billion over the five year guidance levels.

Keep in mind that HHS' request and appeal for Head Start is \$5,395, with which they propose to create 54,000 new slots for a total of 892,000 slots. Our passback level was at guidance (\$4,997 million), i.e., the first scenario listed above.

Let me know if you have questions. I am probably going to be out Monday and possibly Tuesday, so if you need anything, give Matthew a call.

Nicole R. Rabner

Nicole R. Rabner

12/02/98 10:00:59 AM

Record Type: Record

To: Jennifer Friedman/OMB/EOP@EOP

cc:

Subject: Head Start

Jennifer, have you been working with HHS to examine our Head Start participation rates and re-think our FY 2000 discretionary budget request? I remember we had discussed your doing a chart detailing how much additional funding the program would need to stay on track to the President's goal, as well as how much additional funding the program would need this year to reach the number of children as projected before the reauthorization changes. Any progress?

THE WHITE HOUSE

WASHINGTON

October 26, 1998

BILL SIGNING CEREMONY FOR S. 2206,
COATS HUMAN SERVICES REAUTHORIZATION ACT OF 1998

DATE: October 27, 1998
LOCATION: Oval Office
TIME: 1:15 PM - 1:30 PM
FROM: Larry Stein *LS*
Broderick Johnson *B*

I. PURPOSE

To sign the Coats Human Services Reauthorization Act (S. 2206) which includes reauthorization of Head Start, LIHEAP and the Community Services Block Grant, as well as a demonstration project for Individual Development Accounts.

II. BACKGROUND

This human services reauthorization bill passed both the House and Senate with solid bipartisan support. The bill includes a strengthened reauthorization of Head Start; among other things it authorizes that program at exactly the level in the Administration's FY 1999 budget request (\$4.66 billion) and it gradually increases the promising Early Head Start program from 5% to 10% of total program funding. The bill also invests additional funds in quality improvement, e.g. increases in teacher salaries, benefits, and training.

The bill includes a new demonstration program to assess whether Individual Development Accounts (IDAs) can truly help lower income Americans save for a first home, post-secondary education, or start a new business. You have been a supporter of these accounts since 1992. This bill, for the first time, authorizes the use of matching Federal funds for this purpose.

Finally this bill also reauthorizes the Low Income Home Energy Assistance Program (LIHEAP) and the Community Services Block Grant (CSBG). Both represent high Administration priorities which provide key assistance and benefits to needy individuals and families.

III. PARTICIPANTSEvent:

The President

Secretary Donna Shalala

Sen. Edward Kennedy (D-MA)

Rep. Tony Hall (D-OH)
 (T) Sen. Dan Coats (R-IN)
 (T) Rep. William Clay (D-MO)
 (T) Rep. Joe Kennedy (D-MA)
 (T) Rep. Edolphus Towns (D-NY)
 Michael McGrady, National Head Start Association
 Matthew Melmed, Zero to Three National Center for Infants and Toddlers
 Bill Harris, Kids Pac
 Helen Blank, Children's Defense Fund
 Helen Taylor, Associate Commissioner for Head Start, HHS
 Mary Bourdette, Deputy Assistant Secretary, HHS
 Ramon Boshara, Corporation for Enterprise Development Program Director
 Brian Grossman, Corporation for Enterprise Development Senior Program Manager
 Robert Friedman, Corporation for Enterprise Development Director of CFED

IV. PRESS PLAN

Stills only.

V. SEQUENCE OF EVENTS

- Members and guests enter the Oval Office and proceed behind **the President**.
- **The President** signs the bills.
- Members and guests depart.

VI. REMARKS

None.

Date: 10/27/98 Time: 11:05
CClinton signing Head Start bill

WASHINGTON (AP) A greater portion of federal Head Start spending will go toward boosting quality in the popular preschool program as opposed to expanding enrollment under legislation being signed by President Clinton today.

The package bill also creates a five-year test program allowing some 50,000 low-income families to save with every dollar matched by the federal government for a first home, college, or business start-up. The "Individual Development Accounts" come with a \$125-million price tag.

Clinton was signing the legislation in a closed-door afternoon ceremony in the Oval Office.

Under a new formula written into the law, 60 percent of the new money appropriated to Head Start would go to improving quality in the program that prepares children from low-income families to start school.

Previous rules directed 75 percent of any new Head Start funds to adding more children while 25 percent was used to improve quality. About 800,000 children now receive benefits from the preschool program, which is newly authorized for \$35 billion over five years.

The act also authorizes some \$2 billion a year for the Low-Income Energy Assistance Program, which survived the aim of Republican budget-cutters due to support from a coalition of Democrats and Republicans from Northeast and Midwest states where winter heating can be a serious problem for the poor. The program provides aid to an estimated 4.3 million families.

The measure also expands Early Head Start, which provides services for children up to age 3 and their families, and extends the Community Services Block Grant Act that helps states and organizations with economic development and social services projects.

APNP-10-27-98 1116EST

**INDIVIDUAL DEVELOPMENT ACCOUNTS:
PRESIDENT CLINTON EFFECTIVELY COMPLETES
1992 COMMUNITY EMPOWERMENT AGENDA**

"It's called an Individual Development Account. It would encourage poor Americans to set money aside in special savings accounts that they can use for their education, their training or starting a small business."

Bill Clinton

September 16, 1992

Today, President Clinton Signs into Law the Human Services Reauthorization Act Which Includes The Individual Development Act Demonstration Program The President Called for in 1992. In 1992, Bill Clinton proposed to "establish Individual Development Accounts (IDAs) to help low-income Americans save, and create new private-sector opportunities." President Clinton included Individual Development Accounts in his 1994 Welfare Reform proposal. The 1996 Welfare Reform law allowed States to use welfare reform block grants to establish IDAs. The Human Services bill, for the first time, directly authorizes Federal funds for IDAs, and this year's budget includes \$10 million to get this demonstration off the ground. The fulfillment of the President's 1992 promise effectively completes President Clinton's 1992 community empowerment agenda.

An Asset-Based Approach To Help Low-Income Americans Get Ahead. Fully one-half of all Americans have either no, negligible, or negative assets available for investments. Low-income individuals and families, whether working or on welfare, should be encouraged to develop savings and assets. IDAs will help low-income families achieve greater independence and economic well-being by providing incentives to save for a first home, education and training, or to start a new business.

Highlights of the IDA Demonstration Included in the Legislation:

- Establishes a five-year, \$125 million demonstration program to establish Individual Development Accounts (IDAs) for more than 50,000 people.
- For each dollar deposited into the IDA by a low-income family, the administering agency would provide a match of between \$1 and \$8.
- IDA investments could be withdrawn for three purposes: (1) purchase of a first home, (2) post-secondary education and training; and (3) the creation of a new small business. In cases of hardship -- such as job loss or serious medical illness -- individuals are allowed to withdraw their own savings, but would lose the matching contributions.
- Households that are either eligible for Temporary Assistance for Needy Families (TANF) or that qualify for the Earned Income Tax Credit and have a net worth below \$10,000 are eligible to participate in this demonstration.
- Grants will be provided to local entities -- including non-profits -- to administer the IDA demonstration. The bill gives a preference to entities that are able to attract pledges of substantial non-Federal, especially private sector, funding to serve as a match for the Federal dollars.
- Requires that there be a rigorous evaluation of the program to determine what works and what does not in implementing Individual Development Accounts.

CHILD CARE: THE UNFINISHED AGENDA AND ACCOMPLISHMENTS

October 27, 1998

Today, the President signed the Human Services Reauthorization Act of 1998, which renews and strengthens America's premier early childhood program -- Head Start -- and builds on important progress made in the Clinton Administration to improve and expand Head Start services. This legislation represents an important victory on the President's agenda to improve child care for America's working families.

About one year ago, the President and First Lady hosted the *White House Conference on Child Care*. The Conference showed that America's families, more than ever, are pressed to find safe, affordable child care. Responding to this critical need, the President has proposed and fought for an historic child care initiative -- the largest single investment in child care in the nation's history -- to help working families pay for child care, build the supply of good after-school programs, improve the safety and quality of care, and promote early learning.

THE REPUBLICAN CONGRESS BLOCKED KEY ELEMENTS OF THE PRESIDENT'S CHILD CARE INITIATIVE:

- X **Serving More Families With Child Care Subsidies.** The President's proposal for a significant new investment in the Child Care and Development Block Grant, combined with the funds provided in welfare reform, would have served up to one million new children -- assisting low-income working families struggling to pay for child care.
- X **Increasing Tax Credits for Child Care for Three Million Working Families.** The President's proposal to expand the Child and Dependent Care Tax Credit would have helped three million low- and middle-income working families afford child care. The President's plan would have wiped out federal income taxes for families of four making less than \$35,000 and saddled with high child care bills. Also, The President's plan included a new tax break for businesses that offer child care assistance to their workers.

THE PRESIDENT HAS MADE CONSIDERABLE PROGRESS ON CHILD CARE OVER THE PAST YEAR:

- ✓ **Expanded After School Programs.** The President fought for and won his full budget request -- \$200 million -- to serve a quarter of a million children with after-school programs that help keep children safe and help them learn.
- ✓ **Improved Child Care Quality.** The President secured \$182 million in new money to help states make critical improvements to the quality of child care for America's working families.
- ✓ **Strengthened Head Start.** The President fought for and won an increase of \$313 million for Head Start to reach more low-income preschoolers and help prepare them for

school. Today, the President signed bipartisan legislation that will increase Head Start funding, improve the quality of the program, and double the percentage of funding for the successful Early Head Start program, which was created by the President to reach children under three years old.

- ✓ **Facilitated Background Checks on Child Care Workers.** The President signed the National Crime Prevention and Privacy Compact, which, when ratified, will facilitate effective background checks on child care providers by eliminating state law barriers to sharing criminal history information for non-criminal purposes. On the day of the White House Conference on Child Care, the President transmitted this important legislation to the Congress.
- ✓ **Improved the Quality of Federally-Sponsored Child Care.** The President issued an Executive Memorandum to improve the quality of federally-sponsored child care, directing all federally-sponsored child care facilities in the executive branch to become nationally accredited and ensure proper background checks of child care workers. The President believes that the federal government should lead the way in improving the child care it sponsors for the families of its employees.
- ✓ **Created the Treasury Working Group on Child Care.** At the White House Conference on Child Care, the President asked Secretary Rubin to convene a group of business and labor leaders to look at child care problems facing working parents and to examine best practices in the private sector and in public-private partnerships. In a White House ceremony, the President received the report of the working group, which found that investments in child care make good business sense and identified successful programs across the country. There, he announced that the Department of Labor will serve as a clearinghouse for businesses interested in child care and set up a business-to-business mentoring program on child care.
- ✓ **Improved After-School Care through Nutrition.** The President will soon sign legislation that strengthens after-school care for children by expanding the reach of nutrition initiatives, such as the School Lunch Program and the Child and Adult Care Food Program, to serve children in after-school programs.

408 354-0340
Mary CA.DRAFT
Legislation Moves Head Start Into the 21st Century
DRAFT

Head Start is America's premier early childhood development program. Giving a boost to children's education and strengthening parents ability to nurture and support their young children, Head Start makes a significant difference in the lives of children and families. President Clinton made Head Start a top priority for this Administration. After six years of hard work and bipartisan Congressional support, an improved and expanded Head Start program is ready to move with confidence into to serve children in the 21st century.

Since President Clinton took office, funding for Head Start has more than doubled, enrollment has increased to over XXX,XXX children, an exciting new initiative (Early Head Start) has been launched for infants and toddlers and their families, the quality of Head Start services has been significantly enhanced and ground-breaking new research and evaluation has been undertaken. It is with pride that President Clinton signs bipartisan legislation today that builds upon each of these efforts and that is named in honor one of its chief sponsors, Senator Dan Coats, upon his retirement.

The new legislation doubles the Early Head Start program for infants and toddlers over the next five years. In light of the new research findings on the amazing brain development of infants, it is only fitting that Congress adopted the President's recommendation to double the percentage of Head Start funds directed to Early Head Start by 2002. ~~more~~ more

Quality services has been the hallmark ^{of} this Administration's approach to Head Start. Insisting that all local Head Start programs pursue excellence, HHS set new performance standards for Head Start programs, carefully monitored program progress, provided training and technical assistance for Head Start staff -- and when programs couldn't measure up, closed down 90 programs. The new legislation will further enhance the quality of Head Start services by placing greater emphasis on school readiness and family literacy, improving staff training and credentialing, and increasing funding set aside for these and other quality improvements. It authorizes further research to help determine the most effective methods for serving young disadvantaged children and families.

This legislation continues other critical programs for low income families. It extends for another five years the Low-Income Home Energy Assistance Program that provides elderly and poor families help with their heating and cooling bills. It similarly extends the Community Service Block Grant programs for five years.

Finally, the legislation authorizes State and community groups to set up Individual Development Accounts (IDA) demonstration programs. President Clinton has been a long-time advocate for IDAs and believes they are a critical tool to help low income families gain financial security and self-sufficiency. The bipartisan support for this authorization of IDAs coupled with new funding for these projects in the omnibus spending bill will lend a helping hand to thousands of families all across the country. (I made all this up)

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Head Start/CSBG/LIHEAP Signing Ceremony **October 16, 1998**

Senators:

Daschle	Minority Leader
Kennedy	Minority Ranking, Labor and Human Resources
Dodd	Labor and Human Resources, Subcommittee on Children and Families
Bingaman	Labor and Human Resources, Subcommittee on Children and Families
Wellstone	Labor and Human Resources, Subcommittee on Children and Families
Murray	Labor and Human Resources, Subcommittee on Children and Families
Reed	Labor and Human Resources, Subcommittee on Children and Families
Mikulski	Labor and Human Resources
Harkin	L/HHS - Minority Ranking,
Hollings	L/HHS
Inouye	L/HHS
Bumpers	L/HHS
Reid	L/HHS
Kohl	L/HHS
Boxer	
Rockefeller	
Kerry, John	
Moseley-Braun	
Feingold	

Jeffords	Chairman, Labor and Human Resources
Coats	Labor and Human Resources/Subcommittee on Children and Families
DeWine	Labor and Human Resources
Specter	Chairman, L/HHS
Bond	L/HHS
Chafee	Finance

Representatives:

Clay	Education and the Workforce
Martinez	Ed and the Workforce/Subcom. on Early Childhood, Youth & Families
Miller, G	Ed and the Workforce/Subcom. on Early Childhood, Youth and Families
Kildee	Ed and the Workforce/Subcom. on Early Childhood, Youth and Families
Owens, M.	Ed and the Workforce/Subcom. on Early Childhood, Youth and Families
Payne	Ed and the Workforce/Subcom. on Early Childhood, Youth and Families
Mink	Ed and the Workforce/Subcom. on Early Childhood, Youth and Families
Roemer	Ed and the Workforce/Subcom. on Early Childhood, Youth and Families
Scott	Ed and the Workforce/Subcom. on Early Childhood, Youth and Families
Kucinich	Ed and the Workforce/Subcom. on Early Childhood, Youth and Families
Woolsey	Education and the Workforce
Sanchez	Education and the Workforce
Hinojosa	Education and the Workforce

Towns	Government Reform and Oversight, Subcom. on Human Resources
Obey	L/HHS
Stokes	L/HHS
Hoyer	L/HHS
Pelosi	L/HHS
Lowey	L/HHS
DeLauro	L/HHS
Dingell	Commerce
Tauscher	

Goodling	Chairman, Education and the Workforce
Riggs	Ed and the Workforce, Subcom. on Early Childhood, Youth & Families
Castle	Ed and the Workforce, Subcom. On Early Childhood, Youth & Families
Souder	Ed and the Workforce/Subcom. on Early Childhood, Youth and Families
Roukema	Education and the Workforce
Porter	Chairman, L/HHS
Shays	Chairman, Government Reform & Oversight, Subcom. on Human Resources
Bliley	Chairman, Commerce

Staff:

Stephanie Robinson	Labor and Human Resources (Kennedy)
Susanne Day	Labor and Human Resources, Subcom. on Children & Families (Dodd)
Amy Lockhart	Labor and Human Resources (Kennedy)
Jim Fenton	Labor and Human Resource (Dodd)
Marsha Simon	L/HHS (Harkin)

Stephanie Monroe	Labor and Human Resources, Subcom. on Children & Families (Coats)
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S. 2206, THE "COATS HUMAN SERVICES REAUTHORIZATION ACT OF 1998"**Summary of Enrolled Bill****TITLE I - AMENDMENTS TO THE HEAD START ACT****SEC. 101. SHORT TITLE.**

Section 101 provides that this title may be cited as the "Head Start Amendments of 1998". (Note: In this portion of the summary, "the Act" refers to the Head Start Act.)

SEC. 102. STATEMENT OF PURPOSE.

Section 102 amends section 636 of the Act (the statement of purpose) to delete obsolete language (including a reference to the Project Head Start demonstration that preceded the Act), and to declare that it is the Act's purpose to promote school readiness by enhancing the social and cognitive development of low-income children.

SEC. 103. DEFINITIONS.

Section 103 amends section 637 of the Act to add or revise various definitions. Notably, (1) it adds definitions of "delegate agency" as a public, private nonprofit, or for-profit organization to which a Head Start grantee has delegated all or part of the responsibility for operating a Head Start program and "family literacy services" as services of sufficient hours and duration that make sustainable changes in a family and integrate all the following activities: interactive literacy activities, parent training on how to be the primary teacher for their children and full partners in their education, parent literacy training that leads to economic self-sufficiency, and age-appropriate education for children; and (2) it amends the definition of "State" to limit participation of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau (hereafter referred to as the Freely Associated States, or FAS) to fiscal years before 2002 (or 2003, if legislation approving renegotiated Compacts of Free Association has not been enacted by September 30, 2001).

SEC. 104. FINANCIAL ASSISTANCE FOR HEAD START PROGRAMS.

Section 104 amends section 638 of the Act to add enabling children to attain school readiness as a required objective of Head Start agency programs.

SEC. 105. AUTHORIZATION OF APPROPRIATIONS.

Section 105 amends section 639 of the Act to authorize appropriations for FYs 1999 through FY 2003. The Secretary must make available for each year: not more than \$35 million, and not less than provided in FY 1998, for Head Start Transition activities (under a new section 642A); not more than \$5 million for impact studies (under a new section 649(g)); and not more

than \$12 million for other research, demonstration, and evaluation activities, including longitudinal studies (under section 649).

SEC. 106. ALLOTMENT OF FUNDS.

Section 106 amends section 640 of the Act (allotment of funds; limitations on assistance).

Subsection (a)(1) amends section 640(a)(2) (which requires the Secretary to reserve 13 percent of appropriations for specified priorities) to move the hold harmless base year from 1994 to 1998 for Indian and migrant Head Start programs; to limit payment from the territories set-aside for the FAS to the same time periods and terms specified in section 637, as amended; to require a minimum of \$3 million per year to be spent on training and technical assistance related to family literacy activities; and to permit use of reserved funds for activities to correct deficiencies of, and to conduct proceedings to terminate the designation of Head Start agencies, and for research, demonstration, and evaluation under section 649.

Subsection (a)(2) amends section 640(a)(3) (which requires the Secretary to reserve for quality improvement activities a portion (currently not less than 25 percent) of the amount by which one fiscal year's funding, adjusted for inflation, exceeds the prior year's. The minimum reservation is adjusted to 60, 50, 47.5, 35, and 25 percent for FYs 1999, 2000, 2001, 2002, and 2003, respectively. Various changes are made in the provisions describing quality improvement goals and activities, notably to emphasize continual skills improvement and professional development of staff; promotion of children's language, literacy, and school readiness skills; and development of staff skills to work with children with disabilities and children who are from dysfunctional families or who experience chronic violence. The subsection deletes provisions in current law allowing quality improvement funds to be used for transportation, renovation of facilities or purchase of equipment.

Subsection (a)(3) amends section 640(a)(4) (the formula for distributing the remaining appropriations to the States). The minimum funding base year is moved from FY 1981 to FY 1998. The entire remainder is then to be distributed proportionately based on numbers of children under age 5 from families with incomes below the poverty line (rather than one-third based on numbers of children aged 18 and under receiving AFDC, and two-thirds based on numbers of all children aged 5 and under, as under current law).

Subsection (a)(4) amends section 640(a)(5) (which provides for collaboration grants to States). Various amendments specify entities and activities that must be involved in collaboration efforts. The Secretary is required to provide supplemental funding to States that develop unified plans for early childhood education and child care that include participation of Head Start agencies, or engage in other innovative collaborations. The Secretary is also required to review evidence of barriers to collaboration between Head Start and other programs and to develop initiatives and mechanisms for eliminating barriers and resolving conflicts between programs.

Subsection (a)(5) amends section 640(a)(6) (which specifies amounts to be used for Early Head Start) to increase these amounts to 7.5, 8, 9, 10, and 10 percent of funds appropriated for FYs 1999, 2000, 2001, 2002, and 2003. If the Secretary fails to submit to the Congress interim and final reports on Early Head Start by specified deadlines, or if the research in the final report indicates substantial deficiencies in Early Head Start programs, FY 2002 and FY 2003 funds in excess of the amount appropriated in the previous fiscal year must be used for quality improvement rather than for expansion. The Secretary may reduce these set-aside amounts, if she finds that total appropriations are otherwise insufficient to avoid a reduction in numbers of children served or adverse effects on program quality.

Subsection (b) makes minor amendments to section 640(d) (enrollment of children with disabilities), including technical corrections to references to the Individuals with Disabilities Education Act.

Subsection (c) amends section 640(g) (which provides for use of increased appropriations to expand Head Start programs) to specify additional factors which the Secretary must consider in selecting among applicants for expansion funds, notably including an applicant's performance history in other Federal programs and its plans for serving children with disabilities, for providing full-day and full-year services, for collaboration and partnerships with other providers and with local education agencies and schools.

Subsection (d) amends section 640(l) (which requires the Secretary to give priority to certain migrant Head Start programs) to require the Secretary to give priority also to programs for seasonal farmworkers (after ensuring that there is an adequate level of services for eligible children of migrant farmworkers).

Subsection (e) makes a conforming amendment to section 644(f)(2) of the Act (Administrative Requirements and Standards).

SEC. 107. DESIGNATION OF HEAD START AGENCIES.

Section 107 amends section 641 of the Act (designation of Head Start agencies). Key amendments (1) allow designation of for-profit entities; (2) require the Secretary to consult with the chief executive officer of a state which expends non-Federal funds on Head Start programs in making designations within that state; (3) add priority for existing Head Start grantees that function as a delegate agency and have met or exceeded performance standards and measures, and to applicants that have demonstrated capacity to provide comprehensive early childhood services; but (4) permit the Secretary, given applications of equal quality, to give a non-profit priority over a for-profit agency; and (5) revise the definition of "community" to include off-reservation areas designated by a tribal government, in consultation with the Secretary.

SEC. 108. QUALITY STANDARDS.

Section 108 amends section 641A of the Act (quality standards; monitoring of Head Start agencies and programs). Included are amendments that (1) require development and use of education performance standards and measures addressing children's school readiness and literacy awareness and understanding; (2) require review teams to include individuals knowledgeable about the needs of children with disabilities, use results-based performance measures and standards, and seek information from communities on program performance and collaboration with entities providing early childhood education and child care; and (3) revise a timetable for correction by Head Start agencies of deficiencies identified in quality reviews (immediately, for deficiencies that threaten health, safety, or the integrity of federal funds, and within 90 days for other identified deficiencies, if the Secretary determines that such a 90 day period is reasonable, and as opposed to current law which permits the Secretary to order immediate correction of any identified deficiency).

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

Section 109 amends section 642 of the Act (powers and functions of Head Start agencies) (1) to require agencies to offer substance abuse counseling and information on availability of services for establishing paternity and enforcing child support; (2) to require agencies to adopt assessments measuring competencies described in section 648A to be used when hiring or evaluating center-based classroom teachers; (3) to make for-profit entities eligible to be designated as a Head Start agency; and (4) to make other minor and conforming changes.

SEC. 110. HEAD START TRANSITION.

Section 110 establishes a new section 642A of the Act (Head Start transition), requiring each Head Start agency to coordinate with the local education agency and schools in which participating Head Start children will enroll.

SEC. 111. SUBMISSION OF PLANS TO GOVERNORS.

Section 111 amends section 643 of the Act (submission of plans to Governors), to allow the chief executive officer of a state 45 days in which to disapprove any plan to carry out a Head Start program within the state. The Secretary may not overrule the chief executive officer's disapproval if it is based on failure to comply with state health, safety or child care laws (including regulations) applicable to comparable child care programs within the state.

SEC. 112. PARTICIPATION IN HEAD START PROGRAMS.

Section 112 amends section 645 of the Act (participation of individuals in Head Start programs) (1) to guarantee continued eligibility through the succeeding program year for

children participating in the current year who have been found to meet the low-income criteria; (2) to permit Head Start agencies providing full-working-day services in collaboration with other entities to assess sliding-scale fees if the collaborative requires a copayment; (3) to guarantee that community Head Start programs may recruit and accept applications for enrollment of children throughout the year; and (4) to allow tribal governments, in consultation with the Secretary, to designate off-reservation areas to be served.

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

Section 113 amends section 645A (Early Head Start), (1) to require formal linkages with entities providing early intervention services for infants and toddlers with disabilities; (2) to provide that for-profit entities may be considered as eligible service providers; (3) to set aside a specified portion of Early Head Start funds for monitoring, training, technical assistance, and evaluation; and (4) to make other minor and technical amendments.

SEC. 114. TECHNICAL ASSISTANCE AND TRAINING.

Section 114 amends section 648 of the Act (technical assistance and training). Included are amendments requiring the Secretary to provide or ensure the provision of technical assistance (1) for collaborative efforts to promote full-day, full-year services, foster effective early childhood professional development systems, and improve family literacy services; (2) for efforts to ensure school readiness of children and meet education performance standards; and (3) to support Head Start agencies that have significant programmatic, quality and fiscal issues to address.

SEC. 115. PROFESSIONAL REQUIREMENTS.

Section 115 amends section 648A of the Act (staff qualifications and development) to require the Secretary (1) to ensure that each Head Start classroom has a teacher with demonstrated competency to perform certain functions (in addition to certificate and degree requirements in current law); (2) to ensure that by September 30, 2003, at least 50 percent of Head Start teachers in center-based programs nationwide have an associate, baccalaureate or advanced degree in early childhood education or a degree in a related field and preschool teaching experience; (3) to ensure that, in each classroom not having a classroom teacher with a degree, there is a teacher who has a child development associate (CDA) credential or a comparable State-awarded certificate for preschool teachers; (4) to grant a 180-day waiver of CDA or alternative credential requirements, where a Head Start agency has been unable to recruit an individual with the required credential, for an individual who is enrolled in a program that will grant the appropriate credential, and who will receive the appropriate credential within 180 days of beginning employment as a Head Start teacher.

SEC. 116. RESEARCH AND EVALUATION.

Section 116 amends section 649 (research and evaluation), to require (1) establishment of evaluation methods to assess of models for integrating family literacy services with Head Start programs; (2) a comparative study of the experiences of Head Start programs in small, medium, and large states to permit comparisons of children participating in Head Start with eligible children who did not participate; (3) national Head Start impact research through establishment of a panel comprised of experts in program evaluation and research, education and early childhood programs, and award of grants, cooperative agreements or contracts to organizations recommended by the expert panel to provide national analysis of program impacts; (4) a quality improvement study; and (5) an analysis of other existing surveys to learn more about Head Start participants and to inform the development of the national Head Start impact research.

SEC. 117. REPORTS.

Section 117 amends section 650 (Reports) of the Act to require the Secretary to report to Congress at least once during each five-year period on the condition, location, and ownership of facilities used or to be used by Indian Head Start agencies (including Native Alaskan Head Start agencies) and Native Hawaiian Head Start agencies.

SEC. 118. REPEAL OF CONSULTATION REQUIREMENT.

Section 118 repeals section 657A of the Act, which required the Secretary to consult with the chief executive officer of the Corporation for National and Community Service regarding the dissemination, to programs funded under the Act, of information about the Corporation's programs.

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

Section 119 repeals the Head Start Transition Project Act, whose provisions have been carried out.

**TITLE II - AMENDMENTS TO THE COMMUNITY SERVICES
BLOCK GRANT ACT****SEC. 201. REAUTHORIZATION.**

Section 201 amends in its entirety the Community Services Block Grant (CSBG) Act, title VI-B of the Omnibus Budget Reconciliation Act of 1981 (OBRA 1981), P.L. 97-35. Most of the revisions clarify or reorganize provisions of current law without substantive change, and are not described in this summary. Key substantive changes are as follows:

SEC. 671. SHORT TITLE.

Section 671 provides that this title may be cited as the "Community Services Block Grant Act".

SEC. 672. PURPOSES AND GOALS.

Section 672 restates the purposes of the CSBG Act as: to reduce poverty, revitalize low-income communities, and empower low-income families and individuals to become self-sufficient by providing community-based programs through private non-profit, eligible entities controlled by local residents.

SEC. 673. DEFINITIONS.

Section 673 --

(1) broadens the definition of the term "eligible entity" to include, in addition to entities eligible under current law, entities designated to serve unserved areas under the new procedure established by section 676A;

(2) adds a definition of "private, nonprofit organization" which specifies that it includes religious organizations that meet the requirements of the law as defined in section 679; and

(3) deletes from the definition of "State" the Trust Territories of the Pacific Islands.

SEC. 674. AUTHORIZATION OF APPROPRIATIONS.

Section 674 authorizes appropriations of such sums as necessary for each of FYs 1999 through 2003 to carry out the CSBG Act (other than sections 681 (community food and nutrition programs) and 682 (national or regional programs designed to provide instructional activities for low-income youth)). It provides for set-asides of .5 percent for payments to territories; 1.5 percent for training, technical assistance, and fiscal responsibility activities under sections 678A through 678F; and 9 percent for discretionary activities under section 680.

SEC. 675C. USES OF FUNDS.

This section includes the following new or changed provisions:

(1) beginning on October 1, 2000, a State is permitted to recapture and redistribute funds distributed to an eligible entity that are unobligated at the end of a fiscal year if such

funds exceed 20 percent of the amount distributed to the entity for such fiscal year. The State must distribute the recaptured funds to an eligible entity or require the original recipient to distribute the funds to a private, non-profit organization within the community served, for activities consistent with the purposes of the CSBG Act.

(2) A State that has in effect a charity tax credit meeting certain criteria may use, for any purpose, an amount remaining from its allotment, after making grants under the Act, that does not exceed 100 percent of that fiscal year's revenue loss (after January 1, 1999) attributable to the credit. This section defines "charity tax credit" as a nonrefundable credit against state income tax allowable for contributions, in cash or in kind, to qualified charities. A "qualified charity" is defined as an organization exempt from federal tax, a community action agency, or a public housing agency that primarily assists poor individuals and whose annual poverty program expenses are at least 75 percent of the organization's annual aggregate expenses.

SEC. 676. APPLICATION AND PLAN.

New State application and plan requirements include the following: (1) The State must designate a lead agency to carry out activities under the Act. (2) A State legislative hearing is required once every three years. (3) Beginning with FY 2000, a State must submit to the Secretary an application and plan covering not less than one and not more than two fiscal years.

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

In addition to reorganizing current provisions, section 676A makes the following changes concerning the designation of eligible entities:

(1) The chief executive officer of the State may designate, to serve an area that is not, or ceases to be, served by an eligible entity-

(A) a private nonprofit organization (which may but need not be an eligible entity) located in the area, or

(B) a private nonprofit eligible entity located in an area contiguous to or reasonably near the area and already providing services to the area, provided that it agrees to add members to its board to ensure adequate tripartite representation as specified in section 676B.

Priority may be given to entities already providing related services in the area. If no qualified private, nonprofit organization is identified, an appropriate subdivision of the State may be designated as an eligible entity.

SEC. 678B. MONITORING OF ELIGIBLE ENTITIES.

This new section requires that States conduct onsite reviews of each eligible entity at least once every three years, and in the case of a newly designated eligible entity after the end of the first year of funding, with followup reviews as necessary, to determine whether performance goals, administrative standards, financial management requirements and other state requirements are being met. The Secretary must conduct financial compliance evaluations in several States each fiscal year and make recommendations to the States; the States must submit action plans based on the recommendations; and the Secretary must include the evaluations in the annual report to Congress under the CSBG Act..

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

This new section provides a detailed timetable and procedural requirements for State action against an eligible entity that it finds has failed to comply with the terms of an agreement or the State plan. Steps prior to termination must include notice of deficiency; opportunity to correct; and training and technical assistance, where appropriate; opportunity to develop and implement a quality improvement plan; and, after notice and opportunity for a hearing, proceedings to terminate or reduce funding.

The current requirement that the Secretary review, upon request, any termination or reduction of funding is amended to require such review within 90 days. When the State terminates or reduces funding prior to completion of the State's hearing and the Secretary's review, the Secretary is authorized to provide financial assistance to the eligible entity affected until the violation is corrected.

SEC. 678E. ACCOUNTABILITY AND REPORTING REQUIREMENTS.

This new section requires each State receiving funds under the CSBG Act, by October 1, 2001, to participate in a performance measure system, and to report annually to the Secretary on the measured performance of the State and of eligible entities within the State. The Secretary, in collaboration with the States and eligible entities, is required to provide technical assistance and otherwise to facilitate the development of one or more model performance measurement systems. At the end of FY 2000 and each succeeding fiscal year, the Secretary must report to the concerned congressional committees, summarizing the planned and actual uses of funds by States and eligible entities, States' and eligible entities' performance results, and other information.

SEC. 678F. LIMITATIONS ON USE OF FUNDS.

This section adds an explicit prohibition on use of CSBG program funds, services, or personnel for purposes related to partisan or non-partisan political activities, transportation of voters to polls, or voter registration.

SEC. 678G. DRUG AND CHILD SUPPORT SERVICES AND REFERRALS.

This section declares that nothing in the CSBG Act shall be construed to prohibit States from testing program participants for use of controlled substances; and requires eligible entities receiving CSBG grants to provide child support information and referral services to custodial single parents participating in the program.

SEC. 679 OPERATIONAL RULE.

This section requires Federal, State, and local government entities carrying out CSBG Act programs to consider religious organizations on the same basis as other nongovernmental organizations for providing assistance under the program, as long as the program is implemented in a manner consistent with the Establishment Clause. The section further provides that such religious organizations will not be required to remove religious art or icons; will not lose their exemption under section 702 of the Civil Rights Act of 1964 regarding employment practices by participation in or receipt of funds from programs carried out by governmental entities; may not use Federal funds for sectarian purposes and must agree to submit to fiscal accountability requirements of the states, including segregation of CSBG funds from other funds.

SEC. 680. DISCRETIONARY AUTHORITY OF THE SECRETARY.

This section adds, to current uses of the Secretary's discretionary set-aside funds, assistance for neighborhood innovation projects to test or assist approaches or methods to aid communities in overcoming identified special problems. It also adds a requirement for evaluation and an annual report to Congress on the effectiveness of the Secretary's discretionary programs.

SEC. 681. COMMUNITY FOOD AND NUTRITION PROGRAMS.

This section authorizes appropriations of such sums as necessary for FYs 1999 through 2003 for community food and nutrition programs.

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

This section amends the current authority for instructional activities to require service providers to use community-based advisory boards, and to form partnerships with youth service organizations. It authorizes appropriations for this program of \$15 million for each of FYs 1999 through 2003.

SEC. 202. CONFORMING AMENDMENTS.

Section 202 makes conforming amendments to the Older Americans Act of 1965, the Anti-Drug Abuse Act of 1988, and section 407 of the Human Services Reauthorization Act of 1986 (demonstration partnership agreements addressing the needs of the poor), and repeals the Community Economic Development Act of 1981 (providing for interest payments on certain rural development loans and assignment of loan contracts)

TITLE III - AMENDMENTS TO THE LOW-INCOME HOME ENERGY ASSISTANCE ACT OF 1981**SEC. 301. SHORT TITLE.**

This section provides that this title may be cited as the "Low-Income Home Energy Assistance Amendments of 1998".

SEC. 302. AUTHORIZATION.

Section 302 authorizes appropriations for the Low-Income Home Energy Assistance Program (LIHEAP) under title XXVI (the LIHEAP Act) of the Omnibus Budget Reconciliation Act of 1981 (OBRA 1981), P.L. 97-35 at such sums as necessary for FYs 2000 and 2001 and \$2 billion for each of FYs 2002 through 2004, with such amounts available for obligation in the succeeding fiscal year. It authorizes appropriations for FYs 1999 through 2004 for the incentive program for leveraging non-Federal resources at a reduced level of \$30 million for any year in which appropriations for basic LIHEAP grants are below \$1.4 billion, and at \$50 billion per year for which basic grants are above that amount.

SEC. 303. DEFINITIONS.

Section 303 makes technical amendments to section 2603 (definitions) of the LIHEAP Act.

SEC. 304. NATURAL DISASTERS AND OTHER EMERGENCIES.

Section 304 clarifies the conditions under which the Secretary may make additional grants to States under section 2602(e) of the Act for home energy assistance needs arising from a natural disaster or other emergency. Section 2603 is amended to provide definitions of "natural disaster" (including specified weather events) and "emergency" (including a natural disaster, significant home energy supply shortage or disruption, or significant increase in home energy cost, home energy disconnections, participation in public benefit programs, or unemployment). Section 2604 is amended to require the Secretary, in determining whether to make an emergency allotment, to take into account the extent to which the State was affected, availability of other resources, and other relevant factors, and to notify Congress not more than 30 days after making such determination and before such payments are made.

SEC. 305. STATE ALLOTMENTS.

Section 305 amends section 2604 of the Act (State allotments) to delete reference to the Trust Territory of the Pacific Islands and repeals section 2604(f) (under which States had the option to transfer LIHEAP funds to other block grants programs, including the Community Services Block Grant (CSBG) under title VI-B of OBRA 1981, the Maternal and Child Health (MCH) block grant under title V, and the Social Services Block Grant (SSBG) under title XX, of the Social Security Act, and preventive health services under title XIX of the Public Health Service Act).

SEC. 306. ADMINISTRATION.**SEC. 307. PAYMENT TO STATES.**

These sections makes technical and conforming amendments.

SEC. 308. RESIDENTIAL ENERGY ASSISTANCE CHALLENGE OPTIONS.

Section 308 directs the Comptroller General to evaluate the Residential Energy Assistance Challenge (REACH) program under section 2607B of the LIHEAP Act and to report to the Congress within two years of the date of enactment. It amends section 2607B to make permanent authorization for the REACH program, and makes other technical amendments.

SEC. 309. TECHNICAL ASSISTANCE, TRAINING, AND COMPLIANCE REVIEWS.

Section 309 amends section 2609A of the LIHEAP Act (1) to increase from \$250,000 to \$300,000 the amount of annual LIHEAP appropriations that may be reserved by the Secretary for technical assistance, and (2) to allow the Secretary to use such funds to conduct onsite compliance reviews and for interagency agreements, including agreements with federal agencies.

TITLE IV - ASSETS FOR INDEPENDENCE

SEC. 401. SHORT TITLE.

Section 401 provides that this title may be cited as the "Assets for Independence Act".

SEC. 402. FINDINGS.

Section 402 declares Congressional findings that (1) accumulation of assets can improve economic well-being; (2) lack of assets prevents entry into the economic mainstream and is a barrier to economic growth; (3) financial returns from individual development accounts (IDAs) will exceed the cost of investment in those accounts; (4) asset-based policies provide the means to achieve greater independence and economic well-being, and so complement income-based policy.

SEC. 403. PURPOSES.

Section 403 declares that the purposes of this title are to provide for demonstration projects designed to determine (1) the social, civic, psychological and economic effects of providing to individuals and families with limited means an incentive to accumulate assets; (2) the extent to which an asset-based policy that promotes saving for postsecondary education, homeownership, and small business development increase economic self-sufficiency; (3) the extent to which an asset-based policy stabilizes and improves families and the community in which the families live.

SEC. 404. DEFINITIONS.

This section defines terms used in this title. Key terms are defined as follows:

"Individual development account" (IDA) means a trust created (subject to detailed requirements concerning qualifications of the trustee, handling of trust assets, and the like) exclusively for the purpose of paying qualified expenses of an eligible individual, or enabling the eligible individual to make an emergency withdrawal.

"Eligible individual" means an individual selected to participate in a demonstration by a qualified entity under section 409.

"Emergency withdrawal" means withdrawal by the eligible individual of a portion of the funds deposited in the IDA by the eligible individual, for payment of medical expenses, payments necessary to prevent eviction from or foreclosure on the individual's residence, or payments for necessary living expenses following the loss of employment.

"Qualified entity" means (1) a non-profit organization exempt from federal tax, or

(2) a State or local government agency, or a tribal government, submitting an application jointly with an entity described in clause (1).

"Qualified expenses" means expenses for the individual, or the individual's spouse or dependent, for: postsecondary educational expenses paid to an institution of higher education or postsecondary vocational school; acquisition costs for the principal residence of a first-time home buyer; and qualified business capitalization costs paid to a business capitalization account in a federally or state-insured financial institution.

SEC. 405. APPLICATIONS.

Section 405 requires the HHS Secretary to solicit applications by 3 months, qualified entities to file applications by 6 months, and the Secretary to approve applications by 9 months, after enactment.

This section sets forth criteria for application approval, including sufficiency of projects to meet participants' self-sufficiency goals; the applicant's administrative experience and ability; the amount of non-federal funds committed to the project; and the adequacy of the plan for providing information for evaluation. Preference is to be given to projects that (1) will serve individuals predominantly from households in which children are living with biological or adoptive parents or guardians; (2) will commit a proportionately greater share of non-federal funds from private sector sources; and (3) target communities with high rates of poverty or unemployment. Existing statewide individual asset-building programs are deemed to meet the criteria for approval.

SEC. 406. DEMONSTRATION AUTHORITY; ANNUAL GRANTS.

Section 406 directs the Secretary to make annual grants under each approved application for each of five project years, in an amount not to exceed the lesser of \$1 million or the amount of non-federal matching funds.

SEC. 407. RESERVE FUND.

Section 407 requires each grantee that is a non-profit organization to deposit in a reserve fund private and public funds provided for the demonstration project, and proceeds from investments. Reserve fund amounts are to be invested under guidelines established by the Secretary and used (1) to assist individual participants to obtain skills necessary for economic self-sufficiency; (2) to make deposits into IDAs; (3) to administer the demonstration; and (4) to provide information for evaluation of the demonstration. Not more than 9.5 percent of the reserve funds may be used for purposes other than deposits into individuals' IDAs. Upon termination of any demonstration, the grantee must transfer to the Secretary a share of amounts remaining in the reserve fund representing federal grants.

SEC. 408. ELIGIBILITY FOR PARTICIPATION.

Section 408 provides that individuals eligible for assistance under a demonstration project are members of a household that (1) is eligible for assistance under part A (TANF) of title IV of the Social Security Act or (2) meets certain income and net worth tests.

SEC. 409. SELECTION OF INDIVIDUALS TO PARTICIPATE.

Section 409 provides for selection by each grantee of project participants from among eligible individuals.

SEC. 410. DEPOSITS BY QUALIFIED ENTITIES.

Section 410 requires quarterly contributions by grantees into IDAs of participating individuals (1) from non-federal funds, a matching contribution of between \$.50 and \$4 for each dollar of earned income the individual has deposited; (2) from the grant, an amount equal to the matching contribution under (1); and (3) any accrued interest. Not more than \$2,000 per individual (\$4,000 per household) may be paid from a grant over the course of the demonstration. An individual may not withdraw any funds before 6 months after the individual's first deposit, and must repay any emergency withdrawal within 12 months.

SEC. 411. LOCAL CONTROL OVER DEMONSTRATION PROJECTS.

Section 411 provides that a non-governmental qualified entity will have sole authority over administration of the project. The Secretary is limited to prescribing regulations or guidelines necessary to ensure compliance with the approved application and this title.

SEC. 412. ANNUAL PROGRESS REPORTS.

Section 412 requires qualified entities to make to the HHS Secretary and to the State Treasurer (or equivalent official) annual progress reports that include program and participant information, with the first report due not later than 60 days after the end of the calendar year in which the Secretary authorized the qualified entity to participate.

SEC. 413. SANCTIONS.

Section 413 directs the Secretary to terminate a demonstration project upon determination of noncompliance with requirements and failure to implement corrective recommendations. In such a case, the Secretary shall take control of the reserve fund and (1) shall seek to identify, and transfer the project to, another qualified entity, or (2) if no alternative qualified entity has been identified after 1 year, terminate the project and distribute the reserve fund pro rata to its contributors.

SEC. 414. EVALUATIONS.

Section 414 requires the Secretary to contract with an independent research organization to evaluate demonstration projects under this title. The Secretary is to make interim reports to Congress by 90 days after the end of the first calendar year in which a demonstration is authorized to operate and annually thereafter; and to make a final report to Congress by 12 months after conclusion of all demonstration projects.

SEC. 415. TREATMENT OF FUNDS.

Section 415 provides that only funds deposited by eligible individuals into IDAs may be considered as income for purposes of determining eligibility for or amount of assistance under any federal or federally assisted program based on need.

SEC. 416. AUTHORIZATION OF APPROPRIATIONS.

Section 416 authorizes appropriations of \$25 million for each of FYs 1999 through 2003 to carry out this title, to remain available until expended.

Total Pages: 5

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Monday, September 21, 1998

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below
FROM: *Janet R. Forsgren*
Janet R. Forsgren (for) Assistant Director for Legislative Reference
OMB CONTACT: Melinda D. Haskins
PHONE: (202)395-3923 FAX: (202)395-6148
SUBJECT: HHS Conference Document on S2206 Human Services Reauthorization Act of 1998

DEADLINE: 11 AM Wednesday, September 23, 1998

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. **Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

COMMENTS: HHS has requested expedited OMB clearance to transmit the attached "conferee letter" on S. 2206.

THIS DEADLINE IS FIRM.

DISTRIBUTION LIST

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110-Social Security Administration - Judy Chesser - (202) 358-6030

EOP:

Barbara Chow
Michael Deich
Jennifer L. Klein

Letter to Conferees:

We greatly appreciate your leadership in crafting legislation (S. 2206) to reauthorize Head Start, the Low-Income Home Energy Assistance Program (LIHEAP), and the Community Services Block Grant (CSBG) programs. Both the House and Senate bills will ensure the continuation of these vital programs, and will improve their capacity to deliver high quality services to low income children and families. We urge the conferees to resolve the few remaining differences between the House and Senate versions and send a final bill to the President before the 105th Congress adjourns for the year.

We are especially pleased that the House and the Senate bills include the changes recommended by the Administration -- a multi-year reauthorization of these programs, a gradual expansion of the vital new Early Head Start program, and a maintenance of our successful expansion and quality efforts. The House and Senate bills include many other provisions that we believe will further improve these programs. We support Head Start provisions that place greater emphasis on school readiness and family literacy, make improvements in staff preparation and training, give priority for full-day/full-year services, enhance collaboration efforts, and augment our current research and evaluation efforts. We also support the new Individual Development Account demonstrations and the changes you have made to increase accountability in the CSBG programs. There are, however, important differences between the House and Senate bills and we strongly urge you to resolve these differences as outlined below.

- **Early Head Start:** We strongly support the Senate provisions to increase Early Head Start. These increases are consistent with the Administration's recommendation to double the number of infants and toddlers enrolled in Early Head Start by 2002, and with the overwhelming interest in this exciting new program that we have received from communities all across the country.
- **Balanced Approach to Quality and Expansion:** We also strongly support the balanced approach to quality and expansion approved by the Senate. This successful approach has allowed us to greatly improve Head Start programs over the last 6 years by increasing staff salaries, supporting staff training and credentialing and investing in numerous quality improvements. During this period we have set and enforced higher standards of quality and replaced more than 90 grantees with serious quality deficiencies. At the same time, the balanced approach has allowed us to expand Head Start to an additional 210,000 low income children. While we support numerous provisions in both bills that further enhance and enrich Head Start quality, we have serious concerns with the specific House provision that would severely reduce the amount of funds targeted to expansion activities. In view of the estimated 1 million low-income preschool children and nearly 3 million infants and toddlers in need of Head Start, we urge you to continue the carefully crafted balance between quality and expansion maintained by the Senate bill.
- **For Profit Entities:** We are pleased that the House bill continues the long and successful practice of selecting Head Start grantees from among community non-profit or public applicants. We remain concerned that the Senate bill makes a dramatic change in this

practice by allowing for-profit entities to be selected as Head Start grantees. Given the large and growing number of qualified public and non-profit applicants, and the lack of any research or evidence indicating a need to make Head Start a profit-making venture, we urge you to drop or further modify this provision in the final bill.

- **Multi-year LIHEAP authorization:** We strongly support the Senate provisions to extend the LIHEAP program through FY 2004. This highly effective program provides vital services to millions of low income families each year and should be continued as recommended by the Senate.

HHIS staff have been meeting with your staffs to discuss our recommendations for other minor or technical changes to the House or Senate bill.

I am extremely grateful for the commitment and cooperation with which you have addressed Head Start and the other programs. These bipartisan efforts have been key to the success of Head Start and I am confident that they will once again ensure quality services for low income infants, toddlers, preschoolers, and their families throughout the country. Please let me know if you would like to discuss these issues further or would like additional information or materials.

Sincerely,

Donna E. Shalala

Total Pages: 5

LRM ID: MDH246

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EOP:

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Laura Oliven Silberfarb
Daniel J. Chenok

LRM ID: MDH246 SUBJECT: HHS Conference Document on S2206 Human Services
Reauthorization Act of 1998

**RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM**

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or

(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Melinda D. Haskins Phone: 395-3923 Fax: 395-6148
 Office of Management and Budget
 Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No Objection

_____ No Comment

_____ See proposed edits on pages _____

_____ Other: _____

_____ FAX RETURN of _____ pages, attached to this response sheet

Amendment in the Nature of a Substitute

S. 2206

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Human Services Reauthorization Act of 1998”.

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

Sec. 1. Short title; table of contents.

TITLE I—AMENDMENTS TO THE HEAD START ACT

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

**TITLE II—AMENDMENTS TO THE COMMUNITY SERVICES BLOCK
GRANT ACT**

Sec. 201. Short title.

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

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

- Sec. 301. Short title.
- Sec. 302. Authorization.
- Sec. 303. Definitions.
- Sec. 304. Natural disasters and other emergencies.
- Sec. 305. State allotments.
- Sec. 306. Administration.
- Sec. 307. Payments to States.
- Sec. 308. Residential energy assistance challenge option.

1 TITLE I—AMENDMENTS TO THE
2 HEAD START ACT

3 SEC. 101. SHORT TITLE.

4 This title may be cited as the “Head Start Amend-
5 ments Act of 1998”.

6 SEC. 102. STATEMENT OF PURPOSE.

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

9 “SEC. 636. STATEMENT OF PURPOSE.

10 “It is the purpose of this subchapter to promote
11 school readiness by enhancing the social and cognitive de-
12 velopment of low-income children through the provision,
13 to low-income children and their families, of health, edu-
14 cational, nutritional, social, and other services that are de-
15 termined, based on family needs assessments, to be nec-
16 essary.”.

1 SEC. 103. DEFINITIONS.

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

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

6 (2) in paragraph (2)—

7 (i) by striking “, and the Commonwealth
8 of the Northern Mariana Islands”;

9 (ii) by inserting “of the United States, and
10 the Commonwealth of the Northern Mariana Is-
11 lands, but for fiscal years ending before October
12 1, 2001, also means” after “Virgin Islands”;
13 and

14 (iii) by inserting “and” after “Marshall Is-
15 lands”;

16 (3) by inserting after paragraph (2) the follow-
17 ing:

18 “(3) The term ‘child with a disability’ means—

19 “(A) a child with a disability, as defined in
20 section 602(3) of the Individuals with Disabil-
21 ities Education Act; and

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

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

1 “(5) The term ‘family literacy services’ means
2 services that—

3 “(A) are provided to participants who re-
4 ceive the services on a voluntary basis;

5 “(B) are of sufficient intensity, and of suf-
6 ficient duration, to make sustainable changes in
7 a family (such as eliminating or reducing de-
8 pendence on income-based public assistance);
9 and

10 “(C) integrate each of—

11 “(i) interactive literacy activities be-
12 tween parents and their children;

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

15 “(iii) parent literacy training, includ-
16 ing training that contributes to economic
17 self-sufficiency; and

18 “(iv) appropriate instruction for chil-
19 dren of parents receiving the parent lit-
20 eracy training.”;

21 (5) in paragraph (7) (as redesignated in para-
22 graph (1)), by adding at the end the following:

23 “Nothing in this paragraph shall be construed to re-
24 quire an agency to provide services to a child who
25 has not reached the age of compulsory school attend-

1 ance for more than the number of hours per day
2 permitted by State law for the provision of services
3 to such a child.”;

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

6 “(13) The term ‘migrant or seasonal Head
7 Start program’ means—

8 “(A) with respect to services for migrant
9 farmworkers, a Head Start program that serves
10 families who are engaged in agricultural labor
11 and who have changed their residence from 1
12 geographic location to another in the preceding
13 2-year period; and

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

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

21 “(16) The term ‘reliable and replicable’, used
22 with respect to research, means an objective, valid,
23 scientific study that—

24 “(A) includes a rigorously defined sample
25 of subjects, that is sufficiently large and rep-

1 representative to support the general conclusions of
2 the study;

3 “(B) relies on measurements that meet es-
4 tablished standards of reliability and validity;

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

7 “(D) discovers effective strategies for en-
8 hancing the development and skills of chil-
9 dren.”.

10 **SEC. 104. FINANCIAL ASSISTANCE FOR HEAD START PRO-**
11 **GRAMS.**

12 Section 638(1) of the Head Start Act (42 U.S.C.
13 9833(1)) is amended—

14 (1) by striking “aid the” and inserting “enable
15 the”; and

16 (2) by striking the semicolon and inserting
17 “and attain school readiness;”.

18 **SEC. 105. AUTHORIZATION OF APPROPRIATIONS.**

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

21 (1) in subsection (a)—

22 (A) by inserting “\$4,660,000,000 for fiscal
23 year 1999 and” after “subchapter”; and

24 (B) by striking “1995 through 1998” and
25 inserting “2000 through 2003”; and

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

3 “(1) for each of the fiscal years 1999 through
4 2003, not more than \$35,000,000 and not less than
5 the aggregate amount made available to carry out
6 section 642(d) of this Act and the Head Start Tran-
7 sition Project Act (42 U.S.C. 9855–9855g) for fiscal
8 year 1998, to carry out activities authorized under
9 section 642A;

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

13 “(3) not more than \$12,000,000 for fiscal year
14 1999, and such sums as may be necessary for each
15 of the fiscal years 2000 through 2003, to carry out
16 other research, demonstration, and evaluation activi-
17 ties, including longitudinal studies, under section
18 649; and

19 “(4) not less than \$5,000,000 for each of the
20 fiscal years 1999 through 2003, to carry out activi-
21 ties authorized under section 648B.”.

22 **SEC. 106. ALLOTMENT OF FUNDS.**

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

25 (1) in paragraph (2)—

1 (A) in subparagraph (A)—

2 (i) by striking “and migrant” the 1st
3 place it appears and all that follows
4 through “handicapped children”, and in-
5 serting “Head Start programs and services
6 for children with disabilities and migrant
7 or seasonal Head Start programs”; and

8 (ii) by striking “and migrant” each
9 other place it appears and inserting “Head
10 Start programs and by migrant or sea-
11 sonal”; and

12 (iii) by striking “1994” and inserting
13 “1998”;

14 (B) in subparagraph (B) by striking “(B)
15 payments” and all that follows through “Virgin
16 Islands” and inserting the following:

17 “(B) payments, subject to paragraph (7)—

18 “(i) to Guam, American Samoa, the Com-
19 monwealth of the Northern Mariana Islands,
20 and the Virgin Islands of the United States;
21 and

22 “(ii) for fiscal years ending before October
23 1, 2001, to the Federated States of Micronesia,
24 the Republic of the Marshall Islands, and
25 Palau;”;

1 (C) in subparagraph (C), by striking
2 "and" at the end;

3 (D) in subparagraph (D), by striking "re-
4 lated to the development and implementation of
5 quality improvement plans under section
6 641A(d)(2))." and inserting "carried out under
7 paragraph (1), (2), or (3) of section 641A(d)
8 relating to correcting deficiencies and conduct-
9 ing proceedings to terminate the designation of
10 Head Start agencies); and";

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

13 "(E) payments for research and evaluation ac-
14 tivities under section 649."; and

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

22 (2) in paragraph (3)—

23 (A) in subparagraph (A)(i) by striking
24 "equal" and all that follows through "activi-
25 ties" and inserting "subject to subsection (m)";

1 (B) in subparagraph (B)—

2 (i) in clause (ii)—

3 (I) by striking “adequate quali-
4 fied staff” and inserting “adequate
5 numbers of qualified staff”; and

6 (II) by inserting “and children
7 with disabilities” before “, when”;

8 (ii) in clause (iv) by inserting “and to
9 encourage the staff to continually improve
10 their skills and expertise by informing staff
11 of the availability of State and Federal
12 loan forgiveness programs for professional
13 development” before the period at the end;

14 (iii) in clause (v) by inserting “and
15 collaboration efforts for such programs”
16 before the period at the end; and

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

19 “(vi) Ensuring that such programs have ade-
20 quate numbers of qualified staff that can promote
21 language skills and literacy growth of children and
22 that provide children with a variety of skills that
23 have been identified, through research that is reli-
24 able and replicable, as predictive of later reading
25 achievement.”; and

1 (C) in subparagraph (C)—

2 (i) in clause (i)(I)—

3 (I) by striking “of staff” and in-
4 serting “of classroom teachers and
5 other staff”; and

6 (II) by striking “such staff” and
7 inserting “qualified staff, including re-
8 cruitment and retention pursuant to
9 achieving the requirements set forth
10 in section 648A(a)”;

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

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

15 “(II) Preferences in awarding salary increases,
16 in excess of cost of living allowances, shall be grant-
17 ed to classroom teachers and staff who obtain addi-
18 tional training or education related to their respon-
19 sibilities as employees of a Head Start program.”;

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

22 “(ii) Of the amount remaining after carrying
23 out clause (i), the highest priority shall be placed on
24 training classroom teachers and other staff to meet

1 the education performance standards described in
2 section 641A(a)(1)(B), through activities—

3 “(I) to promote children’s language and
4 literacy growth, through techniques identified
5 through reliable, replicable research;

6 “(II) to promote the acquisition of the
7 English language for non-English background
8 children and families;

9 “(III) to foster children’s school readiness
10 skills through activities described in section
11 648A(a)(1); and

12 “(IV) to provide training necessary to im-
13 prove the qualifications of the staff of the Head
14 Start agencies and to support staff training,
15 child counseling, and other services necessary to
16 address the problems of children participating
17 in Head Start programs, including children
18 from dysfunctional families, children who expe-
19 rience chronic violence in their communities,
20 and children who experience substance abuse in
21 their families.”;

22 (v) by striking clause (v);

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

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

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

7 (D) in subparagraph (D)(i)(II) by striking
8 “and migrant” and inserting “Head Start pro-
9 grams and by migrant or seasonal”;

10 (3) in paragraph (4)—

11 (A) in subparagraph (A), by striking
12 “1981” and inserting “1998”;

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

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

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

22 “For each fiscal year the Secretary shall use the most re-
23 cent data available on the number of children under the
24 age of 5, from families below the poverty level that is con-
25 sistent with that published for counties, by the Depart-

1 ment of Commerce, unless the Secretary and the Secretary
 2 of Commerce determine that use of the updated poverty
 3 data would be inappropriate or unreliable. If the Secretary
 4 and the Secretary of Commerce determine that some or
 5 all of the data referred to in this paragraph are inappro-
 6 priate or unreliable, they shall issue a report setting forth
 7 their reasons in detail.”;

8 (4) in paragraph (5)—

9 (A) in subparagraph (B), by inserting be-
 10 fore the period the following “and encourage
 11 Head Start agencies to actively collaborate with
 12 entities involved in State and local planning
 13 processes in order to better meet the needs of
 14 low-income children and families”;

15 (B) in subparagraph (C)—

16 (i) in clause (i)(I), by inserting “the
 17 appropriate regional office of the Adminis-
 18 tration for Children and Families and” be-
 19 fore “agencies”;

20 (ii) in clause (iii), by striking “and”
 21 at the end;

22 (iii) in clause (iv)—

23 (I) by striking “education, and
 24 national service activities,” and insert-

1 ing "and education and community
2 service activities,";

3 (II) by striking "and activities"
4 and inserting "activities"; and

5 (III) by striking the period and
6 inserting "(including coordination
7 with those State officials who are re-
8 sponsible for administering part C
9 and section 619 of the Individuals
10 with Disabilities Education Act (20
11 U.S.C. 1431-1445, 1419)), and serv-
12 ices for homeless children;"; and

13 (iv) by adding at the end the follow-
14 ing:

15 "(v) include representatives of the State Head
16 Start Association and local Head Start agencies in
17 unified planning regarding early care and education
18 services at both the State and local levels, including
19 collaborative efforts to plan for the provision of full-
20 working-day, full-calendar-year early care and edu-
21 cation services for children;

22 "(vi) encourage local Head Start agencies to
23 appoint a State level representative to speak on be-
24 half of Head Start agencies within the State on col-

1 laborative efforts described in subparagraphs (B)
2 and (D), and in clause (v); and

3 “(vii) encourage Head Start agencies to collabo-
4 rate with entities involved in State and local plan-
5 ning processes (including the State lead agency ad-
6 ministering the financial assistance received under
7 the Child Care and Development Block Grant Act of
8 1990 (42 U.S.C. 9858 et seq.) and the entities pro-
9 viding resource and referral services in the State) in
10 order to better meet the needs of low-income chil-
11 dren and families.”;

12 (C) by redesignating subparagraph (D) as
13 subparagraph (F); and

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

16 “(D) Following the award of collaboration grants de-
17 scribed in subparagraph (B), the Secretary shall provide,
18 from the reserved sums, supplemental funding for collabo-
19 ration grants—

20 “(i) to States that develop statewide, regional,
21 or local unified plans for early childhood education
22 and child care that include the participation of Head
23 Start agencies; and

24 “(ii) to States that engage in other innovative
25 collaborative initiatives, including plans for collabo-

1 rative training and professional development initia-
2 tives for child care, early childhood education and
3 Head Start service managers, providers, and staff.

4 “(E)(i) The Secretary shall—

5 “(I) review on an ongoing basis evidence of bar-
6 riers to effective collaboration between Head Start
7 programs and other Federal child care and early
8 childhood education programs and resources;

9 “(II) develop initiatives, including providing ad-
10 ditional training and technical assistance and mak-
11 ing regulatory changes, in necessary cases, to elimi-
12 nate barriers to the collaboration; and

13 “(III) develop a mechanism to resolve adminis-
14 trative and programmatic conflicts between such
15 programs that would be a barrier to service provid-
16 ers, parents, or children, related to the provision of
17 unified services in the consolidation of funding for
18 child care services

19 “(ii) In the case of a collaborative activity funded
20 under this subchapter and another provision of law provid-
21 ing for Federal child care or early childhood education,
22 the use of equipment and nonconsumable supplies pur-
23 chased with funds made available under this subchapter
24 or such provision shall not be restricted to children en-
25 rolled or otherwise participating in the program carried

1 out under that subchapter or provision, during a period
2 in which the activity is predominantly funded under this
3 subchapter or such provision.”;

4 (5) by amending paragraph (6) to read as fol-
5 lows:

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

11 “(i) 7.5 percent for fiscal year 1999;

12 “(ii) 8 percent for fiscal year 2000;

13 “(iii) 8.5 percent for fiscal year 2001;

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

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

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

20 “(B) If the Secretary does not submit to—

21 “(i) the Committee on Education and the
22 Workforce and the Committee on Appropriations of
23 the House of Representatives; and

1 “(ii) to the Committee on Labor and Human
2 Resources and the Committee on Appropriations of
3 the Senate;

4 by January 1, 2001, a report on the results of the Early
5 Head Start impact study currently being conducted by the
6 Secretary, then the amount required to be used in accord-
7 ance with subparagraph (A) for fiscal years 2002 and
8 2003 shall be 8.5 percent of the amount appropriated pur-
9 suant to section 639(a) for the respective fiscal year.

10 “(C)(i) For any fiscal year for which the Secretary
11 determines that the amount appropriated under section
12 639(a) is not sufficient to permit the Secretary to use the
13 portion described in subparagraph (A) without reducing
14 the number of children served by Head Start programs
15 or negatively impacting the quality of Head Start services,
16 relative to the number of children served and the quality
17 of the services during the preceding fiscal year, the Sec-
18 retary may reduce the percentage of funds required to be
19 used as the portion described in subparagraph (A) for the
20 fiscal year for which the determination is made, but not
21 below the percentage required to be so used for the preced-
22 ing fiscal year.

23 “(ii) For any fiscal year for which the amount appro-
24 priated under section 639(a) requires a reduction in the
25 amount made available under this subchapter to Head

1 Start agencies and entities described in section 645A, rel-
2 ative to the amount made available to the agencies and
3 entities for the preceding fiscal year, adjusted as described
4 in paragraph (3)(A)(ii), the Secretary shall proportion-
5 ately reduce—

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

8 “(II) the amounts made available to Head Start
9 agencies for Head Start programs.”; and

10 (6) by redesignating paragraph (7) as para-
11 graph (8); and

12 (7) by inserting after paragraph (6) the follow-
13 ing:

14 “(7)(A) For purposes of paragraph (2)(A), in
15 determining the need and demand for migrant or
16 seasonal Head Start programs (and services pro-
17 vided through such programs), the Secretary shall
18 consult with appropriate entities, including providers
19 of services for migrant or seasonal Head Start pro-
20 grams. The Secretary shall, after taking into consid-
21 eration the need and demand for migrant or sea-
22 sonal Head Start programs (and such services), en-
23 sure that there is an adequate level of such services
24 for eligible children of migrant farmworkers before
25 approving an increase in the allocation provided for

1 unserved eligible children of seasonal farmworkers.
2 In serving the children of seasonal farmworkers, the
3 Secretary shall ensure that services provided by mi-
4 grant or seasonal Head Start programs do not dupli-
5 cate or overlap with other Head Start services avail-
6 able in the same geographical area.

7 “(B)(i) Funds available under this subsection
8 for payments to the Federated States of Micronesia,
9 the Republic of the Marshall Islands, and Palau
10 shall be used by the Secretary to make grants on a
11 competitive basis, pursuant to recommendations sub-
12 mitted to the Secretary by the Pacific Region Edu-
13 cational Laboratory of the Department of Edu-
14 cation, to the Federated States of Micronesia, the
15 Republic of the Marshall Islands, Palau, Guam,
16 American Samoa, and the Commonwealth of the
17 Northern Mariana Islands, for the purpose of carry-
18 ing out Head Start programs in accordance with
19 this subchapter.

20 “(ii) Not more than 5 percent of such funds
21 may be used by the Secretary to compensate the Pa-
22 cific Region Educational Laboratory of the Depart-
23 ment of Education for administrative costs incurred
24 in connection with making recommendations under
25 clause (i).

1 “(iii) Notwithstanding any other provision of
2 law, the Federated States of Micronesia, the Repub-
3 lic of the Marshall Islands, and Palau shall not re-
4 ceive any funds under this subchapter for any fiscal
5 year that begins after September 30, 2001.”.

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

8 (1) by striking “1982” and inserting “1999”;

9 (2) by striking “(as defined in section 602(a) of
10 the Individuals with Disabilities Education Act)”;
11 and

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

13 “Such policies and procedures shall require Head Start
14 programs to coordinate programmatic efforts with efforts
15 to implement part C and section 619 of the Individuals
16 with Disabilities Education Act (20 U.S.C 1431–1445,
17 1419).”.

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

20 (1) in paragraph (1), by inserting at the end
21 the following: “In awarding funds to serve an in-
22 creased number of children, the Secretary shall give
23 priority to those applicants that provide full-work-
24 ing-day, full-calendar year Head Start services
25 through collaboration with entities carrying out pro-

grams that are in existence on the date of the allocation and with other private, nonprofit agencies. Any such additional funds remaining may be used to make nonstructural and minor structural changes, and to acquire and install equipment, for the purpose of improving facilities necessary to expand the availability of Head Start programs and to serve an increased number of children.”;

(2) in paragraph (2)—

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

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

(C) in subparagraph (D), by striking the semicolon and inserting “and the extent to which, and manner in which, the applicant demonstrates the ability to collaborate and participate with other local community providers of child care or preschool services to provide full-working-day full-calendar-year services;”;

1 (D) in subparagraph (E), by striking "pro-
2 gram; and" and inserting "or any other early
3 childhood program;";

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

6 (F) by adding at the end the following:

7 "(G) the extent to which the applicant proposes
8 to foster partnerships with other service providers in
9 a manner that will enhance the resource capacity of
10 the applicant; and

11 "(H) the extent to which the applicant, in pro-
12 viding services, will plan to coordinate with the local
13 educational agency serving the community involved
14 and with schools in which children participating in
15 a Head Start program operated by such agency will
16 enroll following such program, regarding the edu-
17 cation services provided by such local educational
18 agency.";

19 (3) in paragraph (3) by striking "In" and in-
20 serting "Subject to subsection (m), in"; and

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

22 "(4) Notwithstanding subsection (a)(2), after taking
23 into account subsection (a)(1), the Secretary may allocate
24 a portion of the remaining additional funds under sub-

1 section (a)(2)(A) for the purpose of increasing funds avail-
2 able for activities described in such subsection.”.

3 (d) REFERENCES.—Section 640(l) of the Head Start
4 Act (42 U.S.C. 9835(l)) is amended by inserting “or sea-
5 sonal” after “migrant” each place it appears.

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

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

“For Fiscal Year:	Percent of Amount Exceeding Ad- justed Prior Year Appropriation To Be Available for Quality Activities Under Subsection (a)(3)(C):	Percent of Amount Exceed- ing Adjusted Prior Year Appro- priation To Be Available for Ex- pansion Activities Under Subsection (g):	Percent of Amount Exceed- ing Adjusted Prior Year Appropria- tion To Be Avail- able to Qualifying Head Start Pro- grams for Quality and Expansion Activities Under Subsections (a)(3)(C) and (g)
1999	65	25	10
2000	65	25	10
2001	45	45	10
2002	45	45	10
2003	25	65	10.

1 “(2) For purposes of paragraph (1), the term ‘quali-
2 fying Head Start program’ means a Head Start agency
3 or Head Start program that is—

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

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

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

11 “(3) Funds required to be made available under this
12 subsection to qualifying Head Start programs shall be
13 made available on the same basis as allotments are deter-
14 mined under subsection (a)(4).”.

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

18 **SEC. 107. DESIGNATION OF HEAD START AGENCIES.**

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

21 (1) in subsection (a) by inserting “(in consulta-
22 tion with the chief executive officer of the State in-
23 volved, if such State expends non-Federal funds to
24 carry out Head Start programs)” after “Secretary”
25 the last place it appears;

1 (2) in subsection (b) by striking "area des-
2 ignated by the Bureau of Indian Affairs as near-res-
3 ervation" and inserting "off-reservation area des-
4 ignated by an appropriate tribal government";

5 (3) in subsection (c)—

6 (A) in paragraph (1)—

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

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

15 "determines that the agency involved fails to meet pro-
16 gram and financial management requirements, perform-
17 ance standards described in section 641A(a)(1), results-
18 based performance measures described in section 641A(b),
19 and other requirements established by the Secretary.";

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

1 (C) by aligning the left margin of para-
2 graphs (2) and (3) with the left margin of para-
3 graph (1); and
4 (4) in subsection (d)—

5 (A) in the matter preceding paragraph (1),
6 by inserting after the 1st sentence the follow-
7 ing:

8 "In selecting from among qualified applicants for designa-
9 tion as a Head Start agency, the Secretary shall give pri-
10 ority to any qualified agency that functioned as a Head
11 Start delegate agency in the community and carried out
12 a Head Start program that the Secretary determines met
13 or exceeded such performance standards and such results-
14 based performance measures.";

15 (B) in paragraph (3) by inserting "and
16 programs under part C and section 619 of the
17 Individuals with Disabilities Education Act (20
18 U.S.C 1431-1445, 1419)" after "(20 U.S.C.
19 2741 et seq.)";

20 (C) in paragraph (4)—

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

24 (ii) in subparagraph (D)—

- 1 (I) in clause (iii) by adding “or”
2 at the end;
3 (II) by striking clause (iv); and
4 (III) by redesignating clause (v)
5 as clause (iv);
6 (iii) in subparagraph (E) by striking
7 “and (D)” and inserting “and (E)”;
8 (iv) by redesignating subparagraphs
9 (D) and (E) and subparagraphs (E) and
10 (F), respectively; and
11 (v) by inserting after subparagraph
12 (C) the following:
13 “(D) to offer to parents of participating
14 children substance abuse counseling (either di-
15 rectly or through referral to local entities), in-
16 cluding information on drug-exposed infants
17 and fetal alcohol syndrome;”;
18 (D) by amending paragraph (7) to read as
19 follows:
20 “(7) the plan of such applicant to meet the
21 needs of non-English background children and their
22 families, including needs related to the acquisition of
23 the English language;”;
24 (E) in paragraph (8)—

1 (i) by striking the period at the end
2 and inserting “; and”; and

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

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

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

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

10 “(10) the plan of such applicant to collaborate
11 with other entities carrying out early childhood edu-
12 cation and child care programs in the community.”;
13 and

14 (5) by amending subsection (e) to read as fol-
15 lows:

16 “(e) If no agency in the community receives priority
17 designation and if there is no qualified applicant in the
18 community, then the Secretary shall designate an agency
19 to carry out the Head Start program in the community
20 on an interim basis until a qualified applicant from the
21 community is so designated.”.

22 **SEC. 108. QUALITY STANDARDS.**

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

25 (1) in paragraph (1)—

1 (A) in the matter preceding subparagraph
2 (A), by inserting “, including minimum levels of
3 overall accomplishment,” after “regulation
4 standards”;

5 (B) in subparagraph (A), by striking “edu-
6 cation,”;

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

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

12 “(B)(i) education performance standards
13 to ensure the school readiness of children par-
14 ticipating in a Head Start program, on comple-
15 tion of the Head Start program and prior to
16 entering school; and

17 “(ii) additional school readiness perform-
18 ance standards (based on cognitive learning
19 abilities) to ensure that the children participat-
20 ing in the program, at a minimum—

21 “(I) develop phonemic, print, and
22 numeracy awareness;

23 “(II) understand and use oral lan-
24 guage to communicate for different pur-
25 poses;

1 “(III) understand and use increas-
2 ingly complex and varied vocabulary;

3 “(IV) develop and demonstrate an ap-
4 preciation of books; and

5 “(V) in the case of non-English back-
6 ground children, progress toward acquisi-
7 tion of the English language.”;

8 (2) by striking paragraph (2);

9 (3) in paragraph (3)—

10 (A) in subparagraph (B)(iii) by striking
11 “child” and inserting “early childhood edu-
12 cation and”; and

13 (B) in subparagraph (C)—

14 (i) in clause (i)—

15 (I) by striking “not later than 1
16 year after the date of enactment of
17 this section,”; and

18 (II) by striking “section 651(b)”
19 and all that follows through “section”
20 and inserting “this subsection”; and

21 (ii) in subclause (ii), by striking “No-
22 vember 2, 1978” and inserting “the date
23 of enactment of the Head Start Amend-
24 ments Act of 1998”; and

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

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

5 (1) in the heading, by inserting “RESULTS-
6 BASED” before “PERFORMANCE”;

7 (2) in paragraph (1)—

8 (A) by striking “Not later than 1 year
9 after the date of enactment of this section, the”
10 and inserting “The”;

11 (B) by striking “child” and inserting
12 “early childhood education and”; and

13 (C) by striking the period at the end and
14 inserting “, and the impact of the services pro-
15 vided through the programs to children and
16 their families.”;

17 (3) in paragraph (2)—

18 (A) in the heading, by striking “DESIGN”
19 and inserting “CHARACTERISTICS”;

20 (B) in the matter preceding subparagraph
21 (A), by striking “be designed” and inserting
22 “include the education and school-based readi-
23 ness performance standards described in sub-
24 section (a)(1)(B) and shall”;

1 (C) in subparagraph (A), by striking “to
2 assess” and inserting “assess the impact of”;

3 (D) in subparagraph (B)—

4 (i) by striking “to”;

5 (ii) by striking “and peer review” and
6 inserting “, peer review, and program eval-
7 uation”; and

8 (iii) by inserting “not later than Jan-
9 uary 1, 1999” before the semicolon at the
10 end; and

11 (E) in subparagraph (C), by inserting “be
12 developed” before “for other”;

13 (4) in paragraph (3)(A) by striking “and by re-
14 gion” and inserting “, regionally, and locally”; and

15 (5) by adding at the end the following:

16 “(4) REQUIRED RESULTS-BASED PERFORMANCE
17 MEASURES.—Such results-based performance meas-
18 ures shall ensure that such children—

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

22 “(B) recognize a word as a unit of print;

23 “(C) identify at least 10 letters of the al-
24 phabet; and

25 “(D) associate sounds with written words.

1 “(5) OTHER RESULTS-BASED PERFORMANCE
2 MEASURES.—In addition to other applicable results-
3 based performance measures, Head Start agencies
4 may establish their own results-based school readi-
5 ness performance measures.”.

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

8 (1) in paragraph (1) by inserting “and results-
9 based performance measures” after “standards”;
10 and

11 (2) in paragraph (2)

12 (A) in subparagraph (B), by striking
13 “and” at the end;

14 (B) in subparagraph (C)—

15 (i) by inserting “(including children
16 with disabilities)” after “eligible children”;
17 and

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

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

21 “(D) include as part of the reviews of the
22 programs, a review and assessment of program
23 effectiveness, as measured in accordance with
24 the results-based performance measures devel-
25 oped pursuant to subsection (b) and with the

1 performance standards established pursuant to
2 subparagraphs (A) and (B) of subsection
3 (a)(1); and

4 “(E) seek information from the community
5 and the State about the performance of the pro-
6 gram and its efforts to collaborate with other
7 entities carrying out early childhood education
8 and child care programs in the community.”.

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

11 (1) in paragraph (1)—

12 (A) by inserting “or results-based perform-
13 ance measures described in subsection (b)”
14 after “subsection (a)”; and

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

17 “(B) with respect to each identified defi-
18 ciency, require the agency—

19 “(i) to correct the deficiency imme-
20 diately, if the Secretary finds that the defi-
21 ciency threatens the health or safety of
22 staff or program participants or poses a
23 threat to the integrity of Federal funds;

24 “(ii) to correct the deficiency not later
25 than 90 days after the identification of the

1 deficiency if the Secretary finds, in the dis-
2 cretion of the Secretary, that such a 90-
3 day period is reasonable, in light of the na-
4 ture and magnitude of the deficiency; or

5 “(iii) in the discretion of the Sec-
6 retary (taking into consideration the seri-
7 ousness of the deficiency and the time rea-
8 sonably required to correct the deficiency)
9 to comply with the requirements of para-
10 graph (2) concerning a quality improve-
11 ment plan; and”; and

12 (2) in paragraph (2)(A), in the matter preced-
13 ing clause (i), by striking “immediately” and insert-
14 ing “immediately or during a 90-day period under
15 clause (i) or (ii) of paragraph (1)(B)”.

16 (e) REPORT.—Section 641A(e) of the Head Start Act
17 (42 U.S.C. 9836a(e)) is amended by adding at the end
18 the following: “Such report shall be widely disseminated
19 and available for public review in both written and elec-
20 tronic formats.”.

21 **SEC. 109. POWERS AND FUNCTIONS OF HEAD START AGEN-**
22 **CIES.**

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

25 (1) in subsection (b)—

1 (A) in paragraph (6)—

2 (i) by striking subparagraph (D); and

3 (ii) by redesignating subparagraphs

4 (E) and (F) and subparagraphs (D) and

5 (E), respectively;

6 (B) in paragraph (8) by striking “and” at

7 the end;

8 (C) in paragraph (9) by striking the period

9 at the end and inserting “; and”;

10 (D) by redesignating paragraphs (6)

11 through (9) as paragraphs (7) through (10), re-

12 spectively;

13 (E) by inserting after paragraph (5) the

14 following:

15 “(6) offer to parents of participating children

16 substance abuse counseling (either directly or

17 through referral to local entities), including informa-

18 tion on drug-exposed infants and fetal alcohol syn-

19 drome;”; and

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

21 “(11)(A) inform custodial parents in single-par-

22 ent families that participate in programs, activities,

23 or services carried out under this subtitle about the

24 availability of child support services for purposes of

25 establishing paternity and acquiring child support;

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

3 “(C) establish referral arrangements with such
4 offices.”;

5 (2) in subsection (c)—

6 (A) by inserting “and collaborate” after
7 “coordinate”;

8 (B) by inserting “and part C and section
9 619 of the Individuals with Disabilities Edu-
10 cation Act (20 U.S.C 1431–1445, 1419)” after
11 “(20 U.S.C. 2741 et seq.)”; and

12 (C) by striking “section 402(g) of the So-
13 cial Security Act, and other” and inserting “the
14 State program carried out under the Child Care
15 and Development Block Grant Act of 1990 (42
16 U.S.C. 9858 et seq.), and other early childhood
17 education and development”; and

18 (3) in subsection (d)—

19 (A) in paragraph (1)—

20 (i) by striking “carry out” and all
21 that follows through “maintain” and in-
22 serting “take steps to ensure, to the maxi-
23 mum extent possible, that children main-
24 tain”;

- 1 (ii) by inserting "and educational"
2 after "developmental"; and
3 (iii) by striking "to build" and insert-
4 ing "build";
5 (B) by striking paragraph (2); and
6 (C) by redesignating paragraphs (3)
7 through (5) as paragraphs (2) through (4), re-
8 spectively.

9 **SEC. 110. HEAD START TRANSITION.**

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

12 **"SEC. 642A. HEAD START TRANSITION.**

13 "Each Head Start agency shall take steps to coordi-
14 nate with the local educational agency serving the commu-
15 nity involved and with schools in which children participat-
16 ing in a Head Start program operated by such agency will
17 enroll following such program, including—

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

22 "(2) establishing channels of communication be-
23 tween Head Start staff and their counterparts in the
24 schools (including teachers, social workers, and
25 health staff) to facilitate coordination of programs;

1 “(3) conducting meetings involving parents,
2 kindergarten or elementary school teachers, and
3 Head Start program teachers to discuss the edu-
4 cational, developmental, and other needs of individ-
5 ual children;

6 “(4) organizing and participating in joint tran-
7 sition-related training of school staff and Head Start
8 staff;

9 “(5) developing and implementing a family out-
10 reach and support program in cooperation with enti-
11 ties carrying out parental involvement efforts under
12 title I of the Elementary and Secondary Education
13 Act of 1965 (20 U.S.C. 6301 et seq.);

14 “(6) assisting families, administrators, and
15 teachers in enhancing educational and developmental
16 continuity between Head Start services and elemen-
17 tary school classes; and

18 “(7) linking the services provided in such pro-
19 gram with the education services provided by such
20 local education agency.”.

21 **SEC. 111. SUBMISSION OF PLANS TO GOVERNORS.**

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

24 (1) by striking “30 days” and inserting “45
25 days”;

1 (2) by striking "so disapproved" and inserting
 2 "disapproved (for reasons other than failure to com-
 3 ply with State health, safety, and child care laws, in-
 4 cluding regulations applicable to comparable child
 5 care programs in the State)"; and

6 (3) by inserting before the period " , as evi-
 7 denced by a written statement of the Secretary's
 8 findings transmitted to such officer".

9 **SEC. 112. PARTICIPATION IN HEAD START PROGRAMS.**

10 Section 645(a) of the Head Start Act (42 U.S.C.
 11 9840(a)) is amended—

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

13 (A) by striking "provide (A) that" and in-
 14 serting the following:

15 "provide—

16 "(A) that"; and

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

19 "(B) pursuant to such regulations as the Sec-
 20 retary shall prescribe, that programs assisted under
 21 this subchapter may—

22 "(i) include a child who has been deter-
 23 mined to meet the low-income criteria and who
 24 is participating in a Head Start program in a
 25 program year shall be considered to continue to

1 meet the low-income criteria through the end of
2 the succeeding program year. In determining,
3 for purposes of this paragraph, whether a child
4 who has applied for enrollment in a Head Start
5 program meets the low-income criteria, an en-
6 tity may consider evidence of family income
7 during the 12 months preceding the month in
8 which the application is submitted, or during
9 the calendar year preceding the calendar year
10 in which the application is submitted, whichever
11 more accurately reflects the needs of the family
12 at the time of application;

13 “(ii) permit not more than 25 percent of
14 the children enrolled in a Head Start program
15 to be children (without counting children with
16 disabilities) whose family income does not ex-
17 ceed 140 percent of the poverty line if the Head
18 Start agency carrying out such program—

19 “(I) has a community needs assess-
20 ment that demonstrates a need to provide
21 Head Start services to more of such chil-
22 dren who are members of families with in-
23 comes that exceed the poverty line but do
24 not exceed 140 percent of the poverty line;
25 and

1 “(II) ensures that, as a result of en-
2 rolling a greater percentage of children de-
3 scribed in this clause, there will not be a
4 reduction in, or denial of, Head Start serv-
5 ices to children who are eligible under sub-
6 paragraph (A);

7 “(iii) subject to the approval of the Sec-
8 retary, permit such Head Start agency that
9 demonstrates to the Secretary that it has made
10 reasonable efforts to enroll children eligible
11 under subparagraph (A) in the Head Start pro-
12 gram carried out by such agency, to charge par-
13 ticipation fees for children described in clause
14 (ii), consistent with the sliding fee schedule es-
15 tablished by the State under section 658E(c)(5)
16 of the of the Child Care and Development
17 Block Grant Act of 1990 (42 U.S.C.
18 9858c(c)(5)).”;

19 (2) by redesignating paragraph (2) as para-
20 graph (3); and

21 (3) by inserting after paragraph (1) the follow-
22 ing:

23 “(2) A Head Start agency that provides a Head Start
24 program with full-working-day services in collaboration
25 with other agencies or entities may collect a family copay-

1 ment to support extended day services if a copayment is
2 required in conjunction with the partnership. The copay-
3 ment shall not exceed the copayment charged to families
4 with similar incomes and circumstances who are receiving
5 the services through participation in a program carried
6 out by another agency or entity.”.

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

9 (a) PROGRAM.—Section 645A of the Head Start Act
10 (42 U.S.C. 9840a) is amended—

11 (1) in the section heading, by inserting “EARLY
12 HEAD START” before “PROGRAMS FOR”;

13 (2) in subsection (a)—

14 (A) in paragraph (1) by striking “; and”
15 and inserting a period;

16 (B) by striking paragraph (2); and

17 (C) by striking “for—” and all that follows
18 through “(1)”, and inserting “for”;

19 (3) in subsection (b)—

20 (A) in paragraph (5), by inserting “(in-
21 cluding programs for infants and toddlers with
22 disabilities)” after “community”;

23 (B) in paragraph (7) by striking “and” at
24 the end;

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

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

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

12 (4) in subsection (c)—

13 (A) by striking “(a)(1)” and inserting
14 “(a)”; and

15 (B) in paragraph (2), by striking “(or
16 under” and all that follows through “(e)(3))”;

17 (5) in subsection (d)—

18 (A) in paragraph (1), by inserting “and”
19 at the end;

20 (B) by striking paragraph (2); and

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

23 (6) by striking subsection (e);

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

1 (8) in subsection (e) (as redesignated in para-
2 graph (7))—

3 (A) in the subsection heading, by striking
4 “OTHER”; and

5 (B) by striking “From the balance remain-
6 ing of the portion specified in section 640(a)(6),
7 after making grants to the eligible entities spec-
8 ified in subsection (e),” and inserting “From
9 the portion specified in section 640(a)(6),”;

10 (9) by striking subsection (h); and

11 (10) by adding at the end the following:

12 “(g) MONITORING, TRAINING, TECHNICAL ASSIST-
13 ANCE, AND EVALUATION.—

14 “(1) REQUIREMENT.—In order to ensure the
15 successful operation of programs assisted under this
16 section, the Secretary shall use funds from the por-
17 tion specified in section 640(a)(6) to monitor the op-
18 eration of such programs, evaluate their effective-
19 ness, and provide training and technical assistance
20 tailored to the particular needs of such programs.

21 “(2) TRAINING AND TECHNICAL ASSISTANCE
22 ACCOUNT.—

23 “(A) IN GENERAL.—Of the amount made
24 available to carry out this section for any fiscal
25 year, not less than 5 percent and not more than

1 10 percent shall be reserved to fund a training
2 and technical assistance account.

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

5 “(i) making grants to, and entering
6 into contracts with, organizations with spe-
7 cialized expertise relating to infants, tod-
8 dlers, and families and the capacity needed
9 to provide direction and support to a na-
10 tional training and technical assistance
11 system, in order to provide such direction
12 and support;

13 “(ii) providing ongoing training and
14 technical assistance for regional and pro-
15 gram staff charged with monitoring and
16 overseeing the administration of the pro-
17 gram carried out under this section;

18 “(iii) providing ongoing training and
19 technical assistance for existing recipients
20 of grants under subsection (a) and support
21 and program planning and implementation
22 assistance for new recipients of such
23 grants; and

24 “(iv) providing professional develop-
25 ment and personnel enhancement activi-

1 ties, including the provision of funds to re-
 2 cipients of grants under subsection (a) for
 3 the recruitment and retention of qualified
 4 staff with an appropriate level of education
 5 and experience.”.

6 (b) CONFORMING AMENDMENT.—Section
 7 640(a)(5)(F) of the Head Start Act (42 U.S.C.
 8 9835(a)(5)(F)), as so redesignated by section 106, is
 9 amended by striking “section 645(a)(1)(A)” and inserting
 10 “section 645(a)”.

11 **SEC. 114. TECHNICAL ASSISTANCE AND TRAINING.**

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

14 (1) in subsection (b)—

15 (A) in paragraph (1), by striking “and” at
 16 the end;

17 (B) in paragraph (2), by striking the pe-
 18 riod at the end and inserting “; and”; and

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

20 “(3) ensure the provision of technical assistance
 21 to assist Head Start agencies, entities carrying out
 22 other child care and early childhood programs, com-
 23 munities, and States in collaborative efforts to pro-
 24 vide quality full-working-day, full-calendar-year serv-
 25 ices, including technical assistance related to identi-

1 fying and assisting in resolving barriers to collabora-
2 tion.”; and

3 (2) in subsection (c)—

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

6 “(1) give priority consideration to—

7 “(A) activities to correct program and
8 management deficiencies identified through re-
9 views pursuant to section 641A(c) (including
10 the provision of assistance to local programs in
11 the development of quality improvement plans
12 under section 641A(d)(2)); and

13 “(B) assisting Head Start agencies in—

14 “(i) ensuring the school readiness of
15 children; and

16 “(ii) meeting the education and school
17 readiness performance standards described
18 in this subchapter;”;

19 (B) in paragraph (2) by inserting “supple-
20 ment amounts provided under section
21 640(a)(3)(C)(ii),” after “(2)”;

22 (C) in paragraph (4)—

23 (i) by inserting “and implementing”
24 after “developing”; and

(ii) by striking "a longer day" and inserting the following: "the day, and assist the agencies and programs in expediting the sharing of information about innovative models for providing full-working-day, full-calendar-year services for children";

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

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

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

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

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

1 that allow the effective integration of family literacy
2 services with the Head Start program;”.

3 **SEC. 115. PROFESSIONAL REQUIREMENTS.**

4 Section 648A of the Head Start Act (42 U.S.C.
5 9843a) is amended—

6 (1) by amending subsection (a) to read as fol-
7 lows:

8 “(a) **CLASSROOM TEACHERS.**—

9 “(1) **PROFESSIONAL REQUIREMENTS.**—The
10 Secretary shall ensure that each Head Start class-
11 room in a center-based program is assigned 1 teach-
12 er who has demonstrated competency to perform
13 functions that include—

14 “(A) planning and implementing learning
15 experiences that advance the intellectual and
16 physical development of children, including im-
17 proving readiness of children for school by de-
18 veloping their literacy and phonemic, print, and
19 numeracy awareness, their understanding and
20 use of oral language, their understanding and
21 use of increasingly complex and varied vocabu-
22 lary, their appreciation of books and their prob-
23 lem solving abilities;

24 “(B) establishing and maintaining a safe,
25 healthy learning environment;

1 “(C) supporting the social and emotional
2 development of children; and

3 “(D) encouraging the involvement of the
4 families of the children in a Head Start pro-
5 gram and supporting the development of rela-
6 tionships between children and their families.

7 “(2) DEGREE REQUIREMENTS.—The Secretary
8 shall ensure that not later than September 30, 2003,
9 at least 50 percent of all Head Start classrooms in
10 a center-based program are assigned 1 teacher who
11 has an associate, baccalaureate, or an advanced de-
12 gree in early childhood education or development
13 and shall require Head Start agencies to dem-
14 onstrate continuing progress each year to reach that
15 result. In the remaining balance of such classrooms,
16 there shall be assigned one teacher who has—

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

20 “(B) a State-awarded certificate for pre-
21 school teachers that meets or exceeds the re-
22 quirements for a child development associate
23 credential; or

24 “(C) a degree in a field related to early
25 childhood education with experience in teaching

1 preschool children and a State-awarded certifi-
 2 cate to teach in a preschool program.

3 “(3) ASSESSMENT.—Head Start agencies shall
 4 adopt, in consultation with experts in child develop-
 5 ment and with classroom teachers, an assessment to
 6 be used when hiring or evaluating any classroom
 7 teacher in a center-based Head Start program. Such
 8 assessment shall measure whether such teacher has
 9 mastered the functions described in paragraph
 10 (1)(A).”; and

11 (2) in subsection (b)(2)(B)—

12 (A) by striking “staff,” and inserting
 13 “staff or”; and

14 (B) by striking “, or that” and all that fol-
 15 lows through “families”.

16 **SEC. 116. FAMILY LITERACY SERVICES.**

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

19 **“SEC. 648B. FAMILY LITERACY SERVICES.**

20 “From funds reserved under section 639(b)(4), the
 21 Secretary—

22 “(1) shall provide grants through a competitive
 23 process, based upon the quality of the family literacy
 24 service proposal and taking into consideration geo-
 25 graphic and urban/rural representation, for not more

1 than 100 Head Start agencies to initiate provision
2 of family literacy services through collaborative part-
3 nerships with entities that provide adult education
4 services, entities carrying out Even Start programs
5 under part B of chapter 1 of title 1 of the Elemen-
6 tary and Secondary Education Act of 1965 (20
7 U.S.C. 274 et seq.), or entities that provide other
8 services deemed necessary for the provision of family
9 literacy services; and

10 “(2) may—

11 “(A) provide training and technical assist-
12 ance to Head Start agencies that already pro-
13 vide family literacy services;

14 “(B) designate as mentor programs, and
15 provide financial assistance to, Head Start
16 agencies that demonstrate effective implementa-
17 tion of family literacy services, based on im-
18 proved outcomes of children and their parents,
19 to enable such agencies to provide training and
20 technical assistance to other agencies that seek
21 to implement, or improve implementation of,
22 family literacy services; and

23 “(C) award grants or make other assist-
24 ance available to facilitate training and tech-
25 nical assistance to programs for development of

1 collaboration agreements with other service pro-
2 viders.

3 In awarding such grants or assistance, the Secretary shall
4 give special consideration to an organization that has ex-
5 perience in the development and operation of successful
6 family literacy services.”.

7 **SEC. 117. RESEARCH AND EVALUATION.**

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

10 (1) in subsection (d)—

11 (A) in paragraph (6), by striking “and” at
12 the end;

13 (B) in paragraph (7) by striking the period
14 at the end and inserting “; and”;

15 (C) by redesignating paragraphs (2)
16 through (7) as paragraphs (3) through (8), re-
17 spectively;

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

20 “(2) over a 5-year period, lead to the develop-
21 ment and rigorous evaluation of models for the inte-
22 gration of family literacy services with Head Start
23 programs, that demonstrate the ability to make posi-
24 tive gains for children participating in Head Start

1 programs and their parents, and dissemination of in-
2 formation about such models;"; and

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

4 "(9) study the experiences of small, medium,
5 and large States with Head Start programs in order
6 to permit comparisons of children participating in
7 the programs with eligible children who did not par-
8 ticipate in the programs, which study—

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

12 "(B) shall compare the educational
13 achievement, social adaptation, and health sta-
14 tus of the participating children and the eligible
15 nonparticipating children.

16 The Secretary shall ensure that an appropriate entity car-
17 ries out a study described in paragraph (9), and prepares
18 and submits to the appropriate committees of the Con-
19 gress a report containing the results of the study, not later
20 than September 30, 2002."; and

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

22 "(g) NATIONAL HEAD START IMPACT RESEARCH.—

23 "(1) ANALYSES OF DATA BASES.—The Sec-
24 retary shall obtain analyses of the following existing
25 databases to guide the evaluation recommendations

1 of the expert panel appointed under paragraph (2)
2 and to provide Congress with initial reports of po-
3 tential Head Start outcomes—

4 “(A) by use of The Survey of Income and
5 Program Participation (SIPP) conduct an anal-
6 ysis of the different income levels of Head Start
7 participants compared to comparable persons
8 who did not attend Head Start;

9 “(B) by use of The National Longitudinal
10 Survey of Youth (NLSY) which began gather-
11 ing data on children who attended Head Start
12 from 1988 on, examine the wide range of out-
13 comes measured within the Survey, including
14 cognitive, socio-emotional, behavioral, and aca-
15 demic development;

16 “(C) by use of The Survey of Program Dy-
17 namics, the new longitudinal survey required by
18 the Personal Responsibility and Work Oppor-
19 tunity Reconciliation Act of 1996, to begin an-
20 nual reporting, through the duration of the
21 Survey, on Head Start attendees’ academic
22 readiness performance and improvements; and

23 “(D) to ensure that The Survey of Pro-
24 gram Dynamics be linked with the NLSY at
25 least once by the use of a common performance

1 test, to be determined by the expert panel, for
2 the greater national usefulness of the NLSY
3 database.

4 “(2) EXPERT PANEL.—

5 “(A) IN GENERAL.—The Secretary shall
6 appoint an independent panel consisting of ex-
7 perts in program evaluation and research, edu-
8 cation, and early childhood programs—

9 “(i) to review, and make recommenda-
10 tions on, the design and plan for the re-
11 search (whether conducted as a single as-
12 sessment or as a series of assessments),
13 described in paragraph (3), within 1 year
14 after the date of enactment of the Human
15 Services Reauthorization Act of 1998;

16 “(ii) to maintain and advise the Sec-
17 retary regarding the progress of the re-
18 search; and

19 “(iii) to comment, if the panel so de-
20 sires, on the interim and final research re-
21 ports submitted under paragraph (8).

22 “(B) TRAVEL EXPENSES.—The members
23 of the panel shall not receive compensation for
24 the performance of services for the panel, but
25 shall be allowed travel expenses, including per

1 diem in lieu of subsistence, at rates authorized
2 for employees of agencies under subchapter I of
3 chapter 57 of title 5, United States Code, while
4 away from their homes or regular places of
5 business in the performance of services for the
6 panel. Notwithstanding section 1342 of title 31,
7 United States Code, the Secretary may accept
8 the voluntary and uncompensated services of
9 members of the panel.

10 “(3) GENERAL AUTHORITY.—After reviewing
11 the recommendations of the expert panel the Sec-
12 retary shall enter into a grant, contract, or coopera-
13 tive agreement with an organization to conduct inde-
14 pendent research that provides a national analysis of
15 the impact of Head Start programs. The Secretary
16 shall ensure that the organization shall have exper-
17 tise in program evaluation, and research, education,
18 and early childhood programs.

19 “(4) DESIGNS AND TECHNIQUES.—The Sec-
20 retary shall ensure that the research uses rigorous
21 methodological designs and techniques (based on the
22 recommendations of the expert panel), including lon-
23 gitudinal designs, control groups, nationally recog-
24 nized standardized measures, and random selection
25 and assignment, as appropriate. The Secretary may

1 provide that the research shall be conducted as a
2 single comprehensive assessment or as a group of co-
3 ordinated assessments designed to provide, when
4 taken together, a national analysis of the impact of
5 Head Start programs.

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

12 “(6) ANALYSIS.—The Secretary shall ensure
13 that the organization conducting the research—

14 “(A)(i) determines if, overall, the Head
15 Start programs have impacts consistent with
16 their primary goal of increasing the social com-
17 petence of children, by increasing the everyday
18 effectiveness of the children in dealing with
19 their present environments and future respon-
20 sibilities, and increasing their school readiness;

21 “(ii) considers whether the Head Start
22 programs—

23 “(I) enhance the growth and develop-
24 ment of children in cognitive, emotional,
25 and physical health areas;

1 “(II) strengthen families as the pri-
2 mary nurturers of their children; and

3 “(III) ensure that children attain
4 school readiness; and

5 “(iii) examines—

6 “(I) the impact of the Head Start
7 programs on increasing access of children
8 to such services as educational, health, and
9 nutritional services, and linking children
10 and families to needed community services;
11 and

12 “(II) how receipt of services described
13 in subclause (I) enriches the lives of chil-
14 dren and families participating in Head
15 Start programs;

16 “(B) examines the impact of Head Start
17 programs on participants on the date the par-
18 ticipants leave Head Start programs, at the end
19 of kindergarten, and at the end of first grade,
20 by examining a variety of factors, including
21 educational achievement, referrals for special
22 education or remedial course work, and absen-
23 teeism;

24 “(C) makes use of random selection from
25 the population of all Head Start programs de-

1 scribed in paragraph (5) in selecting programs
2 for inclusion in the research; and

3 “(D) includes comparisons of individuals
4 who participate in Head Start programs with
5 control groups (including comparison groups)
6 composed of—

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

10 “(ii) individuals who do not partici-
11 pate in any other early childhood program.

12 “(7) CONSIDERATION OF SOURCES OF VARI-
13 ATION.—In designing the research, the Secretary
14 shall, to the extent practicable, consider addressing
15 possible sources of variation in impact of Head Start
16 programs, including variations in impact related to
17 such factors as—

18 “(A) Head Start program operations;

19 “(B) Head Start program quality;

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

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

24 “(E) the type of organization (such as a
25 local educational agency or a community action

1 agency) providing services for the Head Start
2 program;

3 "(F) the number of hours and days of pro-
4 gram operation of the Head Start program
5 (such as whether the program is a full-working-
6 day full-calendar-year program, a part-day pro-
7 gram or a part-year program); and

8 "(G) other characteristics and features of
9 the Head Start program (such as geographic lo-
10 cation, location in an urban or a rural service
11 area, or participant characteristics), as appro-
12 priate.

13 "(8) REPORTS.—

14 "(A) SUBMISSION OF INTERIM REPORTS.—

15 The organization shall prepare and submit to
16 the Secretary 2 interim reports on the research.

17 The first interim report shall describe the de-
18 sign of the research, and the rationale for the
19 design, including a description of how potential
20 sources of variation in impact of Head Start
21 programs have been considered in designing the
22 research. The second interim report shall de-
23 scribe the status of the research and prelimi-
24 nary findings of the research, as appropriate.

1 “(B) SUBMISSION OF FINAL REPORT.—

2 The organization shall prepare and submit to
3 the Secretary a final report containing the find-
4 ings of the research.

5 “(C) TRANSMITTAL OF REPORTS TO CON-
6 GRESS.—

7 “(i) IN GENERAL.—The Secretary
8 shall transmit, to the committees described
9 in clause (ii), the first interim report by
10 September 30, 1999, the second interim
11 report by September 30, 2001, and the
12 final report by September 30, 2003.

13 “(ii) COMMITTEES.—The committees
14 referred to in clause (i) are the Committee
15 on Education and the Workforce of the
16 House of Representatives and the Commit-
17 tee on Labor and Human Resources of the
18 Senate.

19 “(9) DEFINITION.—In this subsection, the term
20 ‘impact’, used with respect to a Head Start pro-
21 gram, means a difference in an outcome for a partic-
22 ipant in the program that would not have occurred
23 without the participation in the program.

24 “(h) QUALITY IMPROVEMENT STUDY.—

1 “(1) STUDY.—The Secretary shall conduct a
2 study regarding the use and effects of use of the
3 quality improvement funds made available under sec-
4 tion 640(a)(3) since fiscal year 1991.

5 “(2) REPORT.—The Secretary shall prepare
6 and submit to Congress not later than September
7 2000 a report containing the results of the study, in-
8 cluding—

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

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

14 “(C) the effect of use of the quality im-
15 provement funds on teacher training, salaries,
16 benefits, recruitment, and retention.”.

17 **SEC. 118. REPORTS.**

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

20 (1) by inserting “(a) STATUS OF CHILDREN.—
21 ” before “At”;

22 (2) by striking “and Labor” each place it ap-
23 pears and inserting “and the Workforce”;

24 (3) in paragraph (14) by striking “and sea-
25 sonal” and inserting “or seasonal”; and

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

2 “(b) FACILITIES.—At least once during every 5-year
3 period, the Secretary shall prepare and submit, to the
4 Committee on Education and the Workforce of the House
5 of Representatives and the Committee on Labor and
6 Human Resources of the Senate, a report concerning the
7 condition, location, and ownership of facilities used, or
8 available to be used, by Indian Head Start agencies.”.

9 **SEC. 119. REPEAL OF CONSULTATION REQUIREMENT.**

10 Section 657A of the Head Start Act (42 U.S.C.
11 9852a) is repealed.

12 **SEC. 120. REPEAL OF HEAD START TRANSITION PROJECT**
13 **ACT.**

14 The Head Start Transition Project Act (42 U.S.C.
15 9855–9855g) is repealed.

16 **SEC. 121. EFFECTIVE DATE; APPLICATION OF AMEND-**
17 **MENTS.**

18 (a) **EFFECTIVE DATE.**—Except as provided in sub-
19 section (b), this title and the amendments made by this
20 title shall take effect on the date of the enactment of this
21 Act.

22 (b) **APPLICATION OF AMENDMENTS.**—The amend-
23 ments made by this title shall not apply with respect to
24 any fiscal year ending before October 1, 1998.

(Note: Senate Bill page numbers correspond to the Committee on Labor and Human Resources Report on bill S.2206.

House Bill page numbers correspond to the House Bill sent to the Floor 9/14, Amendment in the Nature of a Substitutue S. 2206)

Head Start Reauthorization Side-by-Side (9/14/98)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
PURPOSE (Sec. 636 of Head Start Act)	States that the purpose of the subchapter is to extend authorization for funding "In recognition of the role which Project Head Start has played in the effective delivery of comprehensive health, educational, nutritional, social, and other services to economically disadvantaged children and their families." Also directs the Secretary to continue "the administrative arrangement responsible for meeting the needs of migrant, non-English language background, and Indian children and shall assure that appropriate funding is provided to meet such needs."	Sec. 103 of the bill amends the purpose to emphasize "school readiness." Deletes language relating to the need to make administrative arrangements to serve migrant, Indian and non-English speaking children. Would read: (p. 59) "It is the purpose of this subchapter to promote school readiness by enhancing the social and cognitive development of low-income children through the provision to low-income children and their families of health, educational, nutritional, social, and other services that are determined to be necessary, based on family needs assessments."	Similar language to Senate bill, with the exception of retaining existing language relating to administrative arrangements to serve migrant, Indian and non-English speaking children. (p. 2)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
DEFINITIONS (Sec. 637)	Contains definitions for key terms used in the statute. Among which are: "State" "Family Literacy Services" "full-working-day" -- note currently defined in statute as "not less than 10 hours per day."	Sec. 104 amends and adds several definitions: Adds definitions of "Child with a disability" and "infants or toddler with a disability" to be consistent with the Individuals with Disabilities Education Act. (P. 59) Amends definition of "delegate agency" to include "for-profit organization or agency.." (P. 60) Amends definition of "family literacy services" (to be consistent with other Federal legislation). (P. 60) Amends definition of "full-working-day" to allow for a shorter day, if State law or regulation defines full working day differently for preschool programs. (P. 60) Adds a definition for 'reliable and replicable' used with respect to research. Addresses size and nature of sample, characteristics of measures, need for peer review." (P. 61) Amends definition of "migrant Head Start program" to include services "seasonal farmworkers" defined as "families who are engaged primarily in seasonal agricultural labor and who	Deletes "Micronesia, Marshall Islands, and Palau after October 1, 2001" from the definition of "State." (P. 3) Same provisions as Senate language regarding children with disabilities, family literacy services, full-working-day, reliable & replicable research, and seasonal farmworkers. (Pp. 3-6)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
AUTHORIZATION OF APPROPRIATIONS (Sec. 639)	Authorizes appropriations for FY 1995-1998. Sets aside \$35 million for transition activities and \$3 million for longitudinal research.	Sec. 106 updates authorization period to FY 1999-FY 2003. (P. 62) Updates setaside for Transition Projects to "for each of fiscal years 1999 -2003 to carry out activities under section 642A, not more than \$35 million but not less than was made available for such activities for fiscal year 1998". (p. 62) Replaces setaside for longitudinal studies with: (p. 62) (1) "not more than \$5,000,000 for each of fiscal years 1999 through 2003 to carry out impact studies under section 649(g); and (2) "not more than \$ 12 million in FY '99 and such sums as may be necessary for FY 2000-2003 to carry out other research, demonstration, and evaluation activities, including longitudinal studies under section 649".	Similar language to update authorization period; limits F.Y. 1999 authorization level to \$4.66 billion. (P. 6) Same as Senate re Transition . Same as Senate provisions of \$5 million for new impact studies, not more than \$12 million in '99 & such sums for '00-'03 for other research, etc. (P. 7) New provision for funding "not less than \$5 million for each for FYs '99-2003" for new family literacy demonstration initiative "under section 648B." (P. 7)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
ALLOTMENT OF FUNDS -- 13 % set aside (Sec. 640(a)(2))	Establishes funding allocations and priorities, including the reservation of 13 percent of appropriations for: A) Indian and migrant children and handicapped children; B) payments to Guam, American Samoa, Micronesia, Marshall Islands, Palau, Northern Mariana Islands and Virgin Islands; C) Training and technical assistance; D) Discretionary activities, including activities relating to development and implementation of quality improvement plans.	Amends references to services to migrant children to include services to children from "seasonal farmworkers". (p. 62) Includes Admin proposal to amend language at 640(2)(D) by deleting existing language on developing quality improvement plans and inserting language on "correcting deficiencies and conducting proceedings to terminate the designation of Head Start agencies." (P. 63) Includes Admin proposal to allow use of 13 % set aside for research, demonstration and evaluation activities (p. 63) Adds language to continue administrative arrangement for meeting needs of migrant and Indian children. Also requires the Secretary to "consult with appropriate entities" in determining need for migrant & seasonal programs and ensure adequate services to migrant children before increasing support for children of seasonal workers. (P. 63)	Deletes Micronesia, Marshall Islands and Palau as recipients of mandated payments after October 1, 2001." (P. 8) Similar provisions to Senate language on serving children of seasonal farmworkers, covering expenses for correcting deficiencies & termination proceedings; use of 13% set-aside for research and evaluation, and continuing administrative arrangements for meeting needs of migrant, seasonal and Indian children. (P. 9) House includes most of our proposal for set aside, but doesn't include the word "demonstration". House language on consultation on page 20 in another section

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
ALLOTMENT OF FUNDS -- Quality improvement funds (Sec. 840(a)(3)(B) and (C))	Specifies purposes for which quality improvement funds may be used (e.g. ensuring that programs meet performance standards, ensuring adequate qualified staff, improving staff salaries, improving physical environment of Head Start programs, etc.) and specifies that not less than half of the amount reserved be used to improve the compensation and benefits of staff, unless doing so would raise those salaries above comparable salaries in the area.	Sec. 107 expands goals for uses of quality improvement funds: "to encourage the staff to continually improve their skills and expertise by informing staff of the availability of State and Federal loan forgiveness programs for professional development." adds language giving preference for salary increases above colas for staff with more training; and adds language specifying the need for staff to have training in working with children with disabilities. (P. 63) Adds language allowing use of funds to make facilities accessible to children with disabilities and their parents. (P. 64) Adds Admin proposal to authorize use of quality improvement funds to ensuring that programs have "qualified staff that can promote language skills and literacy growth of children and that provide children with a variety of skills that have been identified through research that is reliable and replicable as predictive of later reading achievement. *highlights classroom teachers re compensation (MISTAKE p64 of Cmtee Report) Deletes language on authorizing use of quality improvement funds paying transportation costs. (P. 64)	Similar provision to Senate on: -enhancing staff skills by publicizing the availability of loan forgiveness programs. (P. 10) - staff training in working with children with disabilities. (P. 12) - utilizing quality funds to ensure that staff can promote language skills and literacy growth, etc., (Pp. 10-11) - preference SHALL be given to classroom teachers in funding to enhance staff compensation, with additional condition of those staff "who obtain additional training or education.." (P. 11) - deleting authorization to use quality improvement funds for transportation costs. (P. 13)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
ALLOTMENT OF FUNDS --Quality improvement funds. (cont.)			New provision to place highest priority in utilizing quality improvement funds for "training classroom teachers & other staff to meet the education performance standards in 641(a)(1)(B), through promoting children's language & literacy growth, through techniques identified through reliable, replicable research; promote the acquisition of the English language for non-English background children and families; foster readiness skills through activities described in section 648(a)(1); & training to improve the qualifications of staff, and training, child counseling, & other services to address the problems of children from dysfunctional families, who experience chronic violence in their communities, & who experience substance abuse in their families. (P. 12) New provision deletes using quality funds to construct or renovate facilities. (P. 13)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
ALLOTMENT OF FUNDS - Funding formula (Sec. 640(a)(4))	Describes how the remaining amount of funds is to be allocated among states, (33.3 % on relative number of children 0-18 whose families receive benefits under TANF and 66.7% based on children 0-5 living in poverty) and including a "hold harmless" formula ensuring that each State receives an amount each to that received for fiscal year 1981.	Includes Admin proposal to update hold harmless formula, so that States will receive at least what they received in FY 1998. (P. 65)	Similar provisions to update hold harmless date to FY 1998. (P. 13) New provision to alter basis for allocating funds among States to solely "the number of children less than 5 years of age who live with families whose income is below the poverty line". (P. 13) New provision to base state allocations on "the most recent data available on the number of children under the age of 5, from families below the poverty level that is consistent with that published for counties, by the Dept. of Commerce, unless the Secretary and the Secretary of Commerce determine that use of the updated poverty data would be inappropriate or unreliable.." (Pp. 13-14)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
ALLOTMENT OF FUNDS -- Collaboration grants (Sec. 640(a)(5))	Authorizes the Secretary to reserve funds to award States "collaboration grants" to States to facilitate collaboration between Head Start programs and other activities designed to benefit low-income children and families. Specifies involvement of Governor's Offices and State Head Start Association in project planning and mandates 7 priority areas for collaborative initiatives).	Adds to the purpose of collaboration grants, "encourage Head Start agencies to actively collaborate with entities involved in State and local planning processes in order to better meet the needs of low-income children and families," including efforts to plan for full-day/full year early care and education services. Also encourages State HS assocs and local HS agencies in unified planning. (P. 65) Adds reference to ACF Regional staff as party to collaboration activities. (P. 65) Replaces reference to "national service" among priority areas for collaboration with "community service" and creates new priority for collaboration with "services for homeless children". (P. 65)	Similar provisions regarding augmenting the purpose of collaboration grants to encourage involvement of of State Head Start Associations and local Head Start agencies in unified planning for early care and education services, including collaborative planning for the provision of full-day/full-year services. (P. 14) Similar provision to reference ACF Regional Offices as partners. (P. 14) Same as Senate provision re priorities for collaboration with "community service activities" and "services for homeless children". (Pp. 14-15) Adds a requirement that the collaboration grantee encourage local Head Start agencies to appoint a State level representative to speak on their behalf in planning and collaborative processes. (Pp. 15-16)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
ALLOTMENT OF FUNDS [Collaboration grants, continued - - waivers]		Requires use of supplemental funding for collaboration grants "to develop statewide, regional, or local unified plans for early childhood education and child care that include the participation of Head Start agencies; and ..to engage in other innovative collaborative initiatives, including plans for collaborative training and professional development initiatives for child care, early childhood education and Head Start service managers, providers, and staff." (P. 66) New provision for the Secretary to "review evidence of barriers to effective collaboration between Head Start and other child care and early childhood programs and resources; develop initiatives, including training & technical assistance and regulatory changes to eliminate barriers; and develop a mechanism to resolve barriers to the provision of unified services." (P. 66)	Same as Senate provisions (pp. 16-17)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
ALLOTMENT OF FUNDS -- Collaboration grants (continued)		New provision regarding collaboration: "In the case of a collaborative activity funding under this subchapter and another provision of law providing for Federal child care or early childhood education, the use of equipment and nonconsumable supplies..shall not be restricted to children enrolled in the program carried out under that subchapter or provision, during a period in which the activity is predominantly funded under this subchapter or provision.." (P. 66)	Same as Senate provisions. (P. 17)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
ALLOTMENT OF FUNDS (continued) -- Early Head Start funding (Sec. 640(a)(6))	Allotted for Early Head Start 3% of funds in FY 1995, 4% in FY 1996-FY 1997 and 5% in FY 1998.	Allots for Early Head Start 7.5% in FY 1999, 8% in FY 2000, 9% in FY 2001, 10% in FYs 2002-3. (Admin recommendation) (P. 66) New provision limits expansion of Early Head Start funding if appropriations are not sufficient to allow increasing Early Head Start without reducing the enrollment or quality in regular Head Start programs. (Pp. 66-67)	Allots for Early Head Start 7.5% for 1999, 8% for 2000, 8.5% for 2001, and not less than 8.5% and not more than 10% for 2002 and 2003, contingent on the Secretary submitting, by Jan.1, 2001, a report on the results of the Early Head Start impact study. (P. 18) Same as Senate provisions re Early Head Start increases depending on increased appropriations. (P. 19) New provision on migrant and seasonal programs requires the Secretary to "ensure that there is an adequate level of services for eligible children of migrant farmworkers before increasing the allocation for children of seasonal farmworkers...the Secretary shall ensure that services provided by migrant or seasonal programs do not duplicate or overlap with other Head Start services in the same geographic area." (Pp. 20-21)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
ALLOTMENT OF FUNDS (continued) (Sec. 640(a)(7))	Excludes from definition of State Guam, American Samoa, the Virgin Islands, Northern Mariana Islands and Palau.		Restates prohibition of funding Micronesia, Marshall Islands & Palau after Sept. 30, 2001. (P. 21) New provision that funding to Micronesia, Marshall Islands & Palau shall be awarded via competitive grants based on "recommendations from the Pacific Region Educational Laboratory of the Dept. of Ed." and that "no more than 5% of such funds may be used to compensate the Pacific Region Educational Laboratory for administrative costs incurred in making recommendations." (P. 21)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
ALLOTMENT OF FUNDS (continued) -- COLA and Expansion Funds (Sec. 640(g))	Provides that in any fiscal year in which appropriations exceed the previous year's the Secretary shall provide a cost-of-living increase to maintain level of services, prior to awarding funds to increase the number of children served. Requires the Secretary to take into consideration the quality of an applicant's program in granting expansion funds. Requires the Secretary to consider extent to which applicant has undertaken community-wide strategic planning, needs assessment, etc. Requires Secretary to consider the numbers of eligible children in each community who are not participating in Head Start.	Requires Secretary to consider applicant's performance history in Federal programs other than Head Start. Adds as a consideration the applicant's involvement with organizations serving children with disabilities. Adds as a consideration "the extent to which the applicant proposes to foster partnerships with other service providers in a manner that will enhance the resource capacity of the applicant;" Migrant provision on p. 68 (similar to migrant provision in House bill on p.24))	"In awarding funds to serve an increased number of children, the Secretary shall give priority to applicants that provide full-day, full-year services through collaboration.. with other private, nonprofit agencies. Any additional funds may be used to make nonstructural and minor structural changes & acquire equipment necessary to expand the availability of Head Start programs and serve an increased number of children." (Pp. 22-23) Same provisions as Senate to consider performance history of applicants under other Federal programs and in working with organizations serving children with disabilities; amends consideration of unserved children to acknowledge other non-Head Start services. (P. 23) Adds new provision to consider capacity of applicants to "collaborate with other local providers of child care or preschool services to provide full-day/year services." (p23)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
ALLOTMENT OF FUNDS (quality improvement funding-continued)	Provides for 25% allocation of funding increases, following COLA funding, to quality improvements, with 50% of these funds provided to improve compensation of staff.	No proposed change.	Amends Section 640 to establish new formula for allocating increased funding between quality improvements and program expansion. For FYs '99 & 2000, allocations are 65% quality, 25% expansion & 10% at the discretion of local grantees for quality or expansion; in FYs 2001-2, 45% quality, 45% expansion, 10% local option; 2003, 25% quality, 65% expansion, 10% local option. (P. 25)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
DESIGNATION OF HEAD START AGENCIES (Sec. 641)	Authorizes the Secretary to designate as a Head Start agency any local public or private nonprofit agency within a community that is able to carry out the purposes of law, and that the Secretary determines is capable of planning, conducting, administering and evaluating a Head Start program. Requires the Secretary to give priority in designation to agencies to those already receiving Head Start funds "unless the Secretary makes a finding that the agency involved fails to meet program, financial management, and other requirements established by the Secretary. " Specifies that only if there is no entity in the community entitled to priority because of serving as a previous Head Start grantee, the Secretary may designate a Head Start agency from among other qualified applicants in the community.	Sec. 108 allows for-profit agencies to be designated as Head Start grantees. (DODD amendment is not in Senate Cmtee Report) (p. 68) Adds language requiring the Secretary to consult with the Governor of the State in which the community is located prior to (a) designating a Head Start agency, (b) designating a new or successor agency, (c) granting priority to an existing grantee in refunding. (P. 68) Amends language on consideration of past performance to include "meet(ing) program and financial management requirements, performance standards described in section 641A(a)(1), and other requirements.." (P. 68) New provision: "In selecting from among applicants for designation as a Head Start agency, the Secretary shall give priority to any agency that functioned as a Head Start delegate agency & met program and financial management requirements, performance standards in 641A(a)(1) and other requirements.." (p. 69) New provision to consider evidence of capacity to serve children with disabilities & non-English-background children & families when assessing applicants. (P. 69)	Does not include eligibility of for-profits. Requires consultation with the Governor if such State expends non-Federal funds to carry out Head Start" when (1) designating Head Start agencies; (2) giving priority to existing grantees in continuing funding; and (3) determining priority status in designating a successor agency to a grantee. (P. 27) Same as Senate provisions re consideration of past performance evidence, & compliance with "results-based performance measures.."; in granting priority to qualified former delegate agencies; and in considering capacities to serve children with disabilities and non-English-background children and families. (P. 28) In addition, consider "capacities to provide information on drug-exposed infants & FAS, and collaborate with child care" in assessing applicants. (P. 29)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
DESIGNATION OF HEAD START AGENCIES (continued)		Senate includes similar House language on interim grantees - (p. 69)	New provision: "If no agency in the community receives priority designation & there is no qualified applicant in the community, the Secretary shall, designate an agency to carry out the Head Start program in the community on an interim basis..." (P. 30) New provision for designating areas for Indian Head Start programs deletes "designation of near-reservation areas by the Bureau of Indian Affairs"; adds "designated by an appropriate tribal government" (p. 27)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
QUALITY STANDARDS AND MONITORING (Sec. 641A)	Requires the Secretary to establish Performance Standards and Performance Measures with respect to Head Start services and to conduct monitoring program reviews. Establishes procedures for requiring poorly performing grantees to develop corrective action plans to address deficiencies and outlines when the Secretary should terminate the designation of Head Start grantees.	Sec. 109 requires setting minimum levels of overall accomplishment of standards. Expands education performance standards to emphasize school readiness, including "phonemic, print, and numeracy awareness;" understanding and using oral language; increased vocabulary, appreciation of books & progress toward acquisition of the English language, in the case of non-English background children." (p. 70) Amends language relating to revision of performance standards to ensure that any future revision does not reduce scope of standards in place in 1998. (P. 71) Adds "Outcome-Based" to the term "performance measures" and clarifies that measures should be used in program monitoring." (P. 71) Amends (p. 72) the language on termination of grantees: unless the agency--(i) corrects the deficiency immediately if it threatens health or safety or poses a threat to the integrity of Federal funds; or (ii) corrects within 90 days if deemed reasonable at the discretion of the Secretary or (3), at Secretary's discretion, complies with requirements of paragraph (2) concerning a quality improvement plan.	Similar provisions to Senate language. (Pp. 31-34) Similar provisions to Senate; mandates the incorporation of the 5 new education outcome performance standards into the performance measures; establishes Jan. 1999 deadline to incorporate/implement new measures. (P. 34) Similar provisions to Senate. (Pp. 36-37)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
POWERS AND FUNCTIONS OF HEAD START AGENCIES (Sec. 642)	Specifies the powers, functions and responsibilities of Head Start Agencies. Includes language on responsibilities with regard to transition from Head Start to kindergarten or elementary school.	Sec. 110 amends language to include for-profit organizations as Head Start agencies. (P. 73) Updates references to coordination with child care and other early childhood education programs. (P. 73) Amends language on the need for the grantee to take steps to maintain the development gains achieved in Head Start to include "developmental and educational" gains. (P. 73) Strikes language on Head Start transition and creates a new section 642A. (P. 74)	Does not include provision for for-profit organizations to become grantees. Adds new requirements for grantees to offer substance abuse counseling, including information on drug-exposed infants and FAS. (P. 38) Adds new mandate to inform single parents of child support services & establish referral arrangements with child support agencies. (P. 38) Similar provisions on transitions. (Pp. 39-40)
HEAD START TRANSITION (NEW Sec. 642A)	(New section. Similar language included as part of "Powers and Functions" in Sec. 642)	Sec. 111 re-writes transition requirements as a separate section. Requires Head Start agencies to coordinate with local education agencies to develop plans for transfer of Head Start records, establish communication between Head Start and school staff members, conduct meetings with parents and teachers, provide training, link parents with Title I parent involvement efforts and work to enhance developmental continuity between Head Start and elementary classes. (P. 74)	Similar to Senate provisions. (Pp. 40-41)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
SUBMISSION OF PLANS TO GOVERNORS (Sec. 643)	Provides that no contract agreement, grant, or other assistance shall be made for the purpose of carrying out a Head Start program within a State unless a plan setting forth the proposed contract, grant, etc. has been submitted to the Governor of the State and has not been disapproved within 30 days. Allows that, in the case of a Governor's disapproval, the Secretary may reconsider and award the grant or contract if the Secretary determines it to be fully consistent with the provisions and purposes of the Head Start Act.	Sec. 112 amends the law to allow "45 days" for review by the Governor. (P. 75) In the event that the governor disapproves, limits the Secretary's authority to award the grant or contract to those instances in which the award was disapproved "for reasons other than failure to meet State health, safety, and child care standards." (P. 75)	Same as Senate provisions re expansion to 45 days for Governor's review and similar provision to Senate limiting the Secretary's authority to override Governor's disapproval in cases of failure to meet health, safety & child care standards. (Pp. 41-42)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
PARTICIPATION IN HEAD START PROGRAMS (Sec. 645)	Specifies eligibility requirements for children to participate in Head Start programs. Prohibits charging fees for participation in Head Start.	Sec. 113 clarifies the continuing eligibility of children who have been enrolled in Head Start, but whose families no longer meet the low-income criteria, as well as the option of consideration of evidence of family income from either the preceding 12 months or the preceding calendar year when determining eligibility. (P. 75) A new provision amends 645(b) to allow grantees to collect copayments from families if they are providing full-day services in collaboration with other agencies that collect copayments, with the stipulation that copayment rates be no higher than those charged to families with similar incomes and circumstances. (P. 76) A new provision amending 645(c) clarifies that Head Start programs may recruit and accept applications for enrollment throughout the year.(P. 76)	Includes Senate provisions to allow continued enrollment of children if family income increases, parental copayments in full-day programs that collaborate with other agencies, and year-round recruitment. (Pp. 42-3) New provision to allow programs to enroll up to 25% over-income children (up to 140% of poverty) & to charge fees to such families, based on community need & assurance of no reduction in services to children in poverty. (P. 43)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
PROGRAMS FOR FAMILIES WITH INFANTS AND TODDLERS (Sec. 645A)	Authorizes Early Head Start programs for families with infants and toddlers.	Sec. 114 Adds "Early Head Start" to the title of the Section. (P. 76) Adds language on coordination of services for Infants and toddlers with disabilities. (P. 76) Deletes obsolete references to CCDP and PCC's and makes technical changes. (P. 77) New provision to allocate 5-10% of program funds to training & technical assistance for Early Head Start. (Pp. 78-9)	Same as Senate provisions regarding coordination with disabilities services and deletion of references to CCDP & PCCs and funding allocation for training & technical assistance. (Pp. 45-9)
TECHNICAL ASSISTANCE AND TRAINING (Sec. 648)	Authorizes the Secretary to provide technical assistance and training to Head Start programs. Specifies some topics or issues on which assistance is to be given.	Sec. 115 adds language to providing assistance on "expediting the sharing of information on innovative models for providing full-working-day, full calendar year services for children." (P. 79) Adds language on assisting Head Start agencies to ensure school readiness and meet the educational performance standards. (P. 80)	Same as Senate provisions to offer assistance on collaborative approaches to full-day/full-year services & ensuring school readiness & meeting education performance standards. (Pp. 49-50) New provisions to support collaborative initiatives to foster professional development systems for early childhood staff and enhance capabilities to implement family literacy services. (P.51)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
STAFF QUALIFICATIONS AND DEVELOPMENT (Sec. 648A)	Addresses the degree requirements for Head Start classroom teachers. Includes language specifying circumstances in which the Secretary may grant a 180-day waiver of the degree requirements.	Sec. 116 requires that staff demonstrate competency to perform functions including planning & implementing learning experiences..establish healthy learning environment, support social & emotional development & encourage the involvement of families. (P. 80) Alters the process for consideration of waivers to the requirement that each classroom have at least one teacher who has a child development associate (CDA) or other degree. Specifies that the Secretary may grant the 180-day waiver only for a Head Start agency that can demonstrate that the agency has unsuccessfully attempted to recruit an individual who has a CDA or other appropriate credential. (P. 81)	Does not include Senate provisions altering process of CDA waivers. New provision that classroom teachers have demonstrated set of competencies. (P. 52) New provision that "not later than Sept. 30, 2003, at least 50% of all classrooms in a center-based program have 1 teacher with an associate, baccalaureate, or advanced degree in early childhood education or development." (P. 53) New provision: "Head Start shall develop or adopt, in consultation with representatives of Head Start agencies, experts in child development, and classroom teachers, an assessment or set of assessments to be used by Head Start grantees when hiring classroom teachers in a center-based program. The assessment shall measure whether the teacher has mastered the professional requirements outlined in 648A(a)(1).."(p. 54)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
New Proposed Section 648b on Family Literacy Services			New provision to establish via competitive grants "not more than 100 Head Start agencies to initiate provision of family literacy services through collaborative partnerships with entities that provide adult education services, entities carrying out Even Start programs...or entities that provide other services deemed necessary for the provision of family literacy" and may provide training & technical assistance or mentoring to other Head Start programs. (Pp. 54-56)

SECTION	CURRENT LAW	SENATE BILL (S. 2206)	HOUSE BILL (H.R. 4241 -- AS REPORTED BY COMMITTEE)
RESEARCH (continued)	No provision	New provision for study of "experiences of small, medium, and large States with Head Start programs in order to permit comparisons of children participating in the programs with eligible children who did not participate..", due Sept. 2002. (P. 81)	Same provisions as Senate bill. (P. 57)
QUALITY IMPROVEMENT STUDY	No provision.	New provision to conduct a study of use & effects of quality improvement funds since FY 1991, due by Sept. 2000, including types of activities funded, evidence of accomplishment of goals and effects on teacher training, compensation, recruitment and retention. (P. 84)	Same as Senate provision. (P. 67)
Section 650 - REPORTS			New provision for report at least every 5 years on "the condition, location and ownership of facilities used, or available to be used, by Indian Head Start agencies." (P. 68)

Head Start, 550

Partisan battle endangers funding for Head Start

WASHINGTON (AP) A partisan congressional fight over Head Start is keeping legislation renewing the program from moving forward, with a GOP leader taking the unusual step of trying to rewrite a measure passed by his own committee.

The fight centers on union wages, school vouchers and establishment of paternity issues that are peripheral to the preschool program itself but politically significant for both Democrats and Republicans.

The situation has annoyed Rep. William Goodling, R-Pa., chairman of the House Education and Workforce Committee, which passed legislation extending the program for poor children on a party-line vote last week.

"I want quality Head Start. I don't need symbolic fights," Goodling said Tuesday.

He said he will work with GOP leaders to remove the three contentious provisions from the legislation so it can be brought quickly to the House floor.

Meanwhile, last week's rancorous committee meeting and the resulting controversy has caught Head Start advocates off guard.

"Never in the history of the program has there been a partisan vote," said Helen Blank, who has tracked the program since 1978 for the Children's Defense Fund. "Usually people keep Head Start above the political fray. I don't know what's going on."

As it stands, the legislation would:

Introduce vouchers into the program for the first time, giving some parents money to take their children to non-Head Start preschool programs. The GOP has forcefully pushed vouchers for school-age children as well, arguing that they give parents more choice. Democrats say vouchers take needed money away from classes that serve everyone.

Remove the long-standing requirement that union wages be paid for any Head Start construction projects. Republicans have long opposed this provision, saying it inflates costs, but it enjoys considerable Democratic and some GOP support.

Ban children from the program if their mothers do not help to locate their fathers in order to collect child support.

The 1996 welfare bill requires this cooperation, but opponents say it's not fair to punish children whose mothers are not cooperating. And they argue that it would damage the crucial relationship between Head Start workers and parents.

Goodling had included the union wage repeal in his version of the bill, but the other two items were added in amendments introduced by Rep. Frank Riggs, R-Calif., chairman of the subcommittee that wrote the bill.

"I'm not a dictator," Goodling said, explaining why a bill emerged from his committee that he could not support. "There were those out there who wanted to find a way to cause problems."

Riggs objects to Goodling's effort to sidestep the committee action, saying those votes were meaningful. And he argued that there is enough time to handle the bill under normal procedures, where Republicans can control the legislation.

He suggested that congressional staff try to find a compromise during the upcoming, month-long recess, but added that Democrats should not expect to get all three items out of the bill.

``That's the tail wagging the dog,'' he said. ``We cannot allow them to define bipartisanship.''
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STEP BEHIND

By Sue Kirchhoff, CQ Staff Writer

Aug. 05, 1998 - House Education and the Workforce Committee Chairman Bill Goodling, R-Pa., said yesterday he plans to jettison the Head Start reauthorization bill (HR4241) marked up by his panel July 29 and instead try to bring a stripped-down version to the floor under suspension of the rules later this week.

The committee adopted amendments by Rep. Frank Riggs, R-Calif., that would bar children from the program unless their mothers cooperated in establishing paternity and would create a limited program of vouchers that could be used to purchase alternative child care. Committee Democrats voted against the bill, angry about the changes and a third provision that would eliminate the use of the Davis-Bacon prevailing wage law on Head Start construction projects.

Goodling said in an interview that the unusual step of bringing a substitute bill to the floor was necessary to avoid a drawn-out fight over the preschool program, which has had broad bipartisan support since its creation in 1965.

"What I want is to find a way to make sure that my whole emphasis, which is on quality (in the Head Start program), is not lost in this whole debate," Goodling said. He said that he wanted to get a bill passed on the suspension calendar before the coming August recess. The Senate passed its version of the bill (S2206) by voice vote on July 27.

Goodling had introduced a substitute in committee that did not have the paternity or voucher requirements. He said he could take that substitute to the floor or simply bring up another measure (HR4271) marked up by the committee to reauthorize the Community Services Block Grant and low-income heating assistance program. The Senate combined those two programs and Head Start in one bill, meaning the two chambers could be able to conference on Head Start even if that program did not pass the House.

Riggs, however, said he did not favor Goodling's strategy. "I have not signed off on any such plan and find it hard to believe that we would arbitrarily and unilaterally override the will of the committee, particularly on provisions ... supported by almost all Republicans."

-- (ATTACHED) 3/17/98 from Mary Ann Campbell, writing about Head Start programs. She thinks a national management licensing program should be considered.

✓ To Nicole for info
File; NRN

& cc back to me



2923 Imperial Valley Drive
Little Rock, AR 72212-3105

- Fax Cover Sheet -

Date: 3/17/98
Pages: 3
To: First Lady Hillary Rodham Clinton
The White House
Fax Phone: 202-395-4198
From: Mary Ann Campbell, CFP
Money Magic, Inc.
Phone: 501-227-6644
Fax: 501-227-9513
E-Mail: mac@moneymagic.com
Subject: Head Start Programs

Because such programs are so important, and Administrators may not have appropriate training, I think a national management licensing program should be considered. With customized programmatic budgeting and measurable evaluation techniques, services could be improved and increased.

This is food for thought...fyi.

Fam-child care pol. head start

Nicole-

Any new news on this
Elena

Nicole R. Rabner

07/20/98 11:58:22 AM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc: Jennifer L. Klein/OPD/EOP, Neera Tanden/WHO/EOP

Subject: FYI on Head Start Reauthorization

Last Thursday, Cong. Riggs introduced a problematic, partisan Head Start reauthorization bill scheduled for mark-up in full committee this Wednesday. (The Senate already marked up its reauthorization bill, which, after negotiation, is both bipartisan and consistent with the President's budget and policy.) HHS is drafting a letter from Shalala to the House Ed and Workforce Committee outlining our significant concerns with the bill as introduced, which include:

- (1) Bill is inconsistent with the President's budget request (underfunded);
- (2) Bill restricts Head Start expansion, denying Head Start services to tens of thousands of children and curtailing expansion of Early Head Start (it significantly increases the quality set-aside for expansion dollars (from 25% in current law to 75% in FY 1999), and mandates full-day, full-year services for all kids currently in Head Start before any expansion to new kids);
- (3) Bill opens up Head Start to vouchers (by enabling the Secretary to provide certificates to parents for comparable services);
- (4) Bill increases Governor authority; and
- (4) Bill includes partisan provisions such as repeal of the Davis-Bacon requirement, and attacks on bilingual education.

Bruce, HHS may request that in the coming days you call Dems (such as Cong. Roemer) to express our strong concerns, if you are willing.



2 An-
O'Leary

file: Head Start

August 20, 2000

Contact: Sherri Oden, Ph.D., 248-370-3027
or Larry Schweinhart, Ph.D., 734-485-2000
Fax 734-485-0704, LarryS@highscope.org

Head Start Study Finds Long-Term Impact

Despite doubts cast by previous studies of Head Start, a long-term study released today shows that a Head Start program of the 1970s, which was part of the National Planned Variation Head Start Project, helped participating young children achieve greater school success and avoid crime as they grew up. Earlier studies of the federal Head Start preschool program for low-income children and families, which began in 1965, found short-lived effects on children's test scores, prompting the government to make program improvements. *Into Adulthood: A Study of the Effects of Head Start*, by Sherri Oden, Lawrence Schweinhart, and David Weikart with Sue Marcus and Yu Xie, presents encouraging findings from a 17-year follow-up study of 622 young adults 22 years old in Colorado and Florida, who were born in poverty and did or did not attend Head Start as young children. The researchers located and interviewed 77 percent of the original sample of children.

The study found evidence of important effects on school success and crime. For females (but not males) at one study site after adjusting for background differences, only about one-fourth as many Head Start participants as nonparticipants (5% versus 19%) failed to obtain a high school or GED diploma, and only one-third as many (5% versus 15%) were arrested for crimes.

The study also examined the effects of a Head Start program that used a proven curriculum, the High/Scope educational approach. Using this approach, teachers set up the classroom and the daily routine to encourage children to initiate their own learning activities. Children who attended Head Start classes that took this approach rather than the standard Head Start curriculum of the time had a significantly higher grade point average throughout their schooling and experienced fewer than half as many criminal convictions by age 22. A recent national survey found that 37 percent of today's Head Start programs take the High/Scope approach.

Principal investigator Sherri Oden said, "These findings confirm that Head Start programs can have important long-term effects on the lives of the children they serve." Said study coauthor Lawrence Schweinhart, "The findings of this large-scale Head Start study point to effects on school success and crime similar to those found in the more intensive High/Scope Perry Preschool Study." Study coauthor and High/Scope president David Weikart added, "This study strengthens the evidence that early childhood programs need a high-quality, educational approach to have positive effects on children's lives."

Selected outside experts contributed to the study's analysis and interpretation of findings. Analyses by Sue Marcus of the University of Pennsylvania and Yu Xie of the University of Michigan adjusted for the backgrounds of the Head Start participants, who started out slightly worse off than those who did not participate in Head Start. The book also includes commentaries by leading scholars. Harvard University professor Sheldon White, who chaired the study's advisory panel, commented that "this report offers recommendations for future Head Start research that seem like excellent rubrics of a program of such studies." Yale University's Edward Zigler and Sally Styfco noted "A prize from [this] study is the

August 9, 2000

Page 3

encouragement it provides. The investigators show us that the obstacles to longitudinal research can be overcome and enough good data collected to allow reasonable conclusions. The findings confirm that we are on the right track in deploying comprehensive interventions and advocating for high-quality services.”

Overall, *Into Adulthood* provides a pattern of findings, a system of data collection methods, and an array of statistical analysis models that provide useful guidance and direction to future Head Start research. The book is available from High/Scope Press, 600 N. River Street, Ypsilanti, MI 48198, phone 1-800-407-7377. High/Scope Educational Research Foundation is an independent, nonprofit organization founded in 1970 that conducts research and training in child development and education from birth through adulthood.



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE GENERAL COUNSEL

July 28, 1998

NOTE TO: Ann O'Leary, ODS
Sandra Cook, OLCA
Mary Jean LeTendre, OESE
Susan Wilhelm, OESE
Pat McKee, OESE
Bill Wooten, OESE
Tom Corwin, OUS/BS
Lonna Jones, OUS/BS
Miriam Whitney
Kay Rigling

RE: Senate passage of S. 2206: Head Start, etc.

Attached, for your information, are the Senate floor debates on S. 2206, amending the Head Start Act, the Low-Income Energy Assistance Act of 1981, and the Community Services Block Grant Act. The Senate passed the bill yesterday, without amending the version of the bill recently reported by the Committee on Labor and Human Resources. I'll send you a copy of the committee report when it's available.

Paul Riddle

Attachment

cc: Leslie Somerville

Monday, July 27, 1998

Daily Digest

HIGHLIGHTS

The House and Senate agreed to H. Con. Res. 310, authorizing the use of the Rotunda of the Capitol for a Memorial Service for Detective Gibson and Private First Class Chestnut of the United States Capitol Police.

The House and Senate agreed to H. Con. Res. 311, honoring the memory of Detective Gibson and Private First Class Chestnut for their selfless acts of heroism at the United States Capitol on July 24, 1998.

Senate

Chamber Action

Routine Proceedings, pages S9001-S9088

~~Measures Introduced: Six bills and three resolutions were introduced, as follows: S. 2356-2361, and S. Con. Res. 110-112.~~

~~Pages S9043-44~~

~~Measures Reported: Reports were made as follows:~~

~~S. 890, to dispose of certain Federal properties located in Dutch John, Utah, to assist the local government in the interim delivery of basic services to the Dutch John community, with an amendment in the nature of a substitute. (S. Rept. No. 105-264)~~

~~S. 852, to establish nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and rebuilt vehicles, with an amendment in the nature of a substitute. (S. Rept. No. 105-265)~~

~~S. 2319, to authorize the use of receipts from the sale of migratory bird hunting and conservation stamps to promote additional stamp purchases. (S. Rept. No. 105-266)~~

~~H.R. 3824, amending the Fastener Quality Act to exempt from its coverage certain fasteners approved by the Federal Aviation Administration for use in aircraft, with amendments. (S. Rept. No. 105-267)~~

~~Report to accompany S. 1645, to amend provisions of title 18, United States Code, to prohibit taking minors across State lines to avoid laws requiring the involvement of parents in abortion decisions.~~

~~S.J. Res. 54, finding the Government of Iraq in unacceptable and material breach of its international obligations.~~

~~Page S9043~~

Measures Passed:

~~*Honoring the Memory of Detective Gibson and Private Chestnut:* Senate agreed to S. Con. Res. 110, honoring the memory of Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police for their selfless acts of heroism at the United States Capitol on July 24, 1998.~~

~~Pages S9032-40~~

~~*Authorizing Use of Capitol Rotunda:* Senate agreed to S. Con. Res. 111, authorizing the use of the rotunda of the Capitol for a memorial service for Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police.~~

~~Pages S9040-41~~

~~*Authorizing Use of Capitol Rotunda:* Senate agreed to H. Con. Res. 310, authorizing the use of the rotunda of the Capitol for a memorial service for Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police.~~

~~Page S9041~~

~~*Printing Authority:* Senate agreed to S. Con. Res. 112, to authorize the printing of the eulogies of the Senate and the House of Representatives for Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut.~~

~~Page S9041~~

~~*Head Start/Low-Income Energy Assistance/Community Services Block Grant—Authorizations:* Senate passed S. 2206, to amend the Head Start Act, the Low-Income Energy Assistance Act of 1981, and the Community Services Block Grant Act to reauthorize and make improvements to those Acts, and to establish demonstration projects that provide an~~

opportunity for persons with limited means to accumulate assets, after agreeing to a committee amendment in the nature of a substitute. **Pages S9067-87**

~~Federal Credit Union Reform Act: Senate resumed consideration of H.R. 1151, to amend the Federal Credit Union Act to clarify existing law with regard to the field of membership of Federal credit unions, to preserve the integrity and purpose of Federal credit unions, and to enhance supervisory oversight of insured credit unions, with an amendment in the nature of a substitute, taking action on amendments proposed thereto, as follows: **Pages S9006-32**~~

~~Rejected:~~

~~Hagel Amendment No. 3337, to lower the commercial lending cap of a credit unions assets, to require that all credit unions commercial loans must count toward its cap, and to codify current NCUA policy that requires a credit union to use qualified personnel to administer commercial loans. (By 53 yeas to 42 nays (Vote No. 237), Senate tabled the amendment.) **Pages S9006-18, S9031-32**~~

~~Pending:~~

~~Gramm Amendment No. 3336, to strike provisions requiring credit unions to use the funds of credit union members to serve persons not members of the credit union. (By 44 yeas to 50 nays (Vote No. 236), Senate failed to table the amendment.) **Pages S9006, S9023-31**~~

~~Shelby Amendment No. 3338, with respect to exempting certain financial institutions from the Community Reinvestment Act of 1977. **Pages S9018-24**~~

~~A unanimous-consent agreement was reached providing for further consideration of Amendment No. 3338, listed above, on Tuesday, July 28, 1998, with a vote on a motion to table the amendment to occur thereon. **Page S9023**~~

~~Partial-Birth Abortion Ban—Veto Message: A unanimous-consent agreement was reached providing for the consideration of the veto message to accompany H.R. 1122, to amend title 18, United States Code, to ban partial-birth abortions. **Page S9087**~~

~~Messages from the President: Senate received the following messages from the President of the United States:~~

~~Transmitting the report of a proposed rescission of budgetary resources, which was referred jointly, pursuant to the order of January 30, 1975, to the Committee on Appropriations, to the Committee on the Budget, and to the Committee on Energy and Natural Resources. (PM-148). **Page S9042**~~

~~Messages From the President:~~

~~**Page S9042**~~

~~Measures Placed on Calendar:~~

~~**Page S9042**~~

~~Petitions:~~

~~**Pages S9042-43**~~

~~Statements on Introduced Bills:~~

~~**Pages S9044-58**~~

~~Additional Cosponsors:~~

~~**Page S9058**~~

~~Amendments Submitted:~~

~~**Pages S9059-60**~~

~~Notices of Hearings:~~

~~**Page S9060**~~

~~Authority for Committees:~~

~~**Page S9060**~~

~~Additional Statements:~~

~~**Pages S9060-67**~~

~~Record Votes: Two record votes were taken today. (Total—237) **Pages S9031-32**~~

~~Adjournment: Senate convened at 12 noon, and, in accordance with H. Con. Res. 311/S. Con. Res. 110, adjourned at 7:23 p.m., until 9:45 a.m., on Tuesday, July 28, 1998. (For Senate's program, see the remarks of the Acting Majority Leader in today's RECORD on page S9088)~~

~~Committee Meetings~~

~~(Committees not listed did not meet)~~

~~D.C. POLICE DEPARTMENT~~

~~Committee on Governmental Affairs: Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia concluded hearings to examine the Metropolitan Police Department's efforts to reduce crime and improve the quality of life in the District of Columbia, focusing on the status of emergency communications and community policing, after receiving testimony from Charles H. Ramsey, Chief of Police, Terrance W. Gainer, Executive Assistant Chief of Police, and Mike Fitzgerald, Assistant Chief, all of the Metropolitan Police Department, James F. Foreman, Orange Hats Patrol, and Kirsten Oldenburg, Crimemail, all of Washington, D.C.~~

~~CALIFORNIA NURSING HOMES~~

~~Special Committee on Aging: Committee held hearings to examine the quality of care in California nursing homes, focusing on certain allegations of abuse and neglect and the adequacy of the Health Care Financing Administration's enforcement of federal care requirements for nursing homes, receiving testimony from Ellen Curzon, Lakeside, California; Leslie Oliva, Whittier, California; Kathleen Duncan, Vacaville, California; Kathryn L. Locatell, Sacramento, California; and certain other public witnesses.~~

~~Hearings continue tomorrow.~~

in together. Unfortunately, Mr. President, New York has one of the highest incidence rates of breast cancer in the country.

Breast cancer is the most common form of cancer in women with over 2.6 million living with it presently in the United States. The Women's Motorcyclist Foundation has taken an active role in trying to solve this problem by sponsoring a nation wide tour across 44 states and fifty major metropolitan areas in an event known as the Pony Express Tour.

The women cyclists began as a group to inspire other women to take up the avocation of and interest in the motorcycling industry. As the organization grew, the foundation decided to enlarge its perspective by voting in 1992 to use its collective passion for motorcycling as a vehicle to raise money for breast cancer research. It was further decided that the Susan G. Komen Breast Cancer Foundation would be the main recipient of the Foundation's efforts. The Komen Foundation is the largest private organization in the world whose sole aim is eradicating breast cancer.

The Women's Motorcyclist Foundation is comprised of a large number of national, international and independent clubs and associations. Each organization provides the particular activities, values, character and personality that works for its particular membership. Having always been a non-profit organization, it has recently evolved into a tax-exempt charitable organization. The Women's Motorcyclist Foundation is presently articulating its Mission Statement through activities to raise money for the Komen Foundation.

During the summer of 1993, the Foundation participated in the Women's Arctic Tour and raised \$25,000 for the Komen Breast Cancer Foundation. Then, in 1996, these women raised 12 times that amount when they rode across the nation in the Pony Express Tour. The Pony Express Tour '98 has set a goal of \$500,000 for the 500,000 lives that will be lost to this deadly disease in just this decade. The Women's Motorcyclist Foundation has also been recognized with two national awards. The American Motorcyclist Association and the Susan G. Komen Breast Cancer Foundation both honored them for their positive contributions and dedication to a cure.

The Women's Motorcyclist Foundation is to be commended for their dedication and desire to find a cure for this deadly disease. It is through their concentrated efforts that they provide both the money and awareness to American women in the fight against breast cancer. I am extremely proud of The Women's Motorcyclist Foundation's commitment and I encourage other organizations and associations throughout the country to search for innovative ways of not only providing funds for breast cancer research, but information and awareness to women

of all ages so that we may be able to detect this cancer in its earliest stages.

ORDER OF PROCEDURE

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. BYRD. Mr. President, I understand that Senator HATCH wishes to make the final motions and unanimous consent requests on behalf of the majority leader.

I yield to him for that purpose.

Mr. HATCH addressed the Chair.

The PRESIDING OFFICER (Mr. INHOFE). The Senator from Utah is recognized.

Mr. HATCH. Mr. President, I thank my colleague so that we can do the necessary procedure before the closing remarks.

AUTHORITY TO PRINT EULOGIES FOR DETECTIVE JOHN MICHAEL GIBSON AND PRIVATE FIRST CLASS JACOB JOSEPH CHESTNUT

Mr. HATCH. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of S. Con. Res. 112 submitted earlier today by Senators WARNER, MOYNIHAN, and FORD.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

A concurrent resolution (S. Con. Res. 112) authorizing the printing of the eulogies of the Senate and House of Representatives for Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. HATCH. Mr. President, I ask unanimous consent that the resolution be agreed to, the motion to reconsider be laid on the table, and that any statements relating to the resolution appear in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The concurrent resolution (S. Con. Res. 112) was agreed to.

The concurrent resolution is as follows:

S. CON. RES. 112

Resolved by the Senate (the House of Representatives concurring). That the eulogies for Detective John Michael Gibson and Private First Class Jacob Joseph Chestnut of the United States Capitol Police, as expressed in the House of Representatives and the Senate together with the text of the memorial services, shall be printed as a tribute to Detective Gibson and Officer Chestnut, with illustrations and suitable binding. The document shall be prepared under the direction of the Joint Committee on Printing. There shall be printed 300 casebound copies; 50 to be delivered to each of the families of Detective Gibson and Officer Chestnut, and 200 for the use of the United States Capitol Police.

COMMUNITY OPPORTUNITIES, ACCOUNTABILITY, AND TRAINING AND EDUCATIONAL SERVICES ACT OF 1998

Mr. HATCH. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 483, S. 2206.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

A bill (S. 2206) to amend the Head Start Act, the Low-Income Home Energy Assistance Act of 1981, and the Community Services Block Grant to reauthorize and make improvements to those Acts, to establish demonstration projects that provide an opportunity for persons with limited means to accumulate assets, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Labor and Human Resources, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Community Opportunities, Accountability, and Training and Educational Services Act of 1998" or the "Coats Human Services Reauthorization Act of 1998".

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

TITLE I—HEAD START PROGRAMS

Sec. 101. Short title.

Sec. 102. References.

Sec. 103. Statement of purpose.

Sec. 104. Definitions.

Sec. 105. Financial assistance for Head Start programs.

Sec. 106. Authorization of appropriations.

Sec. 107. Allotment of funds.

Sec. 108. Designation of Head Start agencies.

Sec. 109. Quality standards.

Sec. 110. Powers and functions of Head Start agencies.

Sec. 111. Head Start transition.

Sec. 112. Submission of plans to Governors.

Sec. 113. Participation in Head Start programs.

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

Sec. 115. Technical assistance and training.

Sec. 116. Staff qualifications and development.

Sec. 117. Research, demonstration, and evaluation.

Sec. 118. Repeal.

TITLE II—COMMUNITY SERVICES BLOCK GRANT PROGRAM

Sec. 201. Reauthorization.

Sec. 202. Conforming amendments.

Sec. 203. Repealers.

TITLE III—LOW-INCOME HOME ENERGY ASSISTANCE

Sec. 301. Authorization.

Sec. 302. Definitions.

Sec. 303. Natural disasters and other emergencies.

Sec. 304. State allotments.

Sec. 305. Administration.

Sec. 306. Payments to States.

Sec. 307. Residential Energy Assistance Challenge option.

Sec. 308. Technical assistance, training, and compliance reviews.

TITLE IV—ASSETS FOR INDEPENDENCE

Sec. 401. Short title.

Sec. 402. Findings.

- Sec. 403. Purposes.
 Sec. 404. Definitions.
 Sec. 405. Applications.
 Sec. 406. Demonstration authority; annual grants.
 Sec. 407. Reserve Fund.
 Sec. 408. Eligibility for participation.
 Sec. 409. Selection of individuals to participate.
 Sec. 410. Deposits by qualified entities.
 Sec. 411. Local control over demonstration projects.
 Sec. 412. Annual progress reports.
 Sec. 413. Sanctions.
 Sec. 414. Evaluations.
 Sec. 415. Treatment of funds.
 Sec. 416. Authorization of appropriations.

TITLE I—HEAD START PROGRAMS

SEC. 101. SHORT TITLE.

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

SEC. 102. REFERENCES.

Except as otherwise expressly provided, wherever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Head Start Act (42 U.S.C. 9831 et seq.).

SEC. 103. STATEMENT OF PURPOSE.

The Head Start Act is amended by striking section 636 (42 U.S.C. 9831) and inserting the following:

"SEC. 636. STATEMENT OF PURPOSE.

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

SEC. 104. DEFINITIONS.

Section 637 (42 U.S.C. 9832) is amended—

- (1) by redesignating paragraphs (5) through (14) as paragraphs (7) through (16), respectively;
- (2) by redesignating paragraph (3) as paragraph (6) and inserting such paragraph after paragraph (4);
- (3) by striking paragraph (4) and inserting the following:

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

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

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

"(4) The term 'delegate agency' means a public, private nonprofit, or for-profit organization or agency to which a grantee has delegated all or part of the responsibility of the grantee for operating a Head Start program.

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

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

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

"(C) integrate each of—

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

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

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

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

(4) in paragraph (8) (as redesignated in paragraph (1)), by adding at the end the following: "Nothing in this paragraph shall be construed to require an agency to provide services to a child who has not reached the age of compulsory school attendance for more than the num-

ber of hours per day permitted by State law (including regulation) for the provision of services to such a child."

(5) by striking paragraph (14) (as redesignated in paragraph (1)) and inserting the following:

"(14) The term 'migrant or seasonal Head Start program' means—

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

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

(6) by adding at the end the following:

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

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

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

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

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

SEC. 105. FINANCIAL ASSISTANCE FOR HEAD START PROGRAMS.

Section 638(1) (42 U.S.C. 9833(1)) is amended—

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

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

SEC. 106. AUTHORIZATION OF APPROPRIATIONS.

Section 639 (42 U.S.C. 9834) is amended—

(1) in subsection (a), by striking "1995 through 1998" and inserting "1999 through 2003"; and

(2) in subsection (b), by striking all that follows "shall make available—" and inserting the following:

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

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

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

SEC. 107. ALLOTMENT OF FUNDS.

(a) ALLOTMENTS.—Section 640(a) (42 U.S.C. 9835(a)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking "handicapped children" and inserting "children with disabilities";

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

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

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

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

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

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

(E) by adding at the end the following: "In determining the need and demand for migrant and seasonal Head Start programs, and services provided through such programs, the Secretary shall consult with appropriate entities, including providers of services for seasonal and migrant Head Start programs. The Secretary shall, after taking into consideration the need and demand for migrant and seasonal Head Start programs, and such services, ensure that there is an adequate level of such services for the children of eligible migrant farmworkers before approving an increase in the allocation provided for children of eligible seasonal farmworkers. In carrying out this subchapter, the Secretary shall continue the administrative arrangement responsible for meeting the needs of migrant or seasonal farmworker and Indian children and shall assure that appropriate funding is provided to meet such needs.";

(2) in paragraph (3)—

(A) in subparagraph (B)—

(i) in clause (ii)—

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

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

(ii) in clause (iv), by inserting before the period the following: "; and to encourage the staff to continually improve their skills and expertise by informing the staff of the availability of Federal and State incentive and loan forgiveness programs for professional development and by providing for preferences in the awarding of salary increases, in excess of cost-of-living allowances, to staff who obtain additional training or education related to their responsibilities as employees of a Head Start program or to advance their careers within the Head Start program";

(iii) in clause (vi), by striking the period and inserting "; and are physically accessible to children with disabilities and their parents.";

(iv) by redesignating clause (vii) as clause (viii); and

(v) by inserting after clause (vi) the following:

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

(B) in subparagraph (C)—

(i) in clause (i)(I)—

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

(II) by striking "such staff" and inserting "qualified staff, including recruitment and retention pursuant to section 648A(a)";

(ii) by striking clause (ii) and inserting the following:

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

"(I) language and literacy growth; and

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

(iii) in clause (v), by inserting "accessibility or" before "availability";

(iv) by redesignating clauses (iii), (iv), (v), and (vi) as clauses (iv), (v), (vi), and (iii), respectively; and

(v) by inserting clause (iii) (as redesignated in clause (iv) of this subparagraph) after clause (ii); and

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

(3) in paragraph (4)(A), by striking "1981" and inserting "1998";

(4) in paragraph (5)—

(A) in subparagraph (A), by striking "subparagraph (B)" and inserting "subparagraphs (B) and (D)";

(B) in subparagraph (B), by inserting before the period the following: "and to encourage

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Head Start agencies to collaborate with entities involved in State and local planning processes (including the State lead agency administering the financial assistance received under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) and the entities providing resource and referral services in the State) in order to better meet the needs of low-income children and families";

(C) in subparagraph (C)—

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

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

(iii) in clause (iv)—

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

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

(III) by striking the period and inserting "and services for homeless children; and"; and

(iv) by adding at the end the following:

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

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

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

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

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

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

"(E)(i) The Secretary shall—

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

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

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

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

(5) in paragraph (6)—

(A) by inserting "(A)" before "From"; and

(B) by striking "3 percent" and all that follows and inserting the following: "7.5 percent for fiscal year 1999, 8 percent for fiscal year 2000, 9 percent for fiscal year 2001, 10 percent for fiscal year 2002, and 10 percent for fiscal year 2003, of the amount appropriated pursuant to

section 639(a), except as provided in subparagraph (B)."

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

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

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

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

(b) CHILDREN WITH DISABILITIES.—Section 640(d) (42 U.S.C. 9835(d)) is amended—

(i) by striking "1982" and inserting "1999"; and

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

(c) INCREASED APPROPRIATIONS.—Section 640(g) (42 U.S.C. 9835(g)) is amended—

(i) in paragraph (2)—

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

(B) in subparagraph (C), by striking "spoken"; and inserting "spoken, and organizations serving children with disabilities);";

(C) in subparagraph (D), by inserting before the semicolon the following: "and the extent to which, and manner in which, the applicant demonstrates the ability to collaborate and participate with other local community providers of child care or preschool services to provide full-working-day, full calendar year services";

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

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

(F) by adding at the end the following:

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

(2) by adding at the end the following:

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

(d) MIGRANT OR SEASONAL HEAD START PROGRAMS.—Section 640(i) (42 U.S.C. 9835(i)) is amended—

(1) by striking "migrant Head Start programs" each place it appears and inserting "migrant or seasonal Head Start programs"; and

(2) by striking "migrant families" and inserting "migrant or seasonal farmworker families";

(e) CONFORMING AMENDMENT.—Section 644(f)(2) (42 U.S.C. 9839(f)(2)) is amended by striking "640(a)(3)(C)(v)" and inserting "640(a)(3)(C)(vi)".

SEC. 108. DESIGNATION OF HEAD START AGENCIES.

Section 641 (42 U.S.C. 9836) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1), by inserting "or for-profit" after "nonprofit"; and

(B) in paragraph (2), by inserting "(in consultation with the chief executive officer of the State in which the community is located)" after "the Secretary";

(2) in subsection (c)—

(A) in paragraph (1)—

(i) by striking "shall give priority" and inserting "shall, in consultation with the chief executive officer of the State, give priority";

(ii) by inserting "or for-profit" after "non-profit"; and

(iii) by striking "unless the Secretary makes a finding" and all that follows and inserting the following: "unless the Secretary determines that the agency involved fails to meet program and financial management requirements, performance standards described in section 641A(a)(1), or other requirements established by the Secretary.";

(B) in paragraph (2), by striking "shall give priority" and inserting "shall, in consultation with the chief executive officer of the State, give priority"; and

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

(3) in subsection (d)—

(A) in the matter preceding paragraph (1), by inserting after the first sentence the following new sentence: "In selecting from among qualified applicants for designation as a Head Start agency, the Secretary shall give priority to any qualified agency that functioned as a delegate agency in the community and carried out a Head Start program that the Secretary determines has met or exceeded the performance standards and outcome-based performance measures described in section 641A.";

(B) in paragraph (4)(A), by inserting "(at home and in the center involved where practicable)" after "activities";

(C) by redesignating paragraphs (7) and (8) as paragraphs (9) and (10), respectively; and

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

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

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

(4) by striking subsection (e) and inserting the following:

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

(5) by adding at the end the following:

"(g) If the Secretary determines that a non-profit agency and a for-profit agency have submitted applications for designation of equivalent quality under subsection (d), the Secretary may give priority to the nonprofit agency."

SEC. 109. QUALITY STANDARDS.

(a) QUALITY STANDARDS.—Section 641A(a) (42 U.S.C. 9836a(a)) is amended—

(1) in paragraph (1)—

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

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

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

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

"(B)(i) education performance standards to ensure the school readiness of children participating in a Head Start program, on completion

of the Head Start program and prior to entering school; and

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

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

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

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

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

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

(2) by striking paragraph (2);

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

(4) in paragraph (2) (as redesignated in paragraph (3))—

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

(B) in subparagraph (C)—

(i) in clause (i)—

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

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

(ii) in subclause (ii), by striking "November 2, 1978" and inserting "the date of enactment of the Coats Human Services Reauthorization Act of 1998"; and

(5) in paragraph (3) (as redesignated in paragraph (3)), by striking "to an agency (referred to in this subchapter as the "delegate agency")" and inserting "to a delegate agency";

(b) PERFORMANCE MEASURES.—Section 641A(b) (42 U.S.C. 9836a(b)) is amended—

(1) in the subsection heading, by inserting "OUTCOME-BASED" before "PERFORMANCE";

(2) in paragraph (1)—

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

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

(C) by striking "(referred" and inserting "and the impact of the services provided through the programs to children and their families (referred";

(D) by striking "performance measures" and inserting "outcome-based performance measures"; and

(E) by adding at the end the following: "The performance measures shall include the performance standards described in subsection (a)(1)(B)(iii)."; and

(3) in paragraph (2)—

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

(B) in the matter preceding subparagraph (A), by striking "shall be designed—" and inserting "shall—";

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

(D) in subparagraph (B)—

(i) by striking "to"; and

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

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

(c) MONITORING.—Section 641A(c)(2) (42 U.S.C. 9836a(c)(2)) is amended—

(1) in subparagraph (B), by striking "and" and inserting a semicolon;

(2) in subparagraph (C)—

(A) by inserting "(including children with disabilities)" after "eligible children"; and

(B) by striking the period and inserting "and"; and

(3) by adding at the end the following:

"(D) as part of the reviews of the programs, include a review and assessment of program ef-

fectiveness, as measured in accordance with the outcome-based performance measures developed pursuant to subsection (b) and with the performance standards established pursuant to subparagraphs (A) and (B) of subsection (a)(1).";

(d) TERMINATION.—Section 641A(d) (42 U.S.C. 9836a(d)) is amended—

(1) in paragraph (1)(B), to read as follows:

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

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

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

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

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

SEC. 110. POWERS AND FUNCTIONS OF HEAD START AGENCIES.

Section 642 (42 U.S.C. 9837) is amended—

(1) in subsection (a), by inserting "or for-profit" after "nonprofit";

(2) in subsection (c)—

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

(B) by striking "section 402(g) of the Social Security Act, and other" and inserting "the State program carried out under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), and other early childhood education and development"; and

(3) in subsection (d)—

(A) in paragraph (1)—

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

(ii) by striking "developmental" and inserting "developmental and educational"; and

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

(B) by striking paragraph (2);

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

(D) in subparagraph (A) of paragraph (4) (as redesignated in subparagraph (C)), by striking "the Head Start Transition Project Act (42 U.S.C. 9855 et seq.)" and inserting "section 642A".

SEC. 111. HEAD START TRANSITION.

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

"SEC. 642A. HEAD START TRANSITION.

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

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

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

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

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

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

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

SEC. 112. SUBMISSION OF PLANS TO GOVERNORS.

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

(1) by striking "within 30 days" and inserting "within 45 days"; and

(2) by striking "so disapproved" and inserting "disapproved (for reasons other than failure of the program to comply with State health, safety, and child care laws, including regulations, applicable to comparable child care programs within the State)".

SEC. 113. PARTICIPATION IN HEAD START PROGRAMS.

(a) REGULATIONS.—Section 645(a)(1) (42 U.S.C. 9840(a)(1)) is amended—

(1) in subparagraph (B), by striking "that programs" and inserting "that (i) programs"; and

(2) by striking the period at the end of subparagraph (B) and inserting the following: ", and (ii) a child who has been determined to meet the low-income criteria and who is participating in a Head Start program in a program year shall be considered to continue to meet the low-income criteria through the end of the succeeding program year. In determining, for purposes of this paragraph, whether a child who has applied for enrollment in a Head Start program meets the low-income criteria, an entity may consider evidence of family income during the 12 months preceding the month in which the application is submitted, or during the calendar year preceding the calendar year in which the application is submitted, whichever more accurately reflects the needs of the family at the time of application.";

(b) SLIDING FEE SCALE.—Section 645(b) (42 U.S.C. 9840(b)) is amended by adding at the end the following: "A Head Start agency that provides a Head Start program with full-working-day services in collaboration with other agencies or entities may collect a family copayment to support extended day services if a copayment is required in conjunction with the collaborative. The copayment charged to families receiving services through the Head Start program shall not exceed the copayment charged to families with similar incomes and circumstances who are receiving the services through participation in a program carried out by another agency or entity.";

(c) CONTINUOUS RECRUITMENT AND ACCEPTANCE OF APPLICATIONS.—Section 645(c) (42 U.S.C. 9840(c)) is amended by adding at the end the following: "Each Head Start program operated in a community shall be permitted to recruit and accept applications for enrollment of children throughout the year."

SEC. 114. EARLY HEAD START PROGRAMS FOR FAMILIES WITH INFANTS AND TODDLERS.

Section 645A (42 U.S.C. 9840a) is amended—

(1) in the section heading, by inserting "early head start" before "programs for";

(2) in subsection (a)—

(A) by striking "for—" and all that follows through "programs providing" and inserting "for programs providing";

(B) by striking "and" and inserting a period; and

(C) by striking paragraph (2);

(3) in subsection (b)(5), by inserting "(including programs for infants and toddlers with disabilities)" after "community";

(4) in subsection (c)—

(A) in the matter preceding paragraph (1), by striking "subsection (a)(1)" and inserting "subsection (a)"; and

(B) in paragraph (2), by striking "3 (or under)" and all that follows and inserting "3";

(5) in subsection (d)—

(A) by striking paragraph (2); and

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

(6) by striking subsection (e);

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

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

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

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

(9) by striking subsection (h) and inserting the following:

"(g) MONITORING, TRAINING, TECHNICAL ASSISTANCE, AND EVALUATION.—In order to ensure the successful operation of programs assisted under this section, the Secretary shall use funds from the portion specified in section 640(a)(6) to monitor the operation of such programs, evaluate their effectiveness, and provide training and technical assistance tailored to the particular needs of such programs.

"(h) TRAINING AND TECHNICAL ASSISTANCE ACCOUNT.—

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

"(2) ACTIVITIES.—Funds in the account may be used by the Secretary for purposes including—

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

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

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

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

SEC. 115. TECHNICAL ASSISTANCE AND TRAINING.

(a) FULL-WORKING-DAY, FULL CALENDAR YEAR SERVICES.—Section 648(b) (42 U.S.C. 9843(b)) is amended—

(1) in paragraph (1), by striking "; and" and inserting a semicolon;

(2) in paragraph (2), by striking the period and inserting "; and"; and

(3) by adding at the end the following:

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

(b) ALLOCATING RESOURCES.—Section 648(c) (42 U.S.C. 9843(c)) is amended—

(1) in paragraph (4)—

(A) by striking "developing" and inserting "developing and implementing"; and

(B) by striking "a longer day;" and inserting the following: "the day, and assist the agencies and programs in expediting the sharing of information about innovative models for providing full-working-day, full calendar year services for children;"

(2) in paragraph (7), by striking "; and" and inserting a semicolon;

(3) in paragraph (8), by striking the period and inserting "; and"; and

(4) by adding at the end the following:

"(9) assist Head Start agencies in—
"(A) ensuring the school readiness of children; and

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

(c) SERVICES.—Section 648(e) (42 U.S.C. 9843(e)) is amended by inserting "(including services to promote the acquisition of the English language)" after "non-English language background children".

SEC. 116. STAFF QUALIFICATIONS AND DEVELOPMENT.

Section 648A(a) (42 U.S.C. 9843a(a)) is amended—

(1) in paragraph (1)—

(A) by redesignating subparagraphs (B) through (D) as clauses (ii) through (iv), respectively;

(B) by striking "(A)" and inserting "(B)(i)"; and

(C) by inserting before subparagraph (B) (as redesignated in subparagraph (B) of this paragraph) the following:

"(A) demonstrated competency to perform functions that include—

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

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

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

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

(2) by striking paragraph (2) and inserting the following:

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

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

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

SEC. 117. RESEARCH, DEMONSTRATION, AND EVALUATION.

(a) COMPARATIVE STUDIES.—Section 649(d) (42 U.S.C. 9844(d)) is amended—

(1) in paragraph (6), by striking "; and" and inserting a semicolon;

(2) in paragraph (7), by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(8) study the experiences of small, medium, and large States with Head Start programs in order to permit comparisons of children partici-

pating in the programs with eligible children who did not participate in the programs, which study—

"(A) may include the use of a data set that existed prior to the initiation of the study; and
"(B) shall compare the educational achievement, social adaptation, and health status of the participating children and the eligible non-participating children.

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

(b) NATIONAL RESEARCH.—Section 649 (42 U.S.C. 9844) is amended by adding at the end the following:

"(g) NATIONAL HEAD START IMPACT RESEARCH.—

"(1) EXPERT PANEL.—

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

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

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

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

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

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

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

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

"(5) ANALYSIS.—The Secretary shall ensure that the organization conducting the research—

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

"(ii) considers whether the Head Start programs—

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

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

"(III) ensure that children attain school readiness; and

"(iii) examines—

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

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

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

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

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

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

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

"(6) CONSIDERATION OF SOURCES OF VARIATION.—In designing the research, the Secretary shall, to the extent practicable, consider addressing possible sources of variation in impact of Head Start programs, including variations in impact related to such factors as—

"(A) Head Start program operations;

"(B) Head Start program quality;

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

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

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

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

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

"(7) REPORTS.—

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

"(B) SUBMISSION OF FINAL REPORT.—The organization shall prepare and submit to the Secretary a final report containing the findings of the research.

"(C) TRANSMITTAL OF REPORTS TO CONGRESS.—

"(i) IN GENERAL.—The Secretary shall transmit, to the committees described in clause (ii), the first interim report by September 30, 1999,

the second interim report by September 30, 2001, and the final report by September 30, 2003.

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

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

"(h) QUALITY IMPROVEMENT STUDY.—

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

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

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

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

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

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

SEC. 118. REPEAL.

The Head Start Transition Project Act (42 U.S.C. 9855 et seq.) 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 financial assistance to States and local communities, working through a network of community action agencies and other neighborhood-based organizations, for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient (particularly families who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)); 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, and other assistance related to the elimination of poverty, so that this assistance can be used in a manner responsive to local needs and conditions;

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

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

"(D) the development and implementation of all programs designated to serve low-income communities and groups with the maximum feasible participation of residents of the commu-

nities and members of the groups served, so as to best stimulate and take full advantage of capabilities for self-advancement and assure that the programs are otherwise meaningful to the intended beneficiaries of the programs; and

"(E) the broadening of the resource base of programs directed to the elimination of poverty.

"SEC. 673. DEFINITIONS.

"In this subtitle:

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

"(A) that is an eligible entity described in section 673(1) (as in effect on the day before the date of enactment of the 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

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

"(2) POVERTY LINE.—The term 'poverty line' means the official poverty line defined by the Office of Management and Budget based on Bureau of the Census data. 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 faith-based organization, to which the provisions of section 679 shall apply.

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

"(5) STATE.—The term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the United States Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, and the combined Freely Associated States.

"SEC. 674. AUTHORIZATION OF APPROPRIATIONS.

"(a) IN GENERAL.—There are authorized to be appropriated \$625,000,000 for fiscal year 1999 and such sums as may be necessary for each of fiscal years 2000 through 2003 to carry out the provisions of this subtitle (other than sections 681 and 682).

"(b) RESERVATIONS.—Of the amounts appropriated under subsection (a) for each fiscal year, the Secretary shall reserve—

"(1) $\frac{1}{4}$ of 1 percent for carrying out section 675A (relating to payments for territories);

"(2) not less than $\frac{1}{2}$ of 1 percent and not more than 1 percent for activities authorized in section 678A (relating to training and technical assistance); and

"(3) 9 percent for carrying out section 680 (relating to discretionary activities).

"SEC. 675. ESTABLISHMENT OF BLOCK GRANT PROGRAM.

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

"SEC. 675A. DISTRIBUTION TO TERRITORIES.

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

Northern Mariana Islands, and the combined Freely Associated States.

"(b) APPLICATION.—Each jurisdiction to which subsection (a) applies may receive a grant under this subtitle for the amount apportioned under subsection (a) on submitting to the Secretary, and obtaining approval of, an application, containing provisions that describe the programs for which assistance is sought under this subtitle, 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 that no State shall receive less than 1/4 of 1 percent of the amount appropriated under section 674(a) for such fiscal year.

"(b) ALLOTMENTS IN YEARS WITH GREATER AVAILABLE FUNDS.—

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

"SEC. 675C. USES OF FUNDS.

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

"(1) IN GENERAL.—Not less than 90 percent of the funds 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, in accordance with paragraph (3).

"(3) RECAPTURE AND REDISTRIBUTION OF UNOBLIGATED FUNDS.—

"(A) AMOUNT.—Beginning on October 1, 2000, a State may recapture and redistribute funds distributed to an eligible entity through a grant made under paragraph (1) that are unobligated at the end of a fiscal year if such unobligated funds exceed 20 percent of the amount so dis-

tributed to such eligible entity for such fiscal year.

"(B) REDISTRIBUTION.—In redistributing funds recaptured in accordance with this paragraph, States shall redistribute such funds to an eligible entity, or require the original recipient of the funds to redistribute the funds to a private, nonprofit organization, located within the community served by the original recipient of the funds, for activities consistent with the purposes of this subtitle.

"(b) OTHER ACTIVITIES.—

"(1) USE OF REMAINDER.—If a State uses less than 100 percent of payments from a grant under section 675A, or the State allotment under section 675B, to make grants under subsection (a), the State shall use the remainder of such payments (subject to paragraph (2)) for—

"(A) providing training and technical assistance to those entities in need of such training and assistance;

"(B) coordinating State-operated programs and services targeted to low-income children and families with services provided by eligible entities and other organizations funded under this subtitle, including detailing appropriate employees of State or local agencies to entities funded under this subtitle, to ensure increased access to services provided by such State or local agencies;

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

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

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

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

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

"(2) ADMINISTRATIVE CAP.—No State may spend more than the greater of \$55,000, or 5 percent, of the State allotment for administrative expenses, including monitoring activities. The cost of activities conducted under paragraph (1)(A) shall not be considered to be administrative expenses.

"SEC. 676. APPLICATION AND PLAN.

"(a) DESIGNATION OF LEAD AGENCY.—

"(1) DESIGNATION.—The chief executive officer of a State desiring to receive an allotment under this subtitle shall designate, in an application submitted to the Secretary under subsection (b), an appropriate State agency that complies with the requirements of paragraph (2) to act as a lead agency for purposes of carrying out State activities under this subtitle.

"(2) DUTIES.—The lead agency designated in accordance with paragraph (1) 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 allotment 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 an allotment under this subtitle, 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 an allotment under this subtitle, a State shall prepare and submit to the Secretary an ap-

plication and State plan covering a period of not less than 1 fiscal year and not more than 2 fiscal years. The plan shall be submitted not later than 30 days prior to the beginning of the first fiscal year covered by the plan, and shall contain such information as the Secretary shall require, including—

"(1) an assurance that funds made available through the allotment will be used to support activities that are designed to assist low-income families and individuals, including homeless families and individuals, migrant or seasonal farmworkers, and elderly low-income individuals and families, and a description of how such activities will enable the families and individuals—

"(A) to remove obstacles and solve problems that block the achievement of self-sufficiency;

"(B) to secure and retain meaningful employment;

"(C) to attain an adequate education;

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

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

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

"(G) to achieve greater participation in the affairs of the community involved; and

"(H) to make more effective use of other programs related to the purposes of this subtitle (including State welfare reform efforts);

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

"(3) based on information provided by eligible entities in the State, a description of—

"(A) the service delivery system, for services provided or coordinated with funds made available through the allotment, targeted to low-income individuals and families in communities within the State;

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

"(C) how funds made available through the allotment will be coordinated with other public and private resources; and

"(D) how the funds will be used to support innovative community and neighborhood-based initiatives related to the purposes of this subtitle;

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

"(5) an assurance that the State will coordinate, and establish linkages between, governmental and other social services programs to assure the effective delivery of such services to low-income individuals;

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

"(7) an assurance that the State will permit and cooperate with Federal investigations undertaken in accordance with section 678D;

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

"(9) an assurance that the State will, to the maximum extent possible, coordinate programs with and form partnerships with other organizations serving low-income residents of the communities and members of the groups served by the State, including faith-based organizations, charitable groups, and community organizations;

"(10) an assurance that the State will require each eligible entity to establish procedures under which a low-income individual, community organization, or faith-based organization, or representative of low-income individuals that considers its organization, or low-income individuals, to be inadequately represented on the board (or other mechanism) of the eligible entity to petition for adequate representation;

"(11) an assurance that the State will secure from each eligible entity, as a condition to receipt of funding by the entity under this subtitle for a program, a community action plan (which shall be submitted to the Secretary, at the request of the Secretary, with the State plan) that includes a community-needs assessment for the community served, which may be coordinated with community-needs assessments conducted for other programs;

"(12) an assurance that the State and all eligible entities in the State will, not later than fiscal year 2002, participate in the Results Oriented Management and Accountability System, any other performance measure system established by the Secretary under section 678E(b), or an alternative system for measuring performance and results that meets the requirements of that section, and a description of outcome measures to be used to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization; and

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

"(c) DETERMINATIONS.—For purposes of making a determination in accordance with subsection (b)(8) with respect to—

"(1) a funding reduction, the term 'cause' includes—

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

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

"(ii) the designation of a new eligible entity; or

"(iii) severe economic dislocation; or

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

"(2) a termination, the term 'cause' includes the material failure of an eligible entity to comply with the terms of such an agreement and the State plan to provide services under this subtitle or the consistent failure of the entity to achieve performance measures as determined by the State.

"(d) PROCEDURES.—The Secretary may prescribe procedures relating to the implementation of this section only for the purpose of assessing the effectiveness of eligible entities in carrying out the purposes of this subtitle.

"(e) REVISIONS AND INSPECTION.—

"(1) REVISIONS.—The chief executive officer of each State may revise any plan prepared under this section and shall submit the revised plan to the Secretary.

"(2) PUBLIC INSPECTION.—Each plan or revised plan prepared under this section shall be made available for public inspection within the State in such a manner as will facilitate review of, and comment on, the plan.

"(f) FISCAL YEAR 1999.—For fiscal year 2000, to be eligible to receive an allotment under this subtitle, a State shall prepare and submit to the Secretary an application and State plan 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, one or more—

"(A) private nonprofit organizations geographically located in the unserved area that meet the requirements of this subtitle; or

"(B) private nonprofit organizations (which may include eligible entities) located in an area contiguous to or within reasonable proximity of the unserved area that are 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 served.

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

"(c) NO QUALIFIED ORGANIZATION IN OR NEAR AREA.—If no private, nonprofit organization is identified or determined to be qualified under subsection (a) to serve the unserved area as an eligible entity the chief executive officer may designate an appropriate political subdivision of the State to serve as an eligible entity for the area. In order to serve as the eligible entity for that area, the political subdivision shall have a board or other mechanism as required in section 676B(b).

"SEC. 676B. TRIPARTITE BOARDS.

"(a) PRIVATE NONPROFIT ENTITIES.—

"(1) BOARD.—In order for a private, nonprofit entity to be considered to be an eligible entity for purposes of section 673(1), the entity shall administer the community services block grant program through a tripartite board described in paragraph (2) that fully participates in the development, planning, and implementation 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) 1/3 of the members of the board are elected public officials, holding office on the date of selection, or their representatives, except that if the number of elected officials reasonably available and willing to serve on the board is less than 1/3 of the membership of the board, membership on the board of appointive public officials or their representatives may be counted in meeting such 1/3 requirement;

"(B) not fewer than 1/3 of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members are representative of low-income individuals and families in the neighborhood served;

"(C) the remainder of the members are officials or members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served; and

"(D)(i) each member resides in the community; and

"(ii) each representative of low-income individuals and families selected to represent a spe-

cific neighborhood within a community under this paragraph resides in the neighborhood represented by the member.

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

"(1) a tripartite board, which shall have members selected by the organization and shall be composed so as to assure that not fewer than 1/3 of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members—

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

"(B) reside in the neighborhood served; and

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

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

"SEC. 677. PAYMENTS TO INDIAN TRIBES.

"(a) RESERVATION.—If, with respect to any State, the Secretary—

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

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

the Secretary shall reserve from amounts that would otherwise be allotted to such State under section 675B for the fiscal year the amount determined under subsection (b).

"(b) DETERMINATION OF RESERVED AMOUNT.—

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

"(c) AWARDS.—The sums reserved by the Secretary on the basis of a determination made under subsection (a) shall be made available by grant to the Indian tribe or tribal organization serving the individuals for whom such a determination has been made.

"(d) PLAN.—In order for an Indian tribe or tribal organization to be eligible for a grant award for a fiscal year under this section, the tribe or organization shall submit to the Secretary a plan for such fiscal year that meets such criteria as the Secretary may prescribe by regulation.

"(e) DEFINITIONS.—In this section:

"(1) INDIAN TRIBE; TRIBAL ORGANIZATION.—The terms 'Indian tribe' and 'tribal organization' mean a tribe, band, or other organized group recognized in the State in which the tribe, band, or group resides, or considered by the Secretary of the Interior, to be an Indian tribe or an Indian organization for any purpose.

"(2) INDIAN.—The term 'Indian' means a member of an Indian tribe or of a tribal organization.

"SEC. 678. OFFICE OF COMMUNITY SERVICES.

"(a) OFFICE.—The Secretary shall carry out the functions of this subtitle through an Office of Community Services, which shall be established in the Department of Health and Human Services. The Office shall be headed by a Director.

"(b) GRANTS, CONTRACTS, COOPERATIVE AGREEMENTS.—The Secretary shall carry out functions of this subtitle through grants, contracts, or cooperative agreements.

"SEC. 678A. TRAINING AND TECHNICAL ASSISTANCE.

"(a) **ACTIVITIES.**—The Secretary shall use the amounts reserved in section 674(b)(2) for training, technical assistance, planning, evaluation, and data collection activities related to programs carried out under this subtitle.

"(b) **PROCESS.**—The process for determining the training and technical assistance to be carried out under this section shall—

"(1) ensure that the needs of eligible entities and programs relating to improving program quality, including financial management practices, are addressed to the maximum extent feasible; and

"(2) incorporate mechanisms to ensure responsiveness to local needs, including an ongoing procedure for obtaining input from the national and State networks of eligible entities.

"SEC. 678B. MONITORING OF ELIGIBLE ENTITIES.

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

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

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

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

"(4) Other reviews as appropriate, including reviews of entities with programs that have had other Federal, State, or local grants (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.

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

"(a) **DETERMINATION.**—If the State determines, on the basis of a review pursuant to subsection 678B, that an eligible entity has had a failure described in section 676(c), 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 eli-

gible entity is reviewable by the Secretary. The Secretary shall, upon request, review such a determination. The review shall be completed not later than 60 days after the determination to terminate the designation or reduce the funding. If the review is not completed within 60 days, the determination of the State shall become final at the end of the 60th day.

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

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

"(1) **IN GENERAL.**—A State that receives funds under this subtitle shall—

"(A) establish fiscal control and fund accounting procedures necessary to assure the proper 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 funds under this subtitle;

"(C) prepare, at least every year (or in the case of a State with a 2-year State plan, every 2 years) in accordance with paragraph (2) an audit of the expenditures of the State of amounts received under this subtitle and amounts transferred to carry out the purposes of this subtitle; and

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

"(2) **AUDITS.**—Each audit required by subsection (a)(1)(C) shall be conducted by an entity independent of any agency administering activities or services carried out under this subtitle and shall be conducted in accordance with generally accepted accounting principles. Within 30 days after the completion of each such audit in a State, the chief executive officer of the State shall submit a copy of such audit to any eligible entity that was the subject of the audit at no charge, to the legislature of the State, and to the Secretary.

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

"(b) **WITHHOLDING.**—

"(1) **IN GENERAL.**—The Secretary shall, after providing adequate notice and an opportunity for a hearing conducted within the affected State, withhold funds from any State that does not utilize the State allotment 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 established by the Secretary 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 establish one or more model performance measurement systems, which may be used by the States and by eligible entities to measure their performance in carrying out the requirements of this subtitle and in achieving the goals of community action plans. The Secretary shall provide technical assistance, including support for the enhancement of electronic data systems, to States and to eligible entities to enhance their capability to collect and report data for such a system and to aid in their participation in such a system.

"(2) **REPORTING REQUIREMENTS.**—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 each of the following elements:

"(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).

"(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, indirect, and administrative costs used by the Department of Health and Human Services for programs funded under this subtitle.

“(4) **COSTS.**—Of the funds reserved under section 674(b)(3), not more than \$350,000 shall be available to carry out the reporting requirements contained in paragraph (2) and the provision of technical assistance described in paragraph (1).

“**SEC. 678F. LIMITATIONS ON USE OF FUNDS.**

“(a) **CONSTRUCTION OF FACILITIES.**—

“(1) **LIMITATIONS.**—Except as provided in paragraph (2), grants made under this subtitle (other than amounts reserved under section 674(b)(3)) may not be used by the State, or by any other person with which the State makes arrangements to carry out the purposes of this subtitle, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or other facility.

“(2) **WAIVER.**—The Secretary may waive the limitation contained in paragraph (1) upon a State request for such a waiver, if the Secretary finds that the request describes extraordinary circumstances to justify the purchase of land or the construction of facilities (or the making of permanent improvements) and that permitting the waiver will contribute to the ability of the State to carry out the purposes of this subtitle.

“(b) **POLITICAL ACTIVITIES.**—

“(1) **TREATMENT AS A STATE OR LOCAL AGENCY.**—For purposes of chapter 15 of title 5, United States Code, any entity that assumes responsibility for planning, developing, and coordinating activities under this subtitle and receives assistance under this subtitle shall be deemed to be a State or local agency. For purposes of paragraphs (1) and (2) of section 1502(a) of such title, any entity receiving assistance under this subtitle shall be deemed to be a State or local agency.

“(2) **PROHIBITIONS.**—Programs assisted under this subtitle shall not be carried on in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel, in a manner supporting or resulting in the identification of such programs with—

“(A) any partisan or nonpartisan political activity or any political activity associated with a candidate, or contending faction or group, in an election for public or party office;

“(B) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or

“(C) any voter registration activity.

“(3) **RULES AND REGULATIONS.**—The Secretary, after consultation 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), as may be applicable; or

“(C) take such other action as may be provided by law.

“(3) **ACTION OF ATTORNEY GENERAL.**—When a matter is referred to the Attorney General pursuant to paragraph (2), or whenever the Attorney General has reason to believe that the State is engaged in a pattern or practice of discrimination in violation of the provisions of this subsection, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

“**SEC. 679. OPERATIONAL RULE.**

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

“(c) **FAITH-BASED CHARACTER AND INDEPENDENCE.**—

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

“(2) **ADDITIONAL SAFEGUARDS.**—Neither the Federal Government nor a State or local government shall require a faith-based 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) **TENETS AND TEACHINGS.**—A faith-based organization that provides assistance under a program described in subsection (a) may require that employees adhere to the religious tenets and teachings of such organization, and such organization may require that employees adhere to rules forbidding the use of drugs or alcohol.

“(c) **LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.**—No funds provided through a

grant or contract to a faith-based organization to provide assistance under any program described in subsection (a) shall be expended for sectarian worship, instruction, or proselytization.

“(d) **FISCAL ACCOUNTABILITY.**—

“(1) **IN GENERAL.**—Except as provided in paragraph (2), any faith-based organization providing assistance under any program described in subsection (a) shall be subject to the same regulations as other nongovernmental organizations to account in accord with generally accepted accounting principles for the use of such funds provided under such program.

“(2) **LIMITED AUDIT.**—Such organization shall segregate government funds provided under such program into a separate account. Only the government funds shall be subject to audit by the government.

“(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 enable the 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 enable the organizations involved 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 make allotments for grants under subsection (a) to eligible agencies for statewide programs in each State in an amount that bears the same ratio to 40 percent of such excess as the low-income and unemployed population of such State bears to the low-income and unemployed population of all the States.

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

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

"(3) **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, the Commonwealth of the Northern Mariana Islands, or the Freely Associated States.

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

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

"(1) a list of grant recipients;

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

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

"(d) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to carry out this section \$25,000,000 for fiscal year 1999, and such sums as may be necessary for each of fiscal years 2000 through 2003.

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

"(a) **GENERAL AUTHORITY.**—The Secretary is authorized to make a grant to an eligible service provider to administer national or regional programs to provide instructional activities for low-

income youth. In making such a grant, the Secretary shall give priority to eligible service providers that have a demonstrated ability to operate such a program.

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

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

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

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

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

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

"SEC. 683. REFERENCES.

"Any reference in any provision of law to the poverty line set forth in section 624 or 625 of the Economic Opportunity Act of 1964 shall be construed to be a reference to the poverty line defined in section 673. Any reference in any provision of law to any community action agency designated under title II of the Economic Opportunity Act of 1964 shall be construed to be a reference to an entity eligible to receive funds under the community services block grant program."

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) 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))."

SEC. 203. REPEALERS.

(a) COMMUNITY ECONOMIC DEVELOPMENT ACT OF 1981.—The Community Economic Development Act of 1981 (42 U.S.C. 9801 et seq.) is repealed.

(b) HUMAN SERVICES REAUTHORIZATION ACT OF 1986.—Sections 407 and 408 of the Human Services Reauthorization Act of 1986 (42 U.S.C. 9812a and 9910b) are repealed.

TITLE III—LOW-INCOME HOME ENERGY ASSISTANCE

SEC. 301. AUTHORIZATION.

(a) IN GENERAL.—Section 2602(b) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621(b)) is amended—

(1) by striking "are authorized" and inserting "is authorized"; and

(2) by striking "fiscal years 1995 through 1999" and inserting "fiscal years 1999 through 2004".

(b) PROGRAM YEAR.—Section 2602(c) of such Act (42 U.S.C. 8621(c)) is amended to read as follows:

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

(c) INCENTIVE PROGRAM FOR LEVERAGING NON-FEDERAL RESOURCES.—Section 2602(d) of such Act (42 U.S.C. 8621(d)) is amended—

(1) by striking "(d)" and inserting "(d)(1)";

(2) by striking "are authorized" and inserting "is authorized";

(3) by striking "\$50,000,000" and all that follows and inserting the following: "\$30,000,000 for each of fiscal years 1999 through 2004, except as provided in paragraph (2)."; and

(4) by adding at the end the following:

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

(d) TECHNICAL AMENDMENTS.—Section 2602(e) of such Act (42 U.S.C. 8621(e)) is amended—

(1) by striking "are authorized" and inserting "is authorized"; and

(2) by striking "subsection (g)" and inserting "subsection (e) of such section".

SEC. 302. DEFINITIONS.

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

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

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

SEC. 303. NATURAL DISASTERS AND OTHER EMERGENCIES.

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

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

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

"(7) NATURAL DISASTER.—The term 'natural disaster' means a weather event (relating to cold or hot weather), flood, earthquake, tornado, hurricane, or ice storm, or an event meeting such other criteria as the Secretary, in the discretion of the Secretary, may determine to be appropriate.";

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

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

"(1) EMERGENCY.—The term 'emergency' means—

"(A) a natural disaster;

"(B) a significant home energy supply shortage or disruption;

"(C) a significant increase in the cost of home energy, as determined by the Secretary;

"(D) a significant increase in home energy disconnections reported by a utility, a State regulatory agency, or another agency with necessary data;

"(E) a significant increase in participation in a public benefit program such as the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), the national program to provide supplemental security income carried out under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.), or the State temporary assistance for needy families program carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), as determined by the head of the appropriate Federal agency;

"(F) a significant increase in unemployment, layoffs, or the number of households with an individual applying for unemployment benefits, as determined by the Secretary of Labor; or

"(G) an event meeting such criteria as the Secretary, in the discretion of the Secretary, may determine to be appropriate."

SEC. 304. STATE ALLOTMENTS.

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

(1) in subsection (b)(1), by striking "the Northern Mariana Islands, and the Trust Territory of the Pacific Islands," and inserting "the Commonwealth of the Northern Mariana Islands, and the combined Freely Associated States.";

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

(3) by striking subsection (f);

(4) in subsection (g)—

(A) in the first sentence, by striking "(a) through (f)" and inserting "(a) through (d)"; and

(B) by striking the last two sentences and inserting the following: "In determining whether to make such an allotment to a State, the Secretary shall take into account the extent to which the State was affected by the natural disaster or other emergency involved, the availability to the State of other resources under the program carried out under this title or any other program, whether a Member of Congress has requested that the State receive the allotment, and such other factors as the Secretary may find to be relevant. Not later than 30 days after making the determination, but prior to releasing an allotted amount to a State, the Secretary shall notify Congress of the allotments made pursuant to this subsection.";

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

SEC. 305. ADMINISTRATION.

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

(1) in subsection (b)—

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

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

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

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

(2) in subsection (c)(1)—

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

(B) in subparagraph (G)(i), by striking "has" and inserting "had".

SEC. 306. PAYMENTS TO STATES.

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

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

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

SEC. 307. RESIDENTIAL ENERGY ASSISTANCE CHALLENGE OPTION.

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

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

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

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

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

(d) TECHNICAL AMENDMENTS.—Section 2607B of such Act (42 U.S.C. 8626b) is amended—

(1) in subsection (e)(2)—

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

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

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

SEC. 308. TECHNICAL ASSISTANCE, TRAINING, AND COMPLIANCE REVIEWS.

(a) IN GENERAL.—Section 2609A(a) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8628a(a)) is amended—

(1) in the matter preceding paragraph (1)—

(A) by striking "\$250,000" and inserting "\$300,000"; and

(B) by striking "Secretary—" and inserting "Secretary to conduct onsite compliance reviews of programs supported under this title or—"; and

(2) in paragraph (2)—

(A) by inserting "or interagency agreements" after "cooperative arrangements"; and

(B) by inserting "(including Federal agencies)" after "public agencies".

(b) CONFORMING AMENDMENT.—The section heading of section 2609A of such Act (42 U.S.C. 8628a) is amended to read as follows:

"TECHNICAL ASSISTANCE, TRAINING, AND COMPLIANCE REVIEWS".

TITLE IV—ASSETS FOR INDEPENDENCE

SEC. 401. SHORT TITLE.

This title may be cited as the "Assets for Independence Act".

SEC. 402. FINDINGS.

Congress makes the following findings:

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

(2) Fully 1/2 of all Americans have either no, negligible, or negative assets available for investment, just as the price of entry to the economic mainstream, the cost of a house, an adequate education, and starting a business, is increasing. Further, the household savings rate of the United States lags far behind other industrial nations, presenting a barrier to economic growth.

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

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

SEC. 403. PURPOSES.

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

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

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

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

SEC. 404. DEFINITIONS.

In this title:

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

(2) **ELIGIBLE INDIVIDUAL.**—The term "eligible individual" means an individual who is selected to participate by a qualified entity under section 409.

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

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

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

(C) is made for—

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

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

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

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

(5) **INDIVIDUAL DEVELOPMENT ACCOUNT.**—

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

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

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

(iii) The assets of the trust will be invested in accordance with the direction of the eligible individual after consultation with the qualified entity providing deposits for the individual under section 410.

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

(v) Except as provided in clause (vi), any amount in the trust which is attributable to a deposit provided under section 410 may be paid or distributed out of the trust only for the purpose of paying the qualified expenses of the eligible individual, or enabling the eligible individual to make an emergency withdrawal.

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

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

(6) **PROJECT YEAR.**—The term "project year" means, with respect to a demonstration project, any of the 4 consecutive 12-month periods beginning on the date the project is originally authorized to be conducted.

(7) **QUALIFIED ENTITY.**—

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

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

(ii) a State or local government agency, or a tribal government, submitting an application under section 405 jointly with an organization described in clause (i).

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

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

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

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

(I) **TUITION AND FEES.**—Tuition and fees required for the enrollment or attendance of a student at an eligible educational institution.

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

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

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

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

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

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

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

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

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

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

(C) **BUSINESS CAPITALIZATION.**—Amounts paid from an individual development account directly to a business capitalization account which is established in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses. In this subparagraph:

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

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

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

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

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

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

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

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

(i) the individual's spouse; or

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

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

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

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

SEC. 405. APPLICATIONS.

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

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

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

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

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

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

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

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

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

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

(1) demonstrates the willingness and ability to select individuals described in section 408 who are predominantly from households in which a child (or children) is living with the child's biological or adoptive mother or father, or with the child's legal guardian;

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

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

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

(f) **CONTRACTS WITH NONPROFIT ENTITIES.**—The Secretary may contract with an entity described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code to carry out any responsibility of the Secretary under this section or section 412 if—

(1) such entity demonstrates the ability to carry out such responsibility; and

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

SEC. 406. DEMONSTRATION AUTHORITY; ANNUAL GRANTS.

(a) **DEMONSTRATION AUTHORITY.**—If the Secretary approves an application to conduct a demonstration project under this title, the Secretary shall, not later than 10 months after the date of enactment of this title, authorize the applicant to conduct the project for 4 project years in accordance with the approved application and the requirements of this title.

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

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

(2) \$1,000,000.

SEC. 407. RESERVE FUND.

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

(b) **AMOUNTS IN RESERVE FUND.**—

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

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

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

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

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

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

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

(B) provide deposits in accordance with section 410 for individuals selected by the qualified entity to participate in the demonstration project;

(C) administer the demonstration project; and

(D) provide the research organization evaluating the demonstration project under section 414 with such information with respect to the demonstration project as may be required for the evaluation.

(2) **AUTHORITY TO INVEST FUNDS.**—

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

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

(3) **LIMITATION ON USES.**—Not more than 9.5 percent of the amounts provided to a qualified entity under section 406(b) shall be used by the qualified entity for the purposes described in subparagraphs (A), (C), and (D) of paragraph (1), of which not less than 2 percent of the amounts shall be used by the qualified entity for the purposes described in paragraph (1)(D). If two or more qualified entities are jointly administering a project, no qualified entity shall use more than its proportional share for the purposes described in subparagraphs (A), (C), and (D) of paragraph (1).

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

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

(2) a percentage equal to—

(A) the aggregate amount of grants made to the qualified entity under section 406(b); divided by

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

SEC. 408. ELIGIBILITY FOR PARTICIPATION.

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

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

(2) **NET WORTH TEST.**—

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

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

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

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

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

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

SEC. 409. SELECTION OF INDIVIDUALS TO PARTICIPATE.

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

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

(2) to whom the qualified entity will provide deposits in accordance with section 410.

SEC. 410. DEPOSITS BY QUALIFIED ENTITIES.

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

(1) from the non-Federal funds described in section 405(c)(4), a matching contribution of not less than \$0.50 and not more than \$4 for every \$1 of earned income (as defined in section 911(d)(2) of the Internal Revenue Code of 1986) deposited in the account by a project participant during that period;

(2) from the grant made under section 406(b), an amount equal to the matching contribution made under paragraph (1); and

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

(b) **LIMITATION ON DEPOSITS FOR AN INDIVIDUAL.**—Not more than \$2,000 from a grant made under section 406(b) shall be provided to any one individual over the course of the demonstration project.

(c) **LIMITATION ON DEPOSITS FOR A HOUSEHOLD.**—Not more than \$4,000 from a grant made under section 406(b) shall be provided to any one household over the course of the demonstration project.

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

(e) **REIMBURSEMENT.**—An individual shall reimburse an individual development account for any funds withdrawn from the account for an emergency withdrawal, not later than 12 months after the date of the withdrawal. If the individual fails to make the reimbursement, the qualified entity administering the account shall transfer the funds deposited into the account or a parallel account under section 410 to the Reserve Fund of the qualified entity, and use the funds to benefit other individuals participating in the demonstration project involved.

SEC. 411. LOCAL CONTROL OVER DEMONSTRATION PROJECTS.

A qualified entity under this title, other than a State or local government agency or a tribal government, shall, subject to the provisions of section 413, have sole authority over the administration of the project. The Secretary may prescribe only such regulations or guidelines with respect to demonstration projects conducted

under this title as are necessary to ensure compliance with the approved applications and the requirements of this title.

SEC. 412. ANNUAL PROGRESS REPORTS.

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

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

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

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

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

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

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

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

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

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

(1) the Secretary; and

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

(c) **TIMING.**—The first report required by subsection (a) shall be submitted not later than 60 days after the end of the calendar year in which the Secretary authorized the qualified entity to conduct the demonstration project, and subsequent reports shall be submitted every 12 months thereafter, until the conclusion of the project.

SEC. 413. SANCTIONS.

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

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

(1) shall suspend the demonstration project;

(2) shall take control of the Reserve Fund established pursuant to section 407;

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

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

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

(B) transfer to the entity (or entities) control over the Reserve Fund established pursuant to section 407; and

(C) consider, for purposes of this title—

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

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

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

(A) terminate the project; and

(B) from the amount remaining in the Reserve Fund established as part of the project, remit to each source that provided funds under section 405(c)(4) to the entity originally authorized to conduct the project, an amount that bears the same ratio to the amount so remaining as the amount provided by the source under section 405(c)(4) bears to the amount provided by all such sources under that section.

SEC. 414. EVALUATIONS.

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) **REPORTS BY THE SECRETARY.**—

(1) **INTERIM REPORTS.**—Not later than 90 days after the end of the calendar year in which the Secretary first authorizes a qualified entity to conduct a demonstration project under this title, and every 12 months thereafter until all demonstration projects conducted under this title are completed, the Secretary shall submit to Congress an interim report setting forth the results of the reports submitted pursuant to section 412(b).

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

(e) **EVALUATION EXPENSES.**—The Secretary shall expend such sums as may be necessary,

but not more than 2 percent of the amounts appropriated under section 416 for a fiscal year, to carry out the purposes of this section.

SEC. 415. TREATMENT OF FUNDS.

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

SEC. 416. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this title, \$25,000,000 for each of fiscal years 1999, 2000, 2001, 2002, and 2003 to remain available until expended.

Mr. COATS. Mr. President, I am pleased to bring before the Senate, on behalf of the Committee on Labor and Human Resources, S. 2206, the Coats Human Services Reauthorization Act of 1998.

This legislation is truly the result of a significant bi-partisan effort. We have worked closely with members of the committee to make important changes in program focus and in our expectations for measurable outcomes.

Few federal programs engender the kind of positive feelings as do the programs we are discussing today: Head Start, the Community Services Block Grant, the Low Income Home Energy Assistance program, and a new program—close to my heart, the Assets for Independence Act.

These programs all have one important thing in common—they represent the federal government at its best, forging public and private partnerships to combat the effects of poverty, and unleashing the vast resources of one of our most important assets—the local community.

Whether in a Head Start classroom, a food bank, or a community action agency, the programs we are about to reauthorize provide a valuable link between families and the services and opportunities they need.

I have had the privilege of visiting a number of Head Start programs in my own state, and have found at each one a common thread—the commitment of staff and of parents to be there for their children. In Head Start centers across America, parents serve as volunteers, as teachers, as aides, in whatever capacity they are needed. Many have told me that thanks to Head Start, they have gone on to higher education. Thanks to Head Start, their children have hope for a future. I say that it is thanks to their commitment as parents that their children's hopes have been realized.

S. 2206 continues this legacy—and does so in a way that supports the family as a unit. Head Start is a program serving children in families. CSBG is a program serving families in communities. And Assets for Independence makes it possible for families to become fully self sufficient.

Before I briefly discuss the specifics issues addressed in the legislation I want to thank members of the Com-

mittee (Senator DODD, KENNEDY, JEFFORDS, DEWINE and MCCONNELL in particular) and of course their staffs for their commitment to this process being open and bi-partisan. I think the fruit of all of our efforts is in the bill we will vote on today. I also would also like Karen Spar from the Congressional Research Service who has been tireless in her efforts to provide support to my staff and Liz Aldridge-King from the Office of Legislative Counsel who worked virtually around the clock to get this bill out on time. Thank you to all who contributed to this effort.

Head Start is a program that has been identified as one with enormous potential in giving children an opportunity to realize their full potential; however, it has been a program which has experienced varying degrees of quality. With the 1994 reauthorization, Congress and the Administration formed an important partnership to devise ways to make program quality a primary focus. Since the last reauthorization, the Head Start Bureau has offered technical assistance, resources, and support to Head Start programs that are committed to pursuing excellence—and terminated the grants of those programs that were experiencing significant program deficiencies. Close to 100 Head Start grantees have been terminated or have relinquished their grants since 1994.

S. 2206 takes further steps to ensure quality and to make sure that Head Start students attain the goal of school readiness by expanding the use of quality improvement funds to provide staff training related to the promotion of language skills and literacy growth of children and the acquisition of English for children from non-English-speaking backgrounds and by requiring the establishment of education performance standards to ensure school readiness and that children develop a minimum level of literacy awareness and understanding. Further, the Secretary is directed to develop outcome-based performance measures and to apply those measures to local grantees when evaluating program effectiveness. Under this scenario, consistent poor performers would be identified, offered technical assistance, and if they failed to correct the deficiency—terminated and their grant re-competed.

We have responded to concerns that Head Start programs be able to more fully respond to emerging needs of working families for full-day, full-year services by significantly enhancing the collaboration grant program in current law by requiring active collaboration between Head Start, the State liaison appointed by the Governor, and other early care and education programs within the State. We have attempted to eliminate barriers to effective collaboration and have instructed the Secretary to design an administrative structure whereby additional barriers that are identified can be addressed. Taken together, these provisions should make it much easier for States

to include Head Start in unified planning regarding early care and education services at the state and local level.

To respond to the recent research on the importance of early brain development, we have included the President's request for an expansion of the Early Head Start program from 7.5 percent in FY 1999 to 10 percent in FY 2003. We have required the Secretary to set aside a portion of these funds to provide technical assistance to ensure the maintenance of program quality and given the Secretary the authority to reduce the set aside amounts, if necessary to avoid a reduction in regular Head Start services or quality.

To respond to the issue of improved teacher competence, we have added a new section to the section in the law pertaining to staff qualifications to ensure that each head start classroom has a teacher with demonstrated competency to perform certain functions. This was done in lieu of mandating additional degrees such as 2 or 4 year college degree which is not the norm for preschools in America, and which in fact, are not a good measure for teacher competence. Rather, we focus on specific demonstrated competencies which must first be achieved in order to qualify as a teacher.

During the last reauthorization in 1994 we required every Head Start classroom to have a teacher with at least Child Development Associate credential. With near accomplishment of that goal we wanted to make sure that waivers to this requirement would only be given in the most limited circumstance. Therefore we allow a 180-day waiver which will only be available where a Head Start agency could document that it had unsuccessfully attempted to recruit an individual with the required credential, certificate or degree. Such a waiver would be for an individual who is enrolled in a program that grants the appropriate credential, and who will receive the appropriate credential within 180 days of beginning employment as a Head Start teacher.

In response to concerns raised by the General Accounting Office and others about the lack of reliable research on Head Start which can be used to determine its effectiveness, we have authorized a national impact study of Head Start and also included, at the request of Senator DEWINE, several smaller comparative studies of children participating in head start with eligible children who did not participate in Head Start or other preschool programs. These studies should yield very valuable information about how this program is working, and whether Head Start is, as we all hope and believe it is, making a difference.

Title II of S. 2206 authorizes the Community Services Block Grant. This program had not been updated since 1981 when CSBG came into existence as a block grant. Therefore, we have done a complete redraft of this program to bring it current and to make some very

important changes to program structure and goals.

First, we have established some very specific program goals which include strengthening community capabilities for planning, coordinating and supporting innovative responses to community needs and conditions. CSBG is an excellent example of what can happen when Washington gets out of the way and allows local communities to design effective responses to local problems. Ninety percent of the funds provided under this act must be passed through by the State to local eligible entities which include a variety of public and nonprofit organizations, community action agencies, and faith-based neighborhood organizations.

Second, we have established a mechanism for state monitoring of eligible entities to determine whether such entities meet performance goals, administrative standards, financial management requirements, and other requirements of the state. Each State will be required to participate in a performance measurement system, although they will be able to choose from a menu of priorities to reflect the current program they are instituting at the local level.

Third, we have grand fathered in all existing public CAPS but are requiring that any new public CAPS may come into existence only if there is no private, nonprofit organization identified or qualified to serve as the CSBG recipient. Like private nonprofit agencies, public CAPS would have to agree to administer their program through a local tripartite board and ensure adequate low income representation on it.

Fourth, with respect to the discretionary programs under CSBG, we have reauthorized the Community Economic Development program, the Rural Community Development program, National Youth Sports, and Community Food and Nutrition. We have created a new program called Neighborhood Innovation Projects for grants to neighborhood based, private non-profits to test or assist in the development of new approaches or methods of dealing with community problems. These grants may be used for a variety of purposes including gang interventions, addressing school violence, or any other purposes that are identified by the community as a problem resulting from poverty and consistent with the purposes of this CSBG.

Title III reauthorizes the Low Income Home Energy Assistance Program at the current level of \$2 billion for each of the fiscal years 1999 through 2004. The amount available for leveraging is reduced from \$50,000,000 to \$30,000,000 except in any year in which appropriations fall below \$1.4 billion at which time the leveraging pot goes back to \$50,000,000.

The most significant change in this program is the addition of a new section which clarifies the criteria by which LIHEAP funds can be released in an emergency or natural disaster. Cur-

rently, there is an arbitrary standard for determining an emergency or natural disaster, this language will rectify this problem by listing standards under which funds may be released which may include: significant home energy supply shortage or disruption; a significant increase in the cost of home energy, as determined by the secretary; a significant increase in home energy disconnections reported by a utility, a state regulatory agency, or another agency with necessary data; significant increase in participation in a public benefit program such as the food stamp program; a significant increase in unemployment or layoffs; or any other event meeting criteria as the secretary may determine to be appropriate.

This is an important addition, and I would like to thank Senators JEFFORDS and KENNEDY for their leadership in this matter.

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

In some respects, IDAs are like IRAs for the working poor. They are dedicated savings accounts that can be used for purchasing a first home, post-secondary education, or capitalizing a business. These investments are associated with extremely high rates of return that have the potential to bring a new level of economic and personal security to families and communities.

The individual or family deposits whatever they can save (typically \$5-\$20 a month) in the account. The sponsoring organization "matches" that deposit with funds provided by local churches and service organizations, corporations, foundations, and state or local governments.

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

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

In fact, it is estimated that an investment of \$100 million in asset building through these individual accounts would generate 7,050 new businesses;

68,799 new jobs; \$730 million in additional earnings; 12,000 new or rehabilitated homes; \$287 million in savings and matching contributions and earnings on those accounts; 188 million in increased assets for low-income families; 6,600 families removed from welfare rolls; 12,000 youth graduates from vocational education and college programs; 20,000 adults obtaining high school, vocational, and college degrees.

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

Mr. President, taken together, I think we have an excellent package of programs designed to reauthorize programs which have been vital to many low-income individuals and communities. These programs are for the most part locally designed and controlled and offer unique opportunities for self-sufficiency and enhanced community involvement.

Mr. JEFFORDS. Mr. President, I am pleased the Senate has turned to consideration of the Community Opportunities, Accountability, Education and Training Services Act of 1998—the COATS Act—which reauthorizes the Human Services Act. This legislation, sponsored by Senator COATS, Senator DODD, myself, and Senator KENNEDY, was voted unanimously out of the Senate Labor and Human Resources Committee on June 24, 1998, and continues to have broad bipartisan support.

This bill includes the reauthorization of three of our most important programs providing services and assistance to the neediest of Americans: the Head Start program, the Community Services Block Grant, and the Low Income Home Energy Assistance Program. It also includes a new program, the Assets for Independence Act, to empower these citizens into achieving economic independence.

This legislation draws upon over thirty years of experience with these programs. While each of these programs is working—and working well—there are clearly some things that we can be doing better. So while this bill leaves present law largely intact, it does include some important changes to make these programs more accountable and more effective in carrying out the specific tasks that we have asked of them.

The Head Start Program has been instrumental in helping many children enter school ready to learn. It goes beyond child care, by providing medical, dental, and other services to children enrolled in the program. However, I believe that its major contribution has been to support parents in their role as

the primary teacher for their children. Head Start is a comprehensive service program that has made a difference in the lives of so many children and their parents.

While most of us know the difference that Head Start has made in the lives of millions of children and their parents, it is important that we continue to ensure that the program is the very best it can be. This reauthorization includes a major evaluation and research initiative. I believe this research will help demonstrate the positive impact of high quality, comprehensive services for children and families. More importantly, this initiative can provide the American people with more information about how best to help prepare all of our children for the challenges that lie ahead in the next century.

We also have increased funding for the Infant and Toddler Head Start program. Although this program is relatively new, the emerging research on early brain development clearly indicates that tremendous benefits can be gained by supporting parents in their efforts to be good parents for their children. Few young parents have the family and community support networks that were once such an integral part of raising children. The Infant and Toddler program strives to re-create those networks in order to help mothers and fathers better meet the challenges of parenthood.

One of the more controversial changes in this year's reauthorization is the inclusion of for-profit providers as eligible grantees for Head Start. Yet, working with Senators KENNEDY and DODD, we were able to reach an acceptable compromise that makes clear exactly what is and is not allowed. Briefly, the legislation opens up the competitive process to another segment of child care and human service provider. However, it does not require the Secretary to award a grant to a non-profit entity. It does not lessen the requirements and standards that any Head Start program must meet. I do not believe that, by virtue of an organization's tax status, it is either more or less capable of providing the high quality of services which we require of all Head Start grantees. I am pleased that an agreement on this issue has been reached.

The second major program authorized under this legislation is the Community Services Block Grant. This program provides funding which enables States to work with their communities to reduce poverty. That's an easily defined goal, but getting there takes lots of work. Because it is locally-driven and community-based, the CSBG is used differently in every community—drawing upon available strengths and resources to meet the unique needs of each.

In Vermont, the CSBG serves communities all across our state, from Brattleboro to the Northeast Kingdom. Under the current formula, Vermont receives a little more than \$2.6 million

in CSBG funds. Whether it's using CSBG dollars to help the underprivileged learn new job skills or go back to school, or helping families become self-sufficient by teaching them how to search for affordable housing or simply work within a budget, I think countless families and communities in our State would agree that the initial investment has earned priceless returns. Communities are using those dollars to make a difference.

For this reason, I am pleased that we have made only minor adjustments in these programs, and that most of these changes make some necessary improvements that will allow us to better determine the effectiveness of CSBG programs. For example, this bill requires states to monitor their grantees to determine whether they are meeting performance goals, administrative standards, and financial management requirements. The bill also establishes state and federal accountability and reporting provisions, and requires grantees to participate in a performance measurement system. Presently, grantees may participate in this system, but are not required to do so. The changes in this bill mean that we will be able to better monitor the progress of programs and measure the effectiveness of the delivery of programs.

I want to point out, however, that I am aware that through a technical change that we were unable to remove at the last minute, this legislation contains language repealing the Community Economic Development program. This was brought to my attention, and to the attention of the Ranking Member, last Friday, and we have taken steps to remedy the situation. Our House colleagues have indicated their bill will not repeal this provision, and Senator COATS and I have pledged that we will remove the language repealing this program in conference. This is a matter that was due to a technical oversight only; it is certainly not the intention of the committee to end this program, and I am grateful for the assistance of Congressman BILL GOODLING and his staff in helping us resolve this matter satisfactorily.

I also want to mention that I know there was some concern about allowing faith-based organizations to participate as direct grantees in CSBG programs. I want to be clear that this bill does not allow faith-based organizations any priority in becoming grantees. It simply says that they may participate. If a faith-based organization receives a grant, it will still be expected to run quality programs and operate in the same way any other grantee would, including establishing a tripartite board to administer the programs. Further, there is language in this bill essentially grandfathering in existing community action agencies as eligible grantees, so there should not be a concern that current grantees will suddenly find themselves jockeying for funding. If they are delivering good services, they may continue to do so.

There was also some concern over including a new program, the Neighborhood Innovation Project, as an allowable activity under the discretionary account because it would mean less funds for the other programs authorized in the account. Let me explain why this is not the case—and, in fact, if Congressional appropriators follow the authorization carefully, there should be more funding for programs within this account.

Under current law, the discretionary account receives a set-aside of nine percent of the CSBG funds. Presently, the discretionary account only contains the community economic development programs and the rural community development programs as allowable expenditures. However, at appropriations time, the appropriators have been folding the National Youth Sports program (NYSP) and the Community Food and Nutrition Act (CFNP) into the nine percent set-aside. What the law actually says—and what this bill reinforces—is that the NYSP and the CFNP program are both worthwhile programs that should receive separately appropriated line-items; they should not be competing with the community economic development and rural community development initiatives to receive a part of that nine-percent set-aside. I hope the appropriators will follow the authorization and limit the programs funded through the nine-percent set-aside.

Under the new bill, we maintain the NYSP and CFNP as separate accounts that do not compete with programs in the discretionary account. I know this all sounds like maudlin bookkeeping, but what it means is that, even with the new Neighborhood Innovation Project included in the discretionary account, there are now only three programs among which the discretionary account can be divided, not four. That should mean funding can go a little bit further for these programs. Meanwhile, the NYSP and CFNP can receive their own separate streams of funding. That is clearly our intent.

While on the subject of the NYSP, let me just mention one change we made in the current program to ensure a more comprehensive delivery of services. What this legislation would do is link youth who participate in this five week summer program to community-based youth services that can serve their needs all year long.

The third major program reauthorized in this legislation is the Low Income Home Energy Assistance Program (LIHEAP), which, due to the forward-funded nature of the program, is authorized through 2004. The program provides assistance to 4.3 million low-income households to help families pay their heating and cooling bills. LIHEAP is a state block grant program that has faced more than its fair share of budget cuts. In fact, I am very dismayed that appropriators on the House side have voted to slash funding for the program.

Our bill reauthorizes the program at the \$2 billion level and continues to authorize funds to be released on an emergency basis by the President. On that subject, we have included language that clarifies the criteria under which LIHEAP funds can be released during an emergency or natural disaster. Last winter, when much of Northern New England was devastated by a 100-year ice storm, 53 Senators unsuccessfully wrote to the President asking him to release LIHEAP emergency funds. Our bill includes language that will help states obtain funds when they face similar natural or economic disasters.

Finally, this bill authorizes a new, \$25 million program known as the Assets for Independence Act. This new program builds upon the Individual Development Accounts that we allowed under welfare reform. The Assets for Independence Act would help qualified, poor individuals establish individual savings accounts that they can later use for post-secondary education, purchase of a first home, or business capitalization.

In Vermont, we are already operating a program very much like this under our welfare waiver. However, Vermont's program does not look exactly like what is in this bill, and I want to make it clear that Vermont, and any other state, may continue to operate existing IDA programs as they deem fit, using their existing resources. States do not have to make their program look like those established in this bill unless they specifically apply for the funding made available under this section. What is in this bill does not override any existing IDA program. Knowing this, I am pleased we were able to include this new section in the bill, as I know it has been a priority for Senator COATS, and I commend him for working with me to ensure that Vermont can continue to run its existing programs.

This legislation is the result of months of hard work, negotiation, and compromise. This is a very good bill that deserves the support of the Senate. It reinforces what works in these programs, and discards what does not. It continues the mission that we began many years ago of empowering communities to help their most vulnerable populations, and it does this in a responsible manner.

I am pleased with the bipartisan atmosphere that has surrounded this bill so far, and I look forward to finishing the reauthorization in the same manner. I want to thank Senator COATS for his excellent work on this important legislation. As always, it is a pleasure working with him, and I want to commend him for his hard work in crafting this compromise. Senator KENNEDY and Senator DODD were instrumental in drafting this bill and moving it through the committee, and each has left a definite mark on this legislation. I also appreciate the valuable input from Senators DEWINE and ASHCROFT

in drafting some key provisions of the bill.

There are a number of staff who have worked very hard on this legislation who deserve recognition for their efforts. In particular, I want to thank Stephanie Monroe with Senator COATS—her effort was extraordinary; Suzanne Day, Jeanne Ireland and Jim Fenton with Senator DODD; Stephanie Robinson with Senator KENNEDY; and Geoff Brown, Kimberly Barnes-O'Connor and Brian Jones of my staff. In addition, I want to note the contributions of Vince Ventimiglia with Senator COATS on the IDA section; Aaron Grau with Senator DEWINE for his help with migrant and seasonal Head Start; Robin Bowen with Senator MCCONNELL for her assistance on the CED correction; and Denzel McGuire with Chairman GOODLING for her help in assuring a smooth debate with the House.

Again, Mr. President, I am proud of this legislation and of all the work that has gone into it. I look forward to working with our House colleagues to approve final legislation, with broad bipartisan support, before the 105th Congress adjourns for the year.

I yield the floor.

Mr. MCCONNELL. Mr. President, I want to thank Senator COATS and Senator JEFFORDS for their exemplary work on the Coats Act's reauthorization of Head Start, Community Services Block Grants, Low-Income Home Energy Assistance, and the new authorization for an Individual Development Account demonstration.

In particular, I appreciate their commitment to address a matter of serious concern to me regarding provisions that would unintentionally impact the Rural Development Loan Fund currently administered by the U.S. Department of Agriculture.

The Coats Act includes the repeal of section 407 of the Human Services Reauthorization Act of 1986 and the Community Economic Development Act. These statutory repeals were included to achieve a reasonable clarification of the statutory authority held by the U.S. Department of Health and Human Services. Upon further examination of these provisions after the committee mark-up, we discovered that this house-keeping action for HHS would eliminate provisions essential to the USDA's administration of the Rural Development Loan Fund, a lending program that has provided vital economic support to several communities in Kentucky.

I understand that during conference, Senators COATS and JEFFORDS have agreed to recede to the House position and drop the Coats Act provisions that repeal section 407 and CEDA.

Mr. COATS. That is correct. We were attempting to do a significant cleanup of a statute that has not been modified in any real way since 1981. We were informed that these programs were obsolete and had not received funding from the Department of Health and Human Services for some time. We therefore,

as part of a package of technical corrects identified to bring the statute into conformity, repealed these two programs. Senator MCCONNELL was very helpful in bringing this error to our attention and we have given him our assurance that it will be corrected in Conference with the House.

Mr. MCCONNELL. I thank the Senator from Indiana for his commitment to resolve this issue, and greatly appreciate his understanding of the Rural Development Loan Fund's importance to Kentucky's efforts to spur economic growth in rural areas.

Mr. DODD. Mr. President, I am very pleased that today we take up the reauthorization of the the Community Opportunities, Accountability, Training and Educational Services (COATS) Act, which includes Head Start, LIHEAP and the Community Service Block Grant. This bill is sponsored by Chairman JEFFORDS, Senator KENNEDY, Senator COATS, and myself, and was reported unanimously by the Labor and Human Resources Committee a month ago. This strong record of bipartisan support is a clear statement of how we all view these crucial programs. But it is also a testament to the leadership of Senator COATS on this legislation. As a tribute, we on the Committee insisted on naming this important bill after him.

This bill is fundamentally about improving the reach of opportunity in America to all of our citizens.

Head Start will serve over 830,000 children and their families this year; nearly 6,000 in my home state of Connecticut. These families and their children will receive access to the nation's leading child development program. Head Start focuses on the needs of the whole child. Inherently, we know that a child cannot be successful if he or she has unidentified health needs, if his or her parents are not involved in their education, and if he or she is not well-nourished or well-rested. Head Start is the embodiment of those concerns and works each day to meet children's critical needs.

The bill before us today further strengthens the Head Start program: We continue the expansion of the Early Head Start program, increasing the set aside for this program to 10 percent in FY 2002. Anyone who has picked up a magazine or newspaper within the last year knows how vital the first three years of a child's life are to their development. This program, which we established in 1994, extends comprehensive, high-quality services to these young children and their parents, to make sure the most is made of this window of opportunity.

We have added new provisions to encourage collaboration within states and local communities as well as within individual Head Start programs to expand the services they offer to families to full-day and full-year services, where appropriate, and to leverage other child care dollars to improve quality and better meet family needs.

We emphasize the importance of school readiness and literacy preparation in Head Start. While I think this has always been a critical part of Head Start, this bill ensures that gains will continue to be made in this area.

Mr. President, this bill puts Head Start on strong footing as we approach the 21st Century. It is a framework within which Head Start can continue to grow to meet the needs of more children and their families. What is unfortunate is that we cannot guarantee more funding for Head Start—I think it is shameful that there are waiting lists for Head Start and that only 40 percent of eligible children are served by this program. And Early Head Start, which is admittedly a new program, serves just a tiny fraction of the infants and toddlers in need of these services.

The President has set a laudable goal to reach 1 million children by 2002. But I say we need to do more. We need a plan to serve 2 million children—all those eligible and in need of services—as soon as possible.

Some argue that meeting the goal of fully funding Head Start will be too costly. Yes, it will cost a great deal to get there. But my question is how much more will it cost not to get there?

Studies show us that children in quality early childhood development programs, such as Head Start, start school more ready to learn than their non-Head Start counterparts. They are more likely to keep up with their classmates, avoid placement in special education, and graduate from high school. They are also less likely to become teenage mothers and fathers, go on welfare, or become involved in violence or the criminal justice system.

How much does it cost when we don't see these benefits?

I know this is an issue for another place and another venue. But I am hopeful as we strengthen the program we can also strengthen our resolve to expand this successful program to more children and their families.

Mr. President, the bill before us also makes important changes to the Community Services Block Grant program. CSBG makes funds available to states and local communities to assist low-income individuals and help alleviate the causes of poverty. One thousand local service providers—mainly Community Action Agencies—use these federal funds to address the root causes of poverty within their communities. CSBG dollars are particularly powerful because local communities have substantial flexibility in determining where these dollars are best spent to meet their local circumstances.

I have had the pleasure of visiting Community Action Agencies in Connecticut many times. They are exciting, vibrant places at the very center of their communities—filled with adults taking literacy and job training courses, children at Head Start centers, seniors with housing or other concerns, and youths participating in programs or volunteering their time.

To see clearly how critical the CSBG program is to the nation's low income families, one only needs to look at the statistics. The CSBG program in 1995 served more than 11.5 million people, or one in three Americans living in poverty. Three-quarters of CSBG clients have incomes that fall below the federal poverty guideline.

This bill recognizes the fundamental strength of this program and makes modest changes to encourage broader participation by neighborhood groups. In addition, it improves the accountability of local programs.

This bill also reauthorizes the vitally important Low Income Home Energy Assistance Program, or LIHEAP. Nearly 4.2 million low-income households received LIHEAP assistance during FY1996, more than 70,000 households in Connecticut. One quarter of those assisted by LIHEAP funds are elderly. Another 25 percent are individuals with disabilities. I cannot overvalue the importance of this assistance—it is nearly as necessary as food and water to a low-income senior citizen or family with children seeking help to stay warm in the winter—or as we have seen recently in the Southwest—to stay cool during the summer.

This bill makes no fundamental changes to the LIHEAP program. I am very pleased we increase the authorization of the program to \$2 billion, which recognizes the great need for this help. I wish House appropriators, who eliminated the program earlier this month, shared this commitment to meeting these most basic needs. We also put into place a system to more accurately and quickly designate natural disasters. Early disaster designation will allow for the more efficient distribution of the critically important emergency LIHEAP funds, aiding States devastated by a natural disaster.

This bill contains one new, important program—the Individual Development Accounts, based on a bill offered by Senator COATS and Senator HARKIN. Individual Development Accounts, or IDA's, are dedicated savings accounts for very low income families, similar in structure to IRA's, that can be used to pay for post-secondary education, buy a first home, or capitalize a business. This program is a welcome addition to the Human Services Act family. The Assets for Independence title will provide low-income individuals and families with new opportunities to move their families out of poverty through savings.

This is strong bill and it is a good bill. And I want to thank Senator COATS again for his committed leadership on this important bill.

Mr. KENNEDY. Mr. President, the Human Services Reauthorization Act before us today is landmark legislation and is backed by a broad bi-partisan coalition. It represents legislation at its best, with Members on both sides of the aisle working closely together and with the Administration to achieve better results for America's children.

I commend Senator JEFFORDS, Senator COATS, and Senator DODD for their leadership in making this bill a reality. Together we have produced legislation that preserves and enhances these needed family programs while addressing the concerns that have been raised. Our bipartisan goal is to take these worthwhile programs and make them even better.

The pending bill is an important step toward a more effective family policy. This legislation consolidates, reorganizes, and reauthorizes services for poor families and their children by investing in programs to strengthen families, promote child development, and build communities. In keeping with efforts to reinvent government, the Act promotes one-stop shopping by consolidating several existing categorical programs into more comprehensive and coordinated programs. It improves performance by developing outcome measures and monitoring progress, and it puts families first by promoting self-sufficiency. We have worked carefully to draft a bill that addresses the concerns of Senators on both sides of the aisle. I urge my colleagues to support this important bill, and I urge my colleagues in the House, both Democrat and Republican, to join together as we have to provide services to America's families.

TITLE I: HEAD START ACT OF 1998

Title I of the bill reauthorizes Head Start while making improvements in this strong and effective program. The 1994 Act significantly improved the quality and scope of Head Start services. The bill before us today recognizes these successes and builds on them.

Before we acted in 1994, the Carnegie Foundation had released a report which called for a greater national effort to support low-income children, particularly those under age 3 who are at the greatest risk. The period between birth and age three is critical to be a child's development. Synapses not formed in a child's brain period can never be formed later.

We responded to these findings by introducing the Early Head Start program to provide comprehensive services to families who qualify for Head Start and who have children under age 3. We introduced this program by phasing it in gradually over 4 years, and it is now providing crucial services to 40,000 of the nation's neediest infants and toddlers.

The present bill continues to gradually expand this vital program, in keeping with advice from experts on child development. Early Head Start will be expanded to twice its size by 2002, so that 80,000 children can receive these services. This expansion will still serve only 1 out of every 25 eligible babies and toddlers, but it will give us more knowledge and experience on how to help most at this crucial period in children's lives.

We have also added to Early Head Start a training and technical assistance fund which will enable the program to grow in quality. To maximize its effectiveness, it is important to ensure the highest possible quality. The set-aside in Head Start has helped to maintain and improve the quality of these services, and Early Head Start needs similar safeguards.

In 1994, we also made significant improvements to Head Start by implementing stringent quality standards. As a result, dozens of programs not meeting these standards were closed down, and many more were brought back to health and now serve as strong programs. Today, we build on these improvements by adding requirements that ensure that children with disabilities will receive services appropriate to their needs and that Head Start centers will be physically accessible to children and their families. We have also sought more research, so that we can continue to build on this program in the most effective ways possible in future years.

This legislation also includes three other priorities. It reauthorizes and amends the Community Services Block Grant and the Low Income Home Energy Assistance Program, and it creates demonstration projects to study the benefits of Individual Development Accounts.

TITLE II: COMMUNITY SERVICES BLOCK GRANT ACT OF 1998

This bill recognizes the strength of the Community Services Block Grant program and leaves it largely unchanged. I am proud to have been a supporter of the Community Action Agencies funded under the CSBG block grants as long as I have been in the Senate. Robert Kennedy, as a Senator, sponsored the original Community Development Corporation legislation that is now funded under these block grants. Community Action Programs were created to respond to the complex social problems that face low-income individuals, families, and communities. These community-based public-private partnerships are a central part of the low-income service delivery network. In reauthorizing the Community Service Block Grant, we are promoting self-sufficiency, family stability, and community revitalization.

TITLE III: LIHEAP

This legislation also reauthorizes the Low-Income Home Energy Assistance Program through the year 2004. For over four million LIHEAP beneficiaries across the nation, including 112,000 in Massachusetts, this program has made a major difference in the lives of thousands of working families and elderly households. Last week in Texas, for example, LIHEAP funds were made available to help families suffering from the triple-digit temperatures.

LIHEAP does more than just keep households warm in the winter and cool in the summer. It is also a lynchpin for self-sufficiency.

Many working parents are concerned about the health of their families. Re-

searchers at Boston City Hospital have found that higher utility bills during the coldest months force low-income families to spend less money on food—the so-called “heat or eat” effect.

Unfortunately, the House Appropriations Committee voted to eliminate funding for this important program. Unless this funding is restored—and I am confident that it will be in the Senate—it will be a very cold Winter for millions of LIHEAP recipients across the nation.

By reauthorizing LIHEAP, the Senate will be placing this program on a solid footing for the future. I am especially pleased that this legislation includes provisions that I sponsored with Senators JEFFORDS and Senator HARKIN to clarify the criteria for the President to release emergency LIHEAP funds, so that needed funds can help low-income families adversely affected by hot or cold weather, ice storms, floods, earthquakes, and other natural disasters get through the emergency. In addition, it will enable the release of emergency LIHEAP funds if there is a significant increase in unemployment or home energy disconnections.

TITLE IV: INDIVIDUAL DEVELOPMENT ACCOUNTS

Finally, this bill establishes Independent Development Account demonstration projects. This program will determine whether providing matching funds to poor individuals using savings accounts is an effective way to encourage them to save for their futures and develop self-sufficiency. States and towns with such programs have seen impressive results. The demonstration projects in today's bill will enable us to see whether these programs can be effective nationwide.

This bipartisan bill puts families first. It is an excellent example of what happens when we work together in the interest of American families. This legislation will benefit millions of families living in poverty, and will bring immeasurable benefits to our society as a whole. I urge the Senate to approve it.

Mr. HATCH. Mr. President, I ask unanimous consent the committee substitute be agreed to, the bill be read a third time, and passed, the motion to reconsider be laid upon the table, and that any statements relating to S. 2206 appear in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Committee amendment was agreed to.

The bill was ordered to be engrossed for a third reading and was deemed read the third time.

The bill (S. 2206), as amended, was passed.

VETO MESSAGE—H.R. 1122

Mr. HATCH. Mr. President, I ask unanimous consent that the veto message to accompany H.R. 1122, the Partial-Birth Abortion Ban Act, be considered as read, printed in the RECORD, and spread in full upon the Journal.

The PRESIDING OFFICER. Without objection, it is so ordered.

The veto message is as follows:

To the House of Representatives:

I am returning herewith without my approval H.R. 1122, which would prohibit doctors from performing a certain kind of abortion. I am returning H.R. 1122 for exactly the same reasons I returned an earlier substantially identical version of this bill, H.R. 1833, last year. My veto message of April 10, 1996, fully explains my reasons for returning that bill and applies to H.R. 1122 as well. H.R. 1122 is a bill that is consistent neither with the Constitution nor sound public policy.

As I have stated on many occasions, I support the decision in *Roe v. Wade* protecting a woman's right to choose. Consistent with that decision, I have long opposed late-term abortions, and I continue to do so except in those instances necessary to save the life of a woman or prevent serious harm to her health. Unfortunately, H.R. 1122 does not contain an exception to the measure's ban that will adequately protect the lives and health of the small group of women in tragic circumstances who need an abortion performed at a late stage of pregnancy to avert death or serious injury.

I have asked the Congress repeatedly, for almost 2 years, to send me legislation that includes a limited exception for the small number of compelling cases where use of this procedure is necessary to avoid serious health consequences. When Governor of Arkansas, I signed a bill into law that barred third-trimester abortions, with an appropriate exception for life or health. I would do so again, but only if the bill contains an exception for the rare cases where a woman faces death or serious injury. I believe the Congress should work in a bipartisan manner to fashion such legislation.

WILLIAM J. CLINTON.

THE WHITE HOUSE, October 10, 1997.

Mr. HATCH. I further ask that the veto message be set aside, to be called up by the majority leader, after consultation with the Democratic leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR TUESDAY, JULY 28, 1998

Mr. HATCH. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 9:45 a.m. on Tuesday, July 28. I further ask that when the Senate reconvenes on Tuesday, immediately following the prayer, the routine requests through the morning hour be granted and the Senate then resume consideration of H.R. 1151, the Credit Union Membership Access Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATCH. I further ask that the Senate stand in recess from 11:55 a.m.