



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE GENERAL COUNSEL

September 15, 1998

NOTE TO: Kristin Bunce, OS
Ann O'Leary, ODS
Mary Jean LeTendre, OESE
Pat McKee, OESE
Tom Corwin, OUS/BS
Sandra Cook, OLCA
Miriam Whitney

RE: Head Start reauthorization

By a vote of 346-20, the House yesterday agreed to the Senate bill that reauthorizes Head Start and other HHS social-services programs. The bill now goes to the President.

The text of the bill, and yesterday's House floor action on it, are attached.

Paul Riddle

Attachment

cc: Jack Kristy
Leslie Somerville

H.R. 3898, to amend the Controlled Substances Act and the Controlled Substances Import and Export Act to conform penalties for violations involving certain amounts of methamphetamine to penalties for violations involving similar amounts of cocaine base, amended (H. Rept. 105-711 part 1);

H. Res. 535, providing for consideration of H.R. 4006, to clarify Federal law to prohibit the dispensing or distribution of a controlled substance for the purpose of causing, or assisting in causing, the suicide, or euthanasia, of any individual (H. Rept. 105-712); and

H.R. 4382, to amend the Public Health Service Act to revise and extend the program for mammography quality standards, amended (H. Rept. 105-713). **Page H7690**

Speaker Pro Tempore: Read a letter from the Speaker wherein he designated Representative Jones to act as Speaker pro tempore for today. **Page H7619**

Recess: The House recessed at 10:35 a.m. and reconvened at 12:00 noon. **Page H7619**

Recess: The House recessed at 12:49 p.m. and reconvened at 1:00 p.m. **Page H7648**

Suspensions: The House agreed to suspend the rules and pass the following measures:

Community Opportunities, Accountability, and Training and Educational Services Act: S. 2206, amended, to amend the Head Start Act, the Low-Income Home Energy Assistance Act of 1981, and the Community Services Block Grant Act to reauthorize and make improvements to those Acts, to establish demonstration projects that provide an opportunity for persons with limited means to accumulate assets (agreed to by a ye and nay vote of 346 yeas to 20 nays, Roll No. 426)—clearing the measure for the President; **Pages H7620-43, H7671**

Next Generation Internet Research Act: H.R. 3332, amended, to amend the High-Performance Computing Act of 1991 to authorize appropriations for fiscal years 1999 and 2000 for the Next Generation Internet program, to require the Advisory Committee on High-Performance Computing and Communications, Information Technology, and the Next Generation Internet to monitor and give advice concerning the development and implementation of the Next Generation Internet program and report to the President and the Congress on its activities. Agreed to amend the title; **Pages H7643-47**

Postal Employees Safety Enhancement Act: S. 2112, to make the Occupational Safety and Health Act of 1970 applicable to the United States Postal Service in the same manner as any other employer—clearing the measure for the President;

Pages H7647-48

Designating Hurff A. Saunders Federal Building: S. 2032, amended, to designate the Federal building in Juneau, Alaska, as the "Hurff A. Saunders Federal Building". Agreed to amend the title;

Page H7648

Designating Aaron Henry U.S. Postal Office: H.R. 892, amended, to redesignate the Federal building located at 223 Sharkey Street in Clarksdale, Mississippi, as the "Aaron Henry United States Post Office". Agreed to amend the title;

Page H7649

Sense of Congress Regarding Slobodan Milosevic: H. Con. Res. 304, expressing the sense of the Congress regarding the culpability of Slobodan Milosevic for war crimes, crimes against humanity, and genocide in the former Yugoslavia (agreed to by a ye and nay vote of 369 yeas with 1 voting "nay" and 1 voting "present", Roll No. 427). Subsequently, the House agreed to S. Con. Res. 105, a similar Senate-passed bill—clearing the measure for the President. H. Con. Res. 304 was then laid on the table;

Pages H7649-53, H7671-72, H7674

Calling on Cuba to Extradite to U.S. Convicted Felons: H. Con. Res. 254, amended, calling on the Government of Cuba to extradite to the United States convicted felon Joanne Chesimard and all other individuals who have fled the United States to avoid prosecution or confinement for criminal offenses and who are currently living freely in Cuba (agreed to by a ye and nay vote of 371 yeas with none voting "nay", Roll No. 428);

Pages H7653-55, H7672-73

Promoting Independent Radio Broadcasting in Africa: H. Res. 415, to promote independent radio broadcasting in Africa;

Pages H7655-57

Making USIA TV Program Available to Ukrainian Museum: H.R. 4083, amended, to make available to the Ukrainian Museum and Archives the USIA television program "Window on America";

Pages H7657-58

Urging International Cooperation in Recovering Abducted Children: H. Con. Res. 224, urging international cooperation in recovering children abducted in the United States and taken to other countries;

Pages H7658-60

50th Anniversary of Signing of Declaration of Human Rights: H. Con. Res. 185, amended, expressing the sense of the Congress on the occasion of the 50th anniversary of the signing of the Universal Declaration of Human Rights and recommitting the United States to the principles expressed in the Universal Declaration (agreed to by a ye and nay vote of 370 yeas to 2 nays, Roll No. 429);

Pages H7660-61, H7673

PRAYER

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

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

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

THE JOURNAL

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

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

PLEDGE OF ALLEGIANCE

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

Mr. GIBBONS led the Pledge of Allegiance as follows:

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

MESSAGE FROM THE SENATE

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

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

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

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

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

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

Mr. GIBBONS. Mr. Speaker, no doubt about it, we are living in a more dan-

gerous world today than ever before. Weapons of mass destruction are possessed and are increasingly available around the world and the violence of terrorism is about to take a step toward us on every day that we possess.

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

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

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

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

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

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

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

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

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

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule

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

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

HUMAN SERVICES

REAUTHORIZATION ACT OF 1998

Mr. GOODLING. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 2206) to amend the Head Start Act, the Low-Income Home Energy Assistance Act of 1981, and the Community Services Block Grant Act to reauthorize and make improvements to those Acts, to establish demonstration projects that provide an opportunity for persons with limited means to accumulate assets, and for other purposes, as amended.

The Clerk read as follows:

S. 2206

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

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

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

Sec. 1. Short title; table of contents.

TITLE I—AMENDMENTS TO THE HEAD START ACT

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

TITLE II—AMENDMENTS TO THE COMMUNITY SERVICES BLOCK GRANT ACT

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

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

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

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

TITLE I—AMENDMENTS TO THE HEAD START ACT

SEC. 101. SHORT TITLE.

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

SEC. 102. STATEMENT OF PURPOSE.

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

"SEC. 636. STATEMENT OF PURPOSE.

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

SEC. 103. DEFINITIONS.

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

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

(2) in paragraph (2)—

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

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

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

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

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

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

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

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

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

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

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

"(C) integrate each of—

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

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

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

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

(5) in paragraph (7) (as redesignated in paragraph (1)), by adding at the end the following: "Nothing in this paragraph shall be construed to require an agency to provide services to a child who has not reached the age of compulsory school attendance for more than the number of hours per day permitted by State law for the provision of services to such a child."

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

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

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

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

(7) by adding at the end the following:

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

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

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

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

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

SEC. 104. FINANCIAL ASSISTANCE FOR HEAD START PROGRAMS.

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

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

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

SEC. 105. AUTHORIZATION OF APPROPRIATIONS.

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

(1) in subsection (a)—

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

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

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

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

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

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

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

SEC. 106. ALLOTMENT OF FUNDS.

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

(1) in paragraph (2)—

(A) in subparagraph (A)—

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

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

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

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

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

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

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

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

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

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

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

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

(2) in paragraph (3)—

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

(B) in subparagraph (B)—

(i) in clause (ii)—

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

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

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

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

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

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

(C) in subparagraph (C)—

(i) in clause (i)(I)—

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

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

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

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

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

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

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

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

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

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

"(IV) to provide training necessary to improve the qualifications of the staff of the Head Start agencies and to support staff training, child counseling, and other services necessary to address the problems of children participating in Head Start programs, including children from dysfunctional families, children who experience chronic violence in their communities, and children who experience substance abuse in their families.";

(v) by striking clause (v);

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

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

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

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

(3) in paragraph (4)—

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

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

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

(C) by adding at the end the following:

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

(4) in paragraph (5)—

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

(B) in subparagraph (C)—

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

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

(iii) in clause (iv)—

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

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

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

(iv) by adding at the end the following:

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

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

"(vii) encourage Head Start agencies to collaborate with entities involved in State and local planning processes (including the State lead agency administering the financial assistance received under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) and the entities providing resource and referral services in the State) in order to better meet the needs of low-income children and families.";

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

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

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

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

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

"(E)(i) The Secretary shall—

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

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

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

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

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

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

"(i) 7.5 percent for fiscal year 1999;

"(ii) 8 percent for fiscal year 2000;

"(iii) 8.5 percent for fiscal year 2001;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) by adding at the end the following:

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

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

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

(2) in paragraph (2)—

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

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

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

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

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

(F) by adding at the end the following:

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

"(H) the extent to which the applicant, in providing services, will plan to coordinate with the local educational agency serving the community involved and with schools in which children participating in a Head Start program operated by such agency will enroll following such program, regarding the educational services provided by such local educational agency."

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

(4) by adding at the end the following:

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

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

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

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

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

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

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

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

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

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

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

SEC. 107. DESIGNATION OF HEAD START AGENCIES.

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

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

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

(3) in subsection (c)—

(A) in paragraph (1)—

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

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

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

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

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

(4) in subsection (d)—

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

"In selecting from among qualified applicants for designation as a Head Start agency, the Secretary shall give priority to any qualified agency that functioned as a Head Start delegate agency in the community and carried out a Head Start program that the Secretary determines met or exceeded such performance standards and such results-based performance measures.";

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

(C) in paragraph (4)—

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

(ii) in subparagraph (D)—

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

(II) by striking clause (iv); and

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

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

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

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

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

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

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

(E) in paragraph (8)—

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

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

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

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

(G) by adding at the end the following:

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

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

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

qualified applicant in the community, then the Secretary shall designate an agency to carry out the Head Start program in the community on an interim basis until a qualified applicant from the community is so designated."

SEC. 108. QUALITY STANDARDS.

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

(1) in paragraph (1)—

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

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

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

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

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

"(ii) additional school readiness performance standards (based on cognitive learning abilities) to ensure that the children participating in the program, at a minimum—

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

"(II) understand and use oral language to communicate for different purposes;

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

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

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

(2) by striking paragraph (2);

(3) in paragraph (3)—

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

(B) in subparagraph (C)—

(i) in clause (i)—

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

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

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

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

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

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

(2) in paragraph (1)—

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

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

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

(3) in paragraph (2)—

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

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

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

(D) in subparagraph (B)—

(i) by striking "to";

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

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

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

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

(5) by adding at the end the following:

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

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

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

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

"(D) associate sounds with written words.

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

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

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

(2) in paragraph (2)

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

(B) in subparagraph (C)—

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

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

(C) by adding at the end the following:

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

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

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

(1) in paragraph (1)—

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

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

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

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

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

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

(2) in paragraph (2)(A), in the matter preceding clause (i), by striking "immediately"

and inserting "immediately or during a 90-day period under clause (i) or (ii) of paragraph (1)(B)".

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

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

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

(1) in subsection (b)—

(A) in paragraph (6)—

(i) by striking subparagraph (D); and

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

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

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

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

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

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

(F) by adding at the end the following:

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

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

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

(2) in subsection (c)—

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

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

(C) by striking "section 402(g) of the Social Security Act, and other" and inserting "the State program carried out under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), and other early childhood education and development"; and

(3) in subsection (d)—

(A) in paragraph (1)—

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

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

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

(B) by striking paragraph (2); and

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

SEC. 110. HEAD START TRANSITION.

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

"SEC. 642A. HEAD START TRANSITION.

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

"(1) developing and implementing a systematic procedure for transferring, with parental consent, Head Start program records

for each participating child to the school in which such child will enroll;

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

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

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

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

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

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

SEC. 111. SUBMISSION OF PLANS TO GOVERNORS.

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

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

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

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

SEC. 112. PARTICIPATION IN HEAD START PROGRAMS.

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

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

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

"(A) that"; and

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

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

"(i) include a child who has been determined to meet the low-income criteria and who is participating in a Head Start program in a program year shall be considered to continue to meet the low-income criteria through the end of the succeeding program year. In determining, for purposes of this paragraph, whether a child who has applied for enrollment in a Head Start program meets the low-income criteria, an entity may consider evidence of family income during the 12 months preceding the month in which the application is submitted, or during the calendar year preceding the calendar year in which the application is submitted, whichever more accurately reflects the needs of the family at the time of application;

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

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

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

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

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

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

"(2) A Head Start agency that provides a Head Start program with full-working-day services in collaboration with other agencies or entities may collect a family copayment to support extended day services if a copayment is required in conjunction with the partnership. The copayment shall not exceed the copayment charged to families with similar incomes and circumstances who are receiving the services through participation in a program carried out by another agency or entity."

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

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

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

(2) in subsection (a)—

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

(B) by striking paragraph (2); and

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

(3) in subsection (b)—

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

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

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

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

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

(4) in subsection (c)—

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

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

(5) in subsection (d)—

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

(B) by striking paragraph (2); and

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

(6) by striking subsection (e);

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

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

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

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

serting "From the portion specified in section 640(a)(6).";

(9) by striking subsection (h); and

(10) by adding at the end the following:

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

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

"(2) TRAINING AND TECHNICAL ASSISTANCE ACCOUNT.—

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

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

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

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

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

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

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

SEC. 114. TECHNICAL ASSISTANCE AND TRAINING.

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

(1) in subsection (b)—

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

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

(C) by adding at the end the following:

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

(2) in subsection (c)—

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

"(1) give priority consideration to—

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

"(B) assisting Head Start agencies in—

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

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

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

(C) in paragraph (4)—

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

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

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

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

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

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

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

SEC. 115. PROFESSIONAL REQUIREMENTS.

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

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

"(a) CLASSROOM TEACHERS.—

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

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

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

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

"(D) encouraging the involvement of the families of the children in a Head Start program and supporting the development of relationships between children and their families.

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

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

"(B) a State-awarded certificate for preschool teachers that meets or exceeds the re-

quirements for a child development associate credential; or

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

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

(2) in subsection (b)(2)(B)—

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

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

SEC. 116. FAMILY LITERACY SERVICES.

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

"SEC. 648B. FAMILY LITERACY SERVICES.

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

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

"(2) may—

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

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

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

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

SEC. 117. RESEARCH AND EVALUATION.

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

(1) in subsection (d)—

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

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

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

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

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

(E) by adding at the end the following:

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

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

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

The Secretary shall ensure that an appropriate entity carries out a study described in paragraph (9), and prepares and submits to the appropriate committees of the Congress a report containing the results of the study, not later than September 30, 2002; and

(2) by adding at the end the following:

"(g) NATIONAL HEAD START IMPACT RESEARCH.—

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

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

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

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

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

"(2) EXPERT PANEL.—

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

"(i) to review, and make recommendations on, the design and plan for the research (whether conducted as a single assessment or as a series of assessments), described in paragraph (3), within 1 year after the date of enactment of the Human Services Reauthorization Act of 1998;

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

"(iii) to comment, if the panel so desires, on the interim and final research reports submitted under paragraph (8).

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

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

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

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

"(6) ANALYSIS.—The Secretary shall ensure that the organization conducting the research—

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

"(ii) considers whether the Head Start programs—

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

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

"(III) ensure that children attain school readiness; and

"(iii) examines—

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

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

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

"(C) makes use of random selection from the population of all Head Start programs described in paragraph (5) in selecting programs for inclusion in the research; and

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

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

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

"(7) CONSIDERATION OF SOURCES OF VARIATION.—In designing the research, the Secretary shall, to the extent practicable, consider addressing possible sources of variation in impact of Head Start programs, including variations in impact related to such factors as—

"(A) Head Start program operations;

"(B) Head Start program quality;

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

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

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

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

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

"(8) REPORTS.—

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

"(B) SUBMISSION OF FINAL REPORT.—The organization shall prepare and submit to the Secretary a final report containing the findings of the research.

"(C) TRANSMITTAL OF REPORTS TO CONGRESS.—

"(i) IN GENERAL.—The Secretary shall transmit, to the committees described in clause (ii), the first interim report by September 30, 1999, the second interim report by September 30, 2001, and the final report by September 30, 2003.

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

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

"(h) QUALITY IMPROVEMENT STUDY.—

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

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

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

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

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

SEC. 118. REPORTS.

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

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

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

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

(4) by adding at the end the following:

"(b) FACILITIES.—At least once during every 5-year period, the Secretary shall prepare and submit, to the Committee on Edu-

cation and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate, a report concerning the condition, location, and ownership of facilities used, or available to be used, by Indian Head Start agencies."

SEC. 119. REPEAL OF CONSULTATION REQUIREMENT.

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

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

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

SEC. 121. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.

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

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

TITLE II—AMENDMENTS TO THE COMMUNITY SERVICES BLOCK GRANT ACT

SEC. 201. SHORT TITLE.

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

SEC. 202. REAUTHORIZATION.

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

"Subtitle B—Community Services Block Grant Program

"SEC. 671. SHORT TITLE.

"This subtitle may be cited as the 'Community Services Block Grant Act'.

"SEC. 672. PURPOSES AND GOALS.

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

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

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

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

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

"SEC. 673. DEFINITIONS.

"In this subtitle:

"(1) ELIGIBLE ENTITY.—The term 'eligible entity' means an entity—

"(A) that is an eligible entity described in section 673(1) (as in effect on the day before

the date of enactment of the Human Services Reauthorization Act of 1998) as of such date of enactment or is designated by the process described in section 676A (including an organization serving migrant or seasonal farmworkers that is so described or designated); and

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

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

"(3) **PRIVATE, NONPROFIT ORGANIZATION.**—The term 'private, nonprofit organization' includes a faith-based organization, to which the provisions of section 679 shall apply.

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

"(5) **STATE.**—The term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the United States Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands, but for fiscal years ending before October 1, 2001, includes the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau.

"SEC. 674. AUTHORIZATION OF APPROPRIATIONS.

"(a) **IN GENERAL.**—There are authorized to be appropriated \$535,000,000 for fiscal year 1999 and such sums as may be necessary for each of fiscal years 2000 through 2003 to carry out the provisions of this subtitle (other than sections 681 and 682).

"(b) **RESERVATIONS.**—Of the amounts appropriated under subsection (a) for each fiscal year, the Secretary shall reserve—

"(1) $\frac{1}{2}$ of 1 percent for carrying out section 675A (relating to payments for territories);

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

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

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

"(3) not more than 9 percent for carrying out section 680 (relating to discretionary activities).

"SEC. 675. ESTABLISHMENT OF BLOCK GRANT PROGRAM.

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

"SEC. 675A. DISTRIBUTION TO TERRITORIES.

"(a) **APPORTIONMENT.**—The Secretary shall apportion the amount reserved under section 674(b)(1)—

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

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

"(b) **APPLICATION.**—Each jurisdiction to which subsection (a) applies may receive a grant under this subtitle for the amount apportioned under subsection (a) on submitting to the Secretary, and obtaining approval of, an application containing provisions that describe the programs for which assistance is sought under this subtitle, and that are consistent with the requirements of section 676.

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

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

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

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

"(a) **ALLOTMENTS IN GENERAL.**—The Secretary shall, from the amount appropriated under section 674(a) for each fiscal year that remains after the Secretary makes the reservations required in section 674(b), allot to each State, subject to section 677, an amount that bears the same ratio to such remaining amount as the amount received by the State for fiscal year 1981 under section 221 of the Economic Opportunity Act of 1964 bore to the total amount received by all States for fiscal year 1981 under such section, except that no State shall receive less than $\frac{1}{4}$ 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 $\frac{1}{2}$ of 1 percent of the amount appropriated under section 674(a) for such fiscal year.

"(2) **MAINTENANCE OF FISCAL YEAR 1990 LEVELS.**—Paragraph (1) shall not apply with respect to a fiscal year if the amount allotted under subsection (a) to any State for that year is less than the amount allotted under subsection (a) to such State for fiscal year 1990.

"(3) **MAXIMUM ALLOTMENTS.**—The amount allotted under paragraph (1) to a State shall be reduced for a fiscal year, if necessary, so that the aggregate amount allotted to such

State under such paragraph and subsection (a) does not exceed 140 percent of the aggregate amount allotted to such State under the corresponding provisions of this subtitle for the fiscal year preceding the fiscal year for which a determination is made under this subsection.

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

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

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

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

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

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

"SEC. 675C. USES OF FUNDS.

"(a) **GRANTS TO LOCAL ELIGIBLE ENTITIES AND OTHER ORGANIZATIONS.**—

"(1) **IN GENERAL.**—Not less than 90 percent of the funds allotted to a State under section 675B shall be used by the State to make grants for the purposes described in section 672 to eligible entities.

"(2) **OBLIGATIONAL AUTHORITY.**—Funds distributed to eligible entities through grants made in accordance with paragraph (1) for a fiscal year shall be available for obligation during that fiscal year and the succeeding fiscal year, in accordance with paragraph (3).

"(3) **RECAPTURE AND REDISTRIBUTION OF UNOBLIGATED FUNDS.**—

"(A) **AMOUNT.**—Beginning on October 1, 2000, a State may recapture and redistribute funds distributed to an eligible entity through a grant made under paragraph (1) that are unobligated at the end of a fiscal year if such unobligated funds exceed 20 percent of the amount so distributed to such eligible entity for such fiscal year.

"(B) **REDISTRIBUTION.**—In redistributing funds recaptured in accordance with this paragraph, States shall redistribute such funds to an eligible entity, or require the original recipient of the funds to redistribute the funds to a private, nonprofit organization, located within the community served by the original recipient of the funds, for activities consistent with the purposes of this subtitle.

"(b) **STATEWIDE ACTIVITIES.**—

"(1) **USE OF REMAINDER.**—If a State uses less than 100 percent of the State allotment to make grants under subsection (a), the State shall use the remainder of the allotment (subject to paragraph (2)) for activities which may include—

"(A) providing training and technical assistance to those entities in need of such training and assistance;

"(B) coordinating State-operated programs and services targeted to low-income children and families with services provided by eligible entities and other organizations funded under this subtitle, including detailing appropriate employees of State or local agencies to entities funded under this subtitle, to ensure increased access to services provided by such State or local agencies;

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

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

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

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

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

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

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

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

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

"(3) For purposes of this subsection:

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

"(B) QUALIFIED CHARITY.—

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

"(I) which is—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"(aa) donations of food or meals; or

"(bb) temporary shelter to homeless individuals;

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

"(iv) MINIMUM EXPENSE REQUIREMENT.—

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

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

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

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

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

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

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

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

"(i) maintains separate accounting for revenues and expenses; and

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

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

"(i) which has a constitutional requirement of tax uniformity; and

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

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

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

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

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

"SEC. 676. APPLICATION AND PLAN.

"(a) DESIGNATION OF LEAD AGENCY.—

"(1) DESIGNATION.—The chief executive officer of a State desiring to receive an allotment under this subtitle shall designate, in an application submitted to the Secretary under subsection (b), an appropriate State agency that complies with the requirements of paragraph (2) to act as a lead agency for purposes of carrying out State activities under this subtitle.

"(2) DUTIES.—The lead agency shall—

"(A) develop the State plan to be submitted to the Secretary under subsection (b);

"(B) in conjunction with the development of the State plan as required under subsection (b), hold at least 1 hearing in the State with sufficient time and statewide distribution of notice of such hearing, to provide to the public an opportunity to comment on the proposed use and distribution of funds to be provided through the allotment for the period covered by the State plan; and

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

"(3) LEGISLATIVE HEARING.—The State shall hold at least 1 legislative hearing every 3 years in conjunction with the development of the State plan.

"(b) STATE APPLICATION AND PLAN.—Beginning with fiscal year 2000, to be eligible to receive an allotment under this subtitle, a State shall prepare and submit to the Secretary an application and State plan covering a period of not less than 1 fiscal year and not more than 2 fiscal years. The plan shall be submitted not later than 30 days prior to the beginning of the first fiscal year covered by the plan, and shall contain such information as the Secretary shall require, including—

"(i) an assurance that funds made available through the allotment will be used to support activities that are designed to assist low-income families and individuals, including families and individuals receiving assistance under title IV of the Social Security Act, homeless families and individuals, migrant or seasonal farmworkers, and elderly low-income individuals and families, and a description of how such activities will enable the families and individuals—

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

“(B) to secure and retain meaningful employment;

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

“(D) to make better use of available income;

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

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

“(G) to achieve greater participation in the affairs of the community, including activities that strengthen and improve the relationship with local law enforcement agencies, which may include activities such as neighborhood or community policing efforts;

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

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

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

“(3) based on information provided by eligible entities in the State, a description of—

“(A) the service delivery system, for services provided or coordinated with funds made available through the allotment, targeted to low-income individuals and families in communities within the State;

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

“(C) a description of how funds made available through the allotment will be coordinated with other public and private resources; and

“(D) a description of how the funds will be used to support innovative community and neighborhood-based initiatives related to the purposes of this subtitle which may include fatherhood and other initiatives with the goal of strengthening families and encouraging parental responsibility;

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

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

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

“(7) an assurance that the State will permit and cooperate with Federal investigations undertaken in accordance with section 678D;

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

“(9) an assurance that local eligible entities in the State will, to the maximum extent possible, coordinate programs with and form partnerships with other organizations serving low-income residents of the communities and members of the groups served by the State, including faith-based organizations, charitable groups, and community organizations;

“(10) an assurance that the State will require each eligible entity to establish procedures under which a low-income individual, community organization, or faith-based organization, or representative of low-income individuals that considers its organization, or low-income individuals, to be inadequately represented on the board (or other mechanism) of the eligible entity to petition for adequate representation;

“(11) an assurance that the State will secure from each eligible entity, as a condition to receipt of funding by the entity under this subtitle for a program, a community action plan (which shall be submitted to the Secretary, at the request of the Secretary, with the State plan) that includes a community-needs assessment for the community served, which may be coordinated with community-needs assessments conducted for other programs;

“(12) an assurance that the State and all eligible entities in the State will, not later than fiscal year 2001, participate in the Results Oriented Management and Accountability System, another performance measure system established pursuant to section 678E(b), or an alternative system for measuring performance and results that meets the requirements of that section, and a description of outcome measures to be used to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization; and

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

“(c) FUNDING TERMINATION OR REDUCTIONS.—For purposes of making a determination in accordance with subsection (b)(8) with respect to—

“(i) a funding reduction, the term ‘cause’ includes—

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

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

“(ii) the designation of a new eligible entity; or

“(iii) severe economic dislocation; or

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

“(2) a termination, the term ‘cause’ includes the material failure of an eligible entity to comply with the terms of such an

agreement and the State plan to provide services under this subtitle or the consistent failure of the entity to achieve performance measures as determined by the State.

“(d) PROCEDURES AND INFORMATION.—The Secretary may prescribe procedures only for the purpose of assessing the effectiveness of eligible entities in carrying out the purposes of this subtitle.

“(e) REVISIONS AND INSPECTION.—

“(1) REVISIONS.—The chief executive officer of each State may revise any plan prepared under this section and shall submit the revised plan to the Secretary.

“(2) PUBLIC INSPECTION.—Each plan or revised plan prepared under this section shall be made available for public inspection within the State in such a manner as will facilitate review of, and comment on, the plan.

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

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

“(1) IN GENERAL.—If any geographic area of a State is not, or ceases to be, served by an eligible entity under this subtitle, and if the chief executive officer of the State decides to serve such area, the chief executive officer may solicit applications from, and designate as an eligible entity—

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

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

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

“(A) in each of the 3 required categories described in subparagraphs (A), (B), and (C) of section 676B(a)(2), by members that reside in the community comprised by the unserved area; and

“(B) in the category described in section 676B(a)(2), by members that reside in the neighborhood served.

“(b) SPECIAL CONSIDERATION.—In designating an eligible entity under subsection (a), the chief executive officer shall grant the designation to an organization of demonstrated effectiveness in meeting the goals and purposes of this subtitle and may give priority, in granting the designation, to local eligible entities that are already providing related services in the unserved area, consistent with the needs identified by a community-needs assessment.

“(c) NO QUALIFIED ORGANIZATION IN OR NEAR AREA.—If no private, nonprofit organization is identified or determined to be qualified under subsection (a) to serve the unserved area as an eligible entity the chief executive officer may designate an appropriate political subdivision of the State to serve as an eligible entity for the area. In order to serve as the eligible entity for that area, the political subdivision shall have a board or other mechanism as required in section 676B(b).

“SEC. 676B. TRIPARTITE BOARDS.

“(a) PRIVATE NONPROFIT ENTITIES.—

“(1) BOARD.—In order for a private, nonprofit entity to be considered to be an eligible entity for purposes of section 673(1), the entity shall administer the community services block grant program through a tripartite board described in paragraph (2) that fully participates in the development and

implementation of the program to serve low-income communities or groups.

"(2) **SELECTION AND COMPOSITION OF BOARD.**—The members of the board referred to in paragraph (1) shall be selected by the entity and the board shall be composed so as to assure that—

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

"(B) not fewer than $\frac{1}{3}$ of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members are representative of low-income individuals and families in the neighborhood served;

"(C) the remainder of the members are officials or members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served; and

"(D) each representative of low-income individuals and families selected to represent a specific neighborhood within a community under subparagraph (B) resides in the neighborhood represented by the member.

"(b) **PUBLIC ORGANIZATIONS.**—In order for a public organization to be considered to be an eligible entity for purposes of section 673(1), the entity shall administer the community services block grant program through—

"(1) a tripartite board, which shall have members selected by the organization and shall be composed so as to assure that not fewer than $\frac{1}{3}$ of the members are persons chosen in accordance with democratic selection procedures adequate to assure that these members—

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

"(B) reside in the neighborhood served; and

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

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

"SEC. 677. **PAYMENTS TO INDIAN TRIBES.**

"(a) **RESERVATION.**—If, with respect to any State, the Secretary—

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

"(2) determines that the members of such tribe or tribal organization would be better served by means of grants made directly to provide benefits under this subtitle, the Secretary shall reserve from amounts that would otherwise be allotted to such State under section 675B for the fiscal year the amount determined under subsection (b).

"(b) **DETERMINATION OF RESERVED AMOUNT.**—The Secretary shall reserve for the purpose of subsection (a) from amounts that would otherwise be allotted to such State, not less than 100 percent of an amount that bears the same ratio to the State allotment for the fiscal year involved as the population of all eligible Indians for whom a determination has been made under subsection (a) bears to the population of all individuals eligible for assistance under this subtitle in such State.

"(c) **AWARDS.**—The sums reserved by the Secretary on the basis of a determination

made under subsection (a) shall be made available by grant to the Indian tribe or tribal organization serving the individuals for whom such a determination has been made.

"(d) **PLAN.**—In order for an Indian tribe or tribal organization to be eligible for a grant award for a fiscal year under this section, the tribe or organization shall submit to the Secretary a plan for such fiscal year that meets such criteria as the Secretary may prescribe by regulation.

"(e) **DEFINITIONS.**—In this section:

"(1) **INDIAN TRIBE; TRIBAL ORGANIZATION.**—The terms 'Indian tribe' and 'tribal organization' mean a tribe, band, or other organized group of Indians recognized in the State in which the tribe, band, or group resides, or considered by the Secretary of the Interior, to be an Indian tribe or an Indian organization for any purpose.

"(2) **INDIAN.**—The term 'Indian' means a member of an Indian tribe or of a tribal organization.

"SEC. 678. **OFFICE OF COMMUNITY SERVICES.**

"(a) **OFFICE.**—The Secretary shall carry out the functions of this subtitle through an Office of Community Services, which shall be established in the Department of Health and Human Services. The Office shall be headed by a Director.

"(b) **GRANTS, CONTRACTS, COOPERATIVE AGREEMENTS.**—The Secretary shall carry out functions of this subtitle through grants, contracts, or cooperative agreements.

"SEC. 678A. **TRAINING AND TECHNICAL ASSISTANCE.**

"(a) **ACTIVITIES.**—The Secretary shall use the amounts reserved in section 674(b)(2) for training, technical assistance, planning, evaluation, performance measurement, corrective action activities (to correct programmatic deficiencies of eligible entities), reporting, and data collection activities related to programs carried out under this subtitle, and in accordance with subsection (c). Training and technical assistance activities may be carried out by the Secretary through grants, contracts, or cooperative agreements with eligible entities or with organizations or associations whose membership is composed of eligible entities or agencies that administer programs for eligible entities.

"(b) **PROCESS.**—The process for determining the training and technical assistance to be carried out under this section shall—

"(1) ensure that the needs of eligible entities and programs relating to improving program quality, including financial management practices, are addressed to the maximum extent feasible; and

"(2) incorporate mechanisms to ensure responsiveness to local needs, including an ongoing procedure for obtaining input from the national and State network of eligible entities.

"(c) **DISTRIBUTION REQUIREMENT.**—Of the amounts reserved under section 674(b)(2) for activities to be carried out under this section, not less than $\frac{1}{2}$ of such amounts shall be distributed directly to local eligible entities or to statewide organizations whose membership is composed of eligible entities for the purpose of improving program quality (including financial management practices), management information and reporting systems, measurement of program results, and for the purpose of ensuring responsiveness to local neighborhood needs.

"SEC. 678B. **MONITORING OF ELIGIBLE ENTITIES.**

"(a) **IN GENERAL.**—In order to determine whether eligible entities meet the performance goals, administrative standards, financial management requirements, and other requirements of a State, the State shall conduct the following reviews of eligible entities:

"(1) A full onsite review of each such entity at least once during each 3-year period.

"(2) An onsite review of each newly designated entity immediately after the completion of the first year in which such entity receives funds through the community services block grant program.

"(3) Followup reviews including prompt return visits to eligible entities, and their programs, that fail to meet the goals, standards, and requirements established by the State.

"(4) Other reviews as appropriate, including reviews of entities with programs that have had other Federal, State, or local grants terminated for cause.

"(b) **REQUESTS.**—The State may request training and technical assistance from the Secretary as needed to comply with the requirements of this section.

"(c) **EVALUATIONS BY THE SECRETARY.**—The Secretary shall conduct in several States in each fiscal year evaluations and investigations of the use of funds received by the States under this subtitle in order to evaluate compliance with the provisions of this subtitle, and especially with respect to compliance with subsection (b) of section 676. A report of such evaluations, together with recommendations of improvements designed to enhance the benefit and impact to people in need, shall be sent to each State evaluated. Upon receiving the report the State shall submit a plan of action in response to the recommendations contained in the report. The results of the evaluations shall be submitted annually to the Chairman of the Committee on Education and the Workforce of the House of Representatives and the Chairman of the Committee on Labor and Human Resources of the Senate as part of the report submitted by the Secretary in accordance with section 678E(b)(2).

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

"(a) **DETERMINATION.**—If the State determines, on the basis of a review pursuant to subsection 678B, that an eligible entity materially fails to comply with the terms of an agreement, or the State plan, to provide services under this subtitle or to meet appropriate standards, goals, and other requirements established by the State (including performance objectives), the State shall—

"(1) inform the entity of the deficiency to be corrected;

"(2) require the entity to correct the deficiency;

"(3)(A) offer training and technical assistance, if appropriate, to help correct the deficiency, and prepare and submit to the Secretary a report describing the training and technical assistance offered; or

"(B) if the State determines that such training and technical assistance are not appropriate, prepare and submit to the Secretary a report stating the reasons for the determination;

"(4)(A) at the discretion of the State (taking into account the seriousness of the deficiency and the time reasonably required to correct the deficiency), allow the entity to develop and implement, within 60 days after being informed of the deficiency, a quality improvement plan to correct such deficiency within a reasonable period of time, as determined by the State; and

"(B) not later than 30 days after receiving from an eligible entity a proposed quality improvement plan pursuant to subparagraph (A), either approve such proposed plan or specify the reasons why the proposed plan cannot be approved; and

"(5) after providing adequate notice and an opportunity for a hearing, initiate proceedings to terminate the designation of or reduce the funding under this subtitle of the eligible entity unless the entity corrects the deficiency.

"(b) **REVIEW.**—A determination to terminate the designation or reduce the funding of

an eligible entity is reviewable by the Secretary. The Secretary shall, upon request, review such a determination. The review shall be completed not later than 120 days after the determination to terminate the designation or reduce the funding. If the review is not completed within 120 days, the determination of the State shall become final at the end of the 120th day.

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

“**SEC. 678D. FISCAL CONTROLS, AUDITS, AND WITHHOLDING.**

“(a) **FISCAL CONTROLS, PROCEDURES, AUDITS, AND INSPECTIONS.**—

“(1) **IN GENERAL.**—A State that receives funds under this subtitle shall—

“(A) establish fiscal control and fund accounting procedures necessary to assure the proper 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 in accordance with paragraph (2) an audit of the expenditures of the State of amounts received under this subtitle and amounts transferred to carry out the purposes of this subtitle; and

“(D) make appropriate books, documents, papers, and records available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request for the items.

“(2) **AUDITS.**—Each audit required by subsection (a)(1)(C) shall be conducted by an entity independent of any agency administering activities or services carried out under this subtitle and shall be conducted in accordance with generally accepted accounting principles. Within 30 days after the completion of each such audit in a State, the chief executive officer of the State shall submit a copy of such audit to any eligible entity that was the subject of the audit at no charge, to the legislature of the State, and to the Secretary.

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

“(b) **WITHHOLDING.**—

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

“(2) **RESPONSE TO COMPLAINTS.**—The Secretary shall respond in an expeditious and speedy manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the provisions of this subtitle, including the assur-

ances provided by the State under section 676. For purposes of this paragraph, a complaint of a failure to meet any 1 of the assurances provided under section 676 that constitutes disregarding that assurance shall be considered to be a complaint of a serious nature.

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

“**SEC. 678E. ACCOUNTABILITY AND REPORTING REQUIREMENTS.**

“(a) **STATE ACCOUNTABILITY AND REPORTING REQUIREMENTS.**—

“(1) **PERFORMANCE MEASUREMENT.**—

“(A) **IN GENERAL.**—By October 1, 2001, each State that receives funds under this subtitle shall participate, and shall ensure that all eligible entities in the State participate, in a performance measurement system, which may be a performance measurement system established by the Secretary pursuant to subsection (b), or an alternative system that meets the requirements of subsection (b).

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

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

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

“(1) **PERFORMANCE MEASUREMENT.**—The Secretary, in collaboration with the States and with eligible entities throughout the Nation, shall facilitate the development of 1 or more model performance measurement systems, which may be used by the States and by eligible entities to measure their performance in carrying out the requirements of this subtitle and in achieving the goals of their community action plans. The Secretary shall provide technical assistance, including support for the enhancement of electronic data systems, to States and to eligible entities to enhance their capability to collect and report data for such a system and to aid in their participation in such a system.

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

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

“(B) a description of how funds were actually spent by the State and eligible entities

in the State, including a breakdown of funds spent on indirect services or administrative costs and on the direct delivery of local services by eligible entities;

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

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

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

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

“(3) **SUBMISSION.**—The Secretary shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate the report described in paragraph (2), and any comments the Secretary may have with respect to such report. The report shall include definitions of direct, indirect, and administrative costs used by the Department of Health and Human Services for programs funded under this subtitle.

“(4) **COSTS.**—Of the funds reserved under section 674(b)(3), not more than \$350,000 shall be available to carry out the reporting requirements contained in paragraph (2).

“**SEC. 678F. LIMITATIONS ON USE OF FUNDS.**

“(a) **CONSTRUCTION OF FACILITIES.**—

“(1) **LIMITATIONS.**—Except as provided in paragraph (2), grants made under this subtitle (other than amounts reserved under section 674(b)(3)) may not be used by the State, or by any other person with which the State makes arrangements to carry out the purposes of this subtitle, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or other facility.

“(2) **WAIVER.**—The Secretary may waive the limitation contained in paragraph (1) upon a State request for such a waiver, if the Secretary finds that the request describes extraordinary circumstances to justify the purchase of land or the construction of facilities (or the making of permanent improvements) and that permitting the waiver will contribute to the ability of the State to carry out the purposes of this subtitle.

“(b) **POLITICAL ACTIVITIES.**—

“(1) **TREATMENT AS A STATE OR LOCAL AGENCY.**—For purposes of chapter 15 of title 5, United States Code, any entity that assumes responsibility for planning, developing, and coordinating activities under this subtitle and receives assistance under this subtitle shall be deemed to be a State or local agency. For purposes of paragraphs (1) and (2) of section 1502(a) of such title, any entity receiving assistance under this subtitle shall be deemed to be a State or local agency.

“(2) **PROHIBITIONS.**—Programs assisted under this subtitle shall not be carried on in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel, in a manner supporting or resulting in the identification of such programs with—

“(A) any partisan or nonpartisan political activity or any political activity associated

with a candidate, or contending faction or group, in an election for public or party office;

"(B) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or

"(C) any voter registration activity.

"(3) RULES AND REGULATIONS.—The Secretary, after consultation with the Office of Personnel Management, shall issue rules and regulations to provide for the enforcement of this subsection, which shall include provisions for summary suspension of assistance or other action necessary to permit enforcement on an emergency basis.

"(c) NONDISCRIMINATION.—

"(1) IN GENERAL.—No person shall, on the basis of race, color, religion, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this subtitle. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) or with respect to an otherwise qualified individual with a disability as provided in section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) or title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 et seq.) shall also apply to any such program or activity.

"(2) ACTION OF SECRETARY.—Whenever the Secretary determines that a State that has received a payment under this subtitle has failed to comply with paragraph (1) or an applicable regulation, the Secretary shall notify the chief executive officer of the State and shall request that the officer secure compliance. If within a reasonable period of time, not to exceed 60 days, the chief executive officer fails or refuses to secure compliance, the Secretary is authorized to—

"(A) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted;

"(B) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.), or section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), as may be applicable; or

"(C) take such other action as may be provided by law.

"(3) ACTION OF ATTORNEY GENERAL.—When a matter is referred to the Attorney General pursuant to paragraph (2), or whenever the Attorney General has reason to believe that the State is engaged in a pattern or practice of discrimination in violation of the provisions of this subsection, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

"SEC. 679. OPERATIONAL RULE.

"(a) FAITH-BASED ORGANIZATIONS INCLUDED AS NONGOVERNMENTAL PROVIDERS.—For any program carried out by the Federal Government, or by a State or local government under this subtitle, the government shall consider, on the same basis as other nongovernmental organizations, faith-based organizations to provide the assistance under the program, so long as the program is implemented in a manner consistent with the Establishment Clause of the first amendment to the Constitution. Neither the Federal Government nor a State or local government receiving funds under this subtitle shall discriminate against an organization that provides assistance under, or applies to provide assistance under, this subtitle, on the basis that the organization has a faith-based character.

"(b) ADDITIONAL SAFEGUARDS.—Neither the Federal Government nor a State or local government shall require a faith-based organization to remove religious art, icons, scripture, or other symbols in order to be eligible to provide assistance under a program described in subsection (a).

"(c) LIMITATIONS ON USE OF FUNDS FOR CERTAIN PURPOSES.—No funds provided to a faith-based organization to provide assistance under any program described in subsection (a) shall be expended for sectarian worship, instruction, or proselytization.

"(d) FISCAL ACCOUNTABILITY.—

"(1) IN GENERAL.—Except as provided in paragraph (2), any faith-based organization providing assistance under any program described in subsection (a) shall be subject to the same regulations as other nongovernmental organizations to account in accord with generally accepted accounting principles for the use of such funds provided under such program.

"(2) LIMITED AUDIT.—Such organization shall segregate government funds provided under such program into a separate account. Only the government funds shall be subject to audit by the government.

"SEC. 680. DISCRETIONARY AUTHORITY OF THE SECRETARY.

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

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

"(2) COMMUNITY ECONOMIC DEVELOPMENT.—

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

"(B) CONSULTATION.—The Secretary shall exercise the authority provided under subparagraph (A) after consultation with other relevant Federal officials.

"(C) GOVERNING BOARDS.—For a community development corporation to receive funds to carry out this paragraph, the corporation shall be governed by a board that shall consist of residents of the community and business and civic leaders and shall have as a principal purpose planning, developing, or managing low-income housing or community development projects.

"(D) GEOGRAPHIC DISTRIBUTION.—In making grants to carry out this paragraph, the Secretary shall take into consideration the geographic distribution of funding among States and the relative proportion of funding among rural and urban areas.

"(E) RESERVATION.—Of the amounts made available to carry out this paragraph, the Secretary may reserve not more than 1 percent for each fiscal year to make grants to private, nonprofit organizations or to enter into contracts with private, nonprofit or for-profit organizations to provide technical assistance to aid community development corporations in developing or implementing activities funded to carry out this paragraph and to evaluate activities funded to carry out this paragraph.

"(3) RURAL COMMUNITY DEVELOPMENT ACTIVITIES.—The Secretary shall provide the

assistance described in paragraph (1) for rural community development activities, which shall include—

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

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

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

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

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

SEC. 203. RELATED AMENDMENTS.

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

(1) by striking section 681;

(2) in section 681A—

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

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

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

(3) in section 682—

(A) in subsection (c)—

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

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

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

"(A) ensure that—

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

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

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

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

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

"SEC. 683. DRUG TESTING AND PATERNITY DETERMINATIONS.

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

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

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

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

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

"(3) establish referral arrangements with such offices.

"SEC. 684. REFERENCES.

"Any reference in any provision of law to the poverty line set forth in section 624 or 625 of the Economic Opportunity Act of 1964 shall be construed to be a reference to the poverty line defined in section 673 of this subtitle. Any reference in any provision of law to any community action agency designated under title II of the Economic Opportunity Act of 1964 shall be construed to be a reference to an entity eligible to receive funds under the community services block grant program."

SEC. 204. ASSETS FOR INDEPENDENCE.

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

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

(2) by inserting the following after section 671:

"CHAPTER 1—COMMUNITY SERVICES GRANTS",

and

(3) by adding at the end the following:

"CHAPTER 2—ASSETS FOR INDEPENDENCE

"SEC. 685. SHORT TITLE.

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

"SEC. 686. FINDINGS.

"Congress makes the following findings:

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

"(2) Fully 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. 687. PURPOSES.

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

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

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

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

"SEC. 688. DEFINITIONS.

"In this chapter:

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

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

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

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

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

"(C) is made for—

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

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

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

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

"(5) **INDIVIDUAL DEVELOPMENT ACCOUNT.**—

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

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

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

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

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

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

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

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

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

"(7) **QUALIFIED ENTITY.**—

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

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

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

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

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

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

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

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

a student at an eligible educational institution.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"(i) the individual's spouse; or

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

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

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

"(11) TRIBAL GOVERNMENT.—The term 'tribal government' means a tribal organization, as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b) or a Native Hawaiian organization, as defined in section 9212 of the Native Hawaiian Education Act (20 U.S.C. 7912).
"SEC. 689. APPLICATIONS.

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

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

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

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

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

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

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

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

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

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

"(1) demonstrates the willingness and ability to select individuals described in section

692 who are predominantly from households in which a child (or children) is living with the child's biological or adoptive mother or father, or with the child's legal guardian;

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

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

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

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

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

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

"SEC. 690. DEMONSTRATION AUTHORITY: ANNUAL GRANTS.

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

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

"(1) the aggregate amount of funds committed as matching contributions by non-Federal public or private sector sources; or
"(2) \$1,000,000.

"SEC. 691. RESERVE FUND.

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

"(b) AMOUNTS IN RESERVE FUND.—

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

"(A) all funds provided to the qualified entity by any public or private source in connection with the demonstration project; and
"(B) the proceeds from any investment made under subsection (c)(2).

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

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

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

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

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

"(C) administer the demonstration project; and

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

"(2) AUTHORITY TO INVEST FUNDS.—

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

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

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

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

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

"(2) a percentage equal to—

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

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

"SEC. 692. ELIGIBILITY FOR PARTICIPATION.

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

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

"(2) NET WORTH TEST.—

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

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

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

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

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

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

"SEC. 693. SELECTION OF INDIVIDUALS TO PARTICIPATE.

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

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

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

"SEC. 694. DEPOSITS BY QUALIFIED ENTITIES.

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

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

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

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

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

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

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

"(e) REIMBURSEMENT.—An individual shall reimburse an individual development account for any funds withdrawn from the account for an emergency withdrawal, not later than 12 months after the date of the withdrawal. If the individual fails to make the reimbursement, the qualified entity administering the account shall transfer the funds deposited into the account or a parallel account under section 694 to the Re-

serve Fund of the qualified entity, and use the funds to benefit other individuals participating in the demonstration project involved.

"SEC. 695. LOCAL CONTROL OVER DEMONSTRATION PROJECTS.

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

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

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

"SEC. 696. ANNUAL PROGRESS REPORTS.

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

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

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

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

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

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

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

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

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

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

"(1) the Secretary; and

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

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

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

"SEC. 697. SANCTIONS.

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

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

"(1) shall suspend the demonstration project;

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

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

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

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

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

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

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

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

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

"(A) terminate the project; and

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

"SEC. 698. EVALUATIONS.

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

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

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

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

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

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

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

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

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

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

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

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

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

"(d) **REPORTS BY THE SECRETARY.**—

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

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

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

"SEC. 699. TREATMENT OF FUNDS.

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

"SEC. 699A. AUTHORIZATION OF APPROPRIATIONS.

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

SEC. 205. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.

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

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

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

SEC. 301. SHORT TITLE.

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

SEC. 302. AUTHORIZATION.

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

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

"(c) Amounts appropriated under this section in any fiscal year for programs and activities under this title shall be made available for obligation in the succeeding fiscal year."

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

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

SEC. 303. DEFINITIONS.

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

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

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

SEC. 304. NATURAL DISASTERS AND OTHER EMERGENCIES.

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

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

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

"(7) **NATURAL DISASTER.**—The term 'natural disaster' means a weather event (relating to cold or hot weather), flood, earthquake, tornado, hurricane, or ice storm, or an event meeting such other criteria as the Secretary, in the discretion of the Secretary, may determine to be appropriate."

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

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

"(1) **EMERGENCY.**—The term 'emergency' means—

"(A) a natural disaster;

"(B) a significant home energy supply shortage or disruption;

"(C) a significant increase in the cost of home energy, as determined by the Secretary;

"(D) a significant increase in home energy disconnections reported by a utility, a State regulatory agency, or another agency with necessary data;

"(E) a significant increase in participation in a public benefit program such as the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), the national program to provide supplemental security income carried out under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.), or the State temporary assistance for needy families program carried out under

part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), as determined by the head of the appropriate Federal agency;

"(F) a significant increase in unemployment, layoffs, or the number of households with an individual applying for unemployment benefits, as determined by the Secretary of Labor; or

"(G) an event meeting such criteria as the Secretary, in the discretion of the Secretary, may determine to be appropriate."

(b) CONSIDERATIONS.—Section 2604(g) of Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8623(g)) is amended by striking the last 2 sentences and inserting the following: "In determining whether to make such an allotment to a State, the Secretary shall take into account the extent to which the State was affected by the natural disaster or other emergency involved, the availability to the State of other resources under the program carried out under this title or any other program, whether a Member of Congress has requested that the State receive the allotment, and such other factors as the Secretary may find to be relevant. Not later than 30 days after making the determination, but prior to releasing an allotted amount to a State, the Secretary shall notify Congress of the allotments made pursuant to this subsection."

SEC. 305. STATE ALLOTMENTS.

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

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

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

(3) by striking subsection (f);

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

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

SEC. 306. ADMINISTRATION.

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

(1) in subsection (b)—

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

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

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

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

(2) in subsection (c)(1)—

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

(B) in subparagraph (C)(i), by striking "has" and inserting "had"; and

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

SEC. 307. PAYMENTS TO STATES.

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

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

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

SEC. 308. RESIDENTIAL ENERGY ASSISTANCE CHALLENGE OPTION.

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

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

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

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

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

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

(1) in subsection (e)(2)—

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

(B) in clause (1) of subparagraph (I) (as redesignated in subparagraph (A)), by striking "on" and inserting "of"; and

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

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

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

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

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

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

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

So I take my hat off to the present Secretary. At least she has gotten in

there. After we gave her legislation during the last reauthorization, which said we are going to deal with the issue of quality, she has closed and recomputed Head Start programs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Nowhere is the success of Head Start more evident than in the strong praise from the thousands whose lives the program has touched. In 1994, we undertook the most ambitious reauthorization of Head Start to that date. Begging to differ just a little with the chairman, I believe we initiated a quality improvement process that would ultimately result in a comprehensive set of performance standards and local performance measures. I am proud of that

effort and the direction that it established for the future of Head Start. That is why earlier this year I introduced H.R. 3880 which simply calls for changes that build upon this investment in quality through stronger linkages between the Head Start program and schools and increasing our investment in early Head Start. I am pleased to say that the proposals in my legislation are in the bill before us today.

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

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

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

The third program addressed by this legislation is the Community Services

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

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

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

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

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

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

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

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

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

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

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

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

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

I also have two specific provisions in the Community Services Block Grant section. One I offered with the gentleman from California (Ms. WOOLSEY), the gentleman from Pennsylvania (Mr. FATTAH) and the gentleman from Missouri (Mr. TALENT) that was introduced in the House by the gentleman from Ohio (Mr. KASICH) and the gentleman from Ohio (Mr. HALL) and my former boss, Senator COATS, in the Senate which was Individual Development Accounts. They are matched savings accounts for low-income individuals which can only be accessed for higher education, home purchases, emergency medical expenses and capitalization of a business. In other words, rather than just having the government do a direct transfer, we are saying, "If you save some of your money, we'll match it,"

much like we have in government employee savings funds, by the way. We are saying, if people will take the initiative to save money, we will match that and try to help get them started in our society and developing their own capital fund if they use it for education, home, emergency medical or capitalization of a business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Title II of the legislation makes changes to the Community Services Block Grant Act. The bill will better enable States and local communities to eradicate poverty; revitalize high pov-

erty neighborhoods; and empower low-income individuals to become self-sufficient.

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

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

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

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

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

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

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

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

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

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

Just two days before the Committee considered H.R. 4241, as you know, the Senate unanimously approved Head Start reauthor-

ization legislation (S. 2206) reported by the Senate Committee on Labor and Human Resources by a vote of 18-0. Our hope was that the House of Representatives would follow suit so that the process might move forward in a collegial manner.

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

Sincerely,

SARAH M. GREENE.

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

HEAD START VOTE IN THE HOUSE

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

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

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

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

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

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

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

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

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

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

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

I would urge my colleagues to pass this important legislation.

Mr. PAUL. Mr. Speaker, I appreciate the opportunity to express my opposition to S. 2206, which reauthorizes the Head Start program, as well as the Community Services Block Grant program and the Low Income Housing Energy Assistance Program (LIHEAP). While the goals of Head Start and the Community Services Block Grant program are certainly noble, the means these programs use to accomplish these goals (confiscating monies from one group of citizens and sending them to another group of citizens in the form of federal funding for Washington-controlled programs) are immoral and ineffective. There is no constitutional authority for Congress to fund any programs concerning child-rearing or education. Under the constitutional system, these matters are left solely in the hands of private citizens, local government, and the individual states.

In fact, the founders of this country would be horrified by one of the premises underlying this type of federal program: that communities and private individuals are unwilling and unable to meet the special needs of low-income children without intervention by the federal government. The truth is that the American people can and will meet the educational and other needs of all children if Congress gives them the freedom to do so by eliminating the oppressive tax burden fostered on Americans to fund the welfare-warfare state.

When the federal government becomes involved in funding a program such as Head Start, it should at least respect local autonomy by refraining from interfering with the ability of local communities to fashion a program that suits their needs. After all, federal funding does not change the fact that those who work with a group of children on a daily basis are the best qualified to design a program that effectively serves those children. Therefore, I must strongly object to the provisions in S. 2206 that requires the majority of Head Start classroom teachers to have an Associate or Bachelors degree in early childhood education by 2003. This provision may raise costs and/or cause some good Head Start teachers to lose their positions simply because they lack the credentials a Washington-based "expert" decided they needed to serve as a Head Start instructor.

Mr. Speaker, if programs such as Head Start were controlled by private charities, their staffers would not have to worry about diverting valuable resources away from their mission to fulfill the whims of Congress.

I am also disappointed that S. 2206 does not contain the language passed by the House Committee on Education and the Workforce freeing Head Start construction from the wasteful requirements of the Davis-Bacon Act. Davis-Bacon not only drives up construction costs, it effectively ensures that small construction firms, many of which are minority-owned, cannot compete for federal construction contracts. Repealing Davis-Bacon requirement for Head Start construction would open up new opportunities for small construction companies and free up millions of taxpayers dollars that could be used to better America's children.

Congress should also reject S. 2206 because it reauthorizes the Low Income Heating and Energy Program (LIHEAP). LIHEAP is an unconstitutional transfer program which has outlived its usefulness. LIHEAP was instituted in order to help low-income people deal with the high prices resulting from the energy crisis of the late seventies. However, since then, home heating prices have declined by 51.6% residential electricity prices have declined by 25% and residential natural gas prices have declined by 32.7%. Furthermore, the people of Texas are sending approximately \$43 million more taxpayer dollars to Washington for LIHEAP than they are receiving in LIHEAP funds. There is no moral or constitutional justification for taking money from Texans, who could use those funds for state and local programs to provide low-income Texans with relief from oppressive heat, to benefit people in other states.

Another provision in S. 2206 that should be of concern to believers in a free society is the provision making "faith-based organizations" eligible for federal funds under the Community Services Block Grant program. While I have little doubt that the services offered by churches and other religious institutions can be more effective in producing social services than many secular programs, I am concerned that allowing faith-based organizations' access to federal taxpayer dollars may change those organizations into lobbyists who will compromise their core beliefs rather than risk alienating members of Congress and thus losing their federal funds. Thus, allowing faith-based organizations to receive federal funds may undermine future attempts to reduce federal control

over social services, undermine America's tradition of non-establishment of religion, and weaken the religious and moral component of the programs of "faith-based providers." It would be a tragedy for America if religious organizations weakened the spiritual aspects that made their service programs effective in order to receive federal lucre.

Since S. 2206 furthers the federal government's unconstitutional role of controlling early childhood education by increasing federal micro-management of the Head Start program, furthers government intrusions into religious institutions and redistributes income from Texans to citizens of other states through the LIHEAP program, I must oppose this bill. I urge my colleagues to oppose this bill and instead join me in defunding all unconstitutional programs and cutting taxes so the American people may create social service programs that best meet the needs of low-income children and families in their communities.

Mr. CASTLE. Mr. Speaker, I rise today in strong support of the substitute to S. 2206, the Human Services Authorization Act of 1998, offered by Chairman GOODLING.

I am pleased to state that this substitute represent a very balanced view of many long hours of negotiations and thorough evaluations of the needs of some of the countries neediest citizens.

In particular, I want to focus my comments today on the Head Start provisions of the legislation. The Subcommittee on Early Childhood, Youth, and Families heard from a number of witnesses on ways to strengthen existing Head Start operations to bring better quality, more accountability and more results. Today, we are combining that input and taking several very important steps for our nation's children by implementing a better, stronger, and more focused program. As you are aware, the substitute does not contain the more controversial provisions, including those on parent certificates, construction, and establishment of paternity. I believe the exclusion of these provisions leaves us with a stronger and more united bill and commend the Chairman for his acknowledgment of such.

One of the keys to this reform, that we on the Education Committee identified immediately, is the need to toughen the education components of the program. So, what we have done is clarify those educational components of Head Start. The purpose of Head Start is to promote school readiness. Make no mistake about it, this program was named deliberately—these kids need a "head start" in life. The new performance standards are measures in the substitute will enable us to ensure that students are learning, so that we can meet the needs of children where we haven't been able to in the past.

In addition monies will be available for advancement in the quality of Head Start. Specifically, much needed funds will be put toward teacher training and recruiting college educated teachers. The majority of Head Start teachers will now have a college degree in early childhood development. I, personally, think this is essential. We need to provide strong resources and strong teachers that have an intimate knowledge of child development to assist families through some of the most difficult and vital childhood years.

Finally the substitute also cover areas that we are the Federal level have missed by providing a separate portion of funds directly to

local grantees. Knowing the priorities and diverse needs of their individual communities, the local programs can use these funds to attend to individual children with concerns not addressed by other parts of the legislation.

Mr. Speaker, I have attempted only to highlight the strengths of the substitute in this brief synopsis, but I want to give my full endorsement for the entirety of the legislation being put forth today. With the fiscal constraints we are faced with in the Nation today, I believe it is essential to strengthen accountability and results and produce quality programs that ensure children's welfare is being promoted, and I feel comfortable and confident that this bill helps us do so.

I urge my colleagues to join me in support of the Goodling substitute to the Human Services Authorization Act of 1998.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I strongly support this bill. It is imperative that we continue to fund projects that develop and enhance educational opportunities for our children. Reauthorizing the Community Services Block Grant and the Low-Income Home Energy Assistance program provides much needed aid to those who needed the most help.

It should be clear to all of us that education preserves the very qualities of humanity that we must uphold. As the great scholar Plutarch once wrote, "The very spring and root of honesty and virtue lie in good education."

By helping low-income families, Head Start provides financially-disadvantaged children the foundation for a good education, and it is this foundation that allows these children to excel in public schools. Such achievement can then carry them to college and beyond.

It is equally important to ensure the viability of Community Service Block Grants. This measure would continue the assistance that we already provide to States and local communities. Moreover, the measure continues the Federal government's partnership with a network of community action agencies and other neighborhood-based organizations as they strive to achieve the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient.

Finally, it is vital that we provide adequate funds to the Low-Income Home Energy Assistance Program. With the ever-rising costs of home energy, we cannot forget those who often cannot afford such costs. All we have to do is look at my hometown of Houston, Texas, and the terrible heat crisis that resulted in loss of life. If we can provide assistance to low-income individuals, perhaps we could prevent future casualties.

Mr. ROEMER. Mr. Speaker, I rise in strong support of this Head Start bill. I would also like to commend the Committee Chairman, Mr. GOODLING, for his strong leadership on this important bill.

Mr. Chairman, I am a very strong supporter of the Head Start program, but have had many concerns about the quality and the educational components of the Head Start program. I am pleased with this legislation because it further addresses quality and professional development. I am pleased that this legislation establishes "school readiness" as a goal of the Head Start program, and adds very specific education performance measures to the Head Start statute. The Head Start program has great potential, and I think that we

should continue to strive to improve the educational components of this valuable program.

I am also pleased that this bill infuses more money into quality—such as professional development, teachers' salaries, and overall quality improvements. I believe that the Head Start program must not be expanded at the expense of quality.

Finally, this bill addresses professional development by identifying specific skills that each classroom teacher should be able to demonstrate, as well as upgrading the degree requirements for the program so that a majority of classroom teachers will have at least an associate's degree by 2003. I am pleased that this bill also includes an amendment that I offered that will strengthen professional development and the quality of the program. My amendment would require Head Start grantees to develop or adopt, in consultation with experts in child development and classroom teachers, an assessment or evaluation instrument to be used by Head Start grantees when hiring classroom teachers.

We need to ensure that our Head Start teachers have mastered the skills to advance the intellectual and physical development of the children, improve school readiness, establish a safe and healthy environment, and support the social and emotional development of children. Again, I appreciate the Chairman's fine leadership on this bill, and strongly urge my colleagues to support this legislation.

The SPEAKER pro tempore (Mr. PETRI). The question is on the motion offered by the gentleman from Pennsylvania (Mr. GOODLING) that the House suspend the rules and pass the Senate bill, S. 2206, as amended.

The question was taken.

Mr. MARTINEZ. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 5 of rule I and the Chair's prior announcement, further proceedings on this motion will be postponed.

NEXT GENERATION INTERNET RESEARCH ACT OF 1998

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3332) to amend the High-Performance Computing Act of 1991 to authorize appropriations for fiscal years 1999 and 2000 for the Next Generation Internet program, to require the Advisory Committee on High-Performance Computing and Communications, Information Technology, and the Next Generation Internet to monitor and give advice concerning the development and implementation of the Next Generation Internet program and report to the President and the Congress on its activities, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3332

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Next Generation Internet Research Act of 1998".

SEC. 2. FINDINGS.

(a) IN GENERAL.—The Congress finds that—

(1) United States leadership in science and technology has been vital to the Nation's prosperity, national and economic security, and international competitiveness, and there is every reason to believe that maintaining this tradition will lead to long-term continuation of United States strategic advantages in information technology;

(2) the United States investment in science and technology has yielded a scientific and engineering enterprise without peer, and that Federal investment in research is critical to the maintenance of United States leadership;

(3) previous Federal investment in computer networking technology and related fields has resulted in the creation of new industries and new jobs in the United States;

(4) the Internet is playing an increasingly important role in keeping citizens informed of the actions of their government; and

(5) continued inter-agency cooperation is necessary to avoid wasteful duplication in Federal networking research and development programs.

(b) ADDITIONAL FINDINGS FOR THE 1991 ACT.—Section 2 of the High-Performance Computing Act of 1991 (15 U.S.C. 5501) is amended by—

(1) striking paragraph (4) and inserting the following:

"(4) A high-capacity, flexible, high-speed national research and education computer network is needed to provide researchers and educators with access to computational and information resources, act as a test bed for further research and development for high-capacity and high-speed computer networks, and provide researchers the necessary vehicle for continued network technology improvement through research."; and

(2) adding at the end thereof the following:

"(7) Additional research must be undertaken to lay the foundation for the development of new applications that can result in economic growth, improved health care, and improved educational opportunities.

"(8) Research in new networking technologies holds the promise of easing the economic burdens of information access disproportionately borne by rural users of the Internet.

"(9) Information security is an important part of computing, information, and communications systems and applications, and research into security architectures is a critical aspect of computing, information, and communications research programs."

SEC. 3. PURPOSES.

(a) IN GENERAL.—The purposes of this Act are—

(1) to authorize, through the High-Performance Computing Act of 1991 (15 U.S.C. 5501 et seq.), research programs related to—

(A) high-end computing and computation;

(B) human-centered systems;

(C) high confidence systems; and

(D) education, training, and human resources; and

(2) to provide, through the High-Performance Computing Act of 1991 (15 U.S.C. 5501 et seq.), for the development and coordination of a comprehensive and integrated United States research program which will—

(A) focus on the research and development of a coordinated set of technologies that seeks to create a network infrastructure that can support greater speed, robustness, and flexibility than is currently available and promote connectivity and interoperability among advanced computer networks of Federal agencies and departments;

(B) focus on research in technology that may result in high-speed data access for users that is both economically viable and does not impose a geographic penalty; and

(C) encourage researchers to pursue approaches to networking technology that lead

HUMAN SERVICES REAUTHORIZATION ACT OF 1998

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the Senate bill, S. 2206, as amended.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Pennsylvania (Mr. GOODLING) that the House suspend the rules and pass the Senate bill, S. 2206, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were— yeas 346, nays 20, not voting 68, as follows:

[Roll No. 426]

YEAS—346

Abercrombie	Cunningham	Hobson
Aderholt	Davis (FL)	Hoekstra
Allen	Davis (IL)	Holden
Andrews	Davis (VA)	Horn
Archer	DeFazio	Hostettler
Armey	DeGette	Houghton
Baesler	Delahunt	Hoyer
Baker	DeLauro	Hulshof
Baldacci	Deutsch	Hunter
Ballenger	Diaz-Balart	Hutchinson
Barclay	Dickey	Hyde
Barrett (NE)	Dicks	Inglis
Barrett (WI)	Dixon	Jackson (IL)
Bartlett	Dooley	Jackson-Lee
Barton	Doyle	(TX)
Bass	Dunn	Jenkins
Bateman	Edwards	John
Becerra	Ehlers	Johnson (CT)
Bentsen	Ehrlich	Johnson (WI)
Bereuter	Emerson	Johnson, E.B.
Berman	Ensign	Johnson, Sam
Berry	Eshoo	Jones
Bilbray	Etheridge	Kanjorski
Bilirakis	Everett	Kaptur
Bishop	Ewing	Kasich
Blagojevich	Farr	Kelly
Bliley	Fattah	Kennedy (RI)
Blunt	Fawell	Kildee
Boehlert	Fazio	Kim
Boehner	Filner	Kind (WI)
Bonilla	Foley	King (NY)
Bonior	Forbes	Kingston
Bono	Ford	Kleczka
Borski	Fossella	Klug
Boswell	Fowler	Knollenberg
Boucher	Fox	Kolbe
Boyd	Frank (MA)	Kucinich
Brady (PA)	Franks (NJ)	LaFalce
Brady (TX)	Frelinghuysen	Lampson
Brown (CA)	Frost	Lantos
Brown (OH)	Gallely	Largent
Bryant	Ganske	Latham
Bunning	Gejdenson	LaTourette
Burr	Gekas	Lazio
Burton	Gephardt	Leach
Buyer	Gibbons	Lee
Callahan	Gilchrest	Levin
Calvert	Gillmor	Lewis (CA)
Camp	Gilman	Lewis (KY)
Campbell	Goode	Linder
Canady	Goodlatte	Lipinski
Cannon	Goodling	Livingston
Capps	Gordon	LoBlundo
Cardin	Graham	Lofgren
Castle	Granger	Lucas
Chabot	Greenwood	Luther
Chambliss	Gutierrez	Manton
Chenoweth	Gutknecht	Markey
Christensen	Hall (OH)	Martinez
Clay	Hall (TX)	Mascara
Clement	Hamilton	Matsui
Clyburn	Hastert	McCarthy (NY)
Combest	Hastings (WA)	McCollum
Condit	Hayworth	McCrery
Conyers	Hefley	McDermott
Cooksey	Hefner	McGovern
Costello	Herger	McHale
Cox	Hill	McHugh
Coyne	Hilleary	McInnis
Cramer	Hilliard	McKeon
Cubin	Hinches	McKinney
Cummings	Hinojosa	McNulty

Meehan	Rahall	Souder
Meek (FL)	Ramstad	Spence
Menendez	Redmond	Spratt
Metcalf	Regula	Stark
Mica	Reyes	Stenholm
Millender	Riley	Stokes
McDonald	Rivers	Strickland
Miller (CA)	Rodriguez	Stupak
Mink	Roemer	Sununu
Mollohan	Rogan	Talent
Moran (KS)	Rogers	Tanner
Moran (VA)	Rohrabacher	Tauscher
Morella	Roukema	Taylor (MS)
Murtha	Roybal-Allard	Thomas
Myrick	Sabo	Thompson
Nethercutt	Salmon	Thornberry
Neumann	Sanchez	Thune
Ney	Sanders	Thurman
Northup	Sandlin	Tierney
Norwood	Sawyer	Torres
Nussle	Schaefer, Dan	Trafficant
Obey	Schaffer, Bob	Turner
Olver	Scott	Upton
Ortiz	Serrano	Vento
Oxley	Shadegg	Visclosky
Packard	Shaw	Walsh
Pallone	Shays	Wamp
Pappas	Sherman	Waters
Parker	Shimkus	Watkins
Pascarella	Shuster	Watts (OK)
Pastor	Sisisky	Weldon (FL)
Paxon	Skaggs	Weldon (PA)
Payne	Skeen	Weller
Pease	Skelton	Wexler
Peterson (MN)	Slaughter	Weygand
Peterson (PA)	Smith (MI)	White
Petri	Smith (NJ)	Whitfield
Pickett	Smith (OR)	Wicker
Pitts	Smith (TX)	Wilson
Pomeroy	Smith, Adam	Wise
Porter	Smith, Linda	Wolf
Portman	Snowbarger	Woolsey
Price (NC)	Snyder	Wynn
Quinn	Solomon	Young (AK)

NAYS—20

Coble	Duncan	Royce
Coburn	Istook	Sanford
Collins	McIntosh	Scarborough
Crane	Miller (FL)	Sensenbrenner
Deal	Paul	Stearns
DeLay	Pombo	Stump
Doolittle	Radanovich	

NOT VOTING—68

Ackerman	Hoolley	Pickering
Bachus	Jefferson	Poshard
Barr	Kennedy (MA)	Pryce (OH)
Blumenauer	Kennelly	Rangel
Brown (FL)	Kilpatrick	Riggs
Carson	Klink	Ros-Lehtinen
Clayton	LaHood	Rothman
Cook	Lewis (GA)	Rush
Crapo	Lowey	Ryun
Danner	Maloney (CT)	Saxton
Dingell	Maloney (NY)	Schumer
Doggett	Manzullo	Sessions
Dreier	McCarthy (MO)	Stabenow
Engel	McDade	Tauzin
English	McIntyre	Taylor (NC)
Evans	Meeks (NY)	Tiahrt
Furse	Minge	Towns
Gonzalez	Moakley	Velazquez
Goss	Nadler	Watt (NC)
Green	Neal	Waxman
Hansen	Oberstar	Yates
Harman	Owens	Young (FL)
Hastings (FL)	Pelosi	

□ 1737

Mrs. WILSON and Mr. HASTERT changed their vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Ms. MCCARTHY of Missouri. Mr. Speaker, during rollcall vote No. 426 on S. 2206, I was unavoidably detained in transit on US Airways. Had I been present, I would have voted "yea."

PERSONAL EXPLANATION

Mr. MINGE. Mr. Speaker, during rollcall vote No. 426, the Community Opportunities, Accountability, and Training and Educational Services Act of 1998, S. 2206, I was unavoidably detained. Had I been present, I would have voted "yea."

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. BARRETT of Nebraska). Pursuant to the provisions of clause 5, rule I, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device may be taken on each additional motion to suspend the rules on which the Chair has postponed further proceedings.

SENSE OF CONGRESS REGARDING SLOBODAN MILOSEVIC

The SPEAKER pro tempore. The pending business is the question of suspending the rules and agreeing to the concurrent resolution, House Concurrent Resolution 304.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Nebraska (Mr. BE-REUTER) that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 304, on which the yeas and nays are ordered.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 369, nays 1, answered "present" 1, not voting 63, as follows:

[Roll No. 427]

YEAS—369

Abercrombie	Boehlert	Chenoweth
Aderholt	Boehner	Christensen
Allen	Bonilla	Clay
Andrews	Bonior	Clement
Archer	Bono	Clyburn
Armey	Borski	Coble
Baesler	Boswell	Coburn
Baker	Boucher	Coburn
Baldacci	Boyd	Collins
Ballenger	Brady (PA)	Combest
Barclay	Brady (TX)	Condit
Barrett (NE)	Brown (CA)	Conyers
Barrett (WI)	Brown (OH)	Cooksey
Bartlett	Bryant	Costello
Barton	Bunning	Cox
Bass	Burr	Coyne
Bateman	Burton	Cramer
Becerra	Callahan	Crane
Bentsen	Calvert	Cubin
Bereuter	Camp	Cummings
Berman	Campbell	Danaher
Berry	Canady	Davis (FL)
Bilbray	Cannon	Davis (IL)
Bilirakis	Capps	Davis (VA)
Bishop	Cardin	Deal
Blagojevich	Castle	DeFazio
Bliley	Chabot	DeGette
Blunt	Chambliss	Delahunt
		DeLauro



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

September 24, 1998

LETTER TO CONFEREES ON S. 2206

Dear 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 new Early Head Start program, and a continuation 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 (IDA's). The President has been a long-time proponent of IDA's and is very pleased that you have included a pilot IDA initiative in this bill. We look forward to working with Congress to implement this initiative to help low-income families save for post-secondary education, a first home, or to start a new small business. In addition, we support 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 funding for 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 support for this promising 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 serve an additional 210,000 low income children over the past six years, including nearly 40,000 infants and toddlers in Early Head Start. At the same time, the

balanced 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. We support provisions in both bills that further enhance and enrich Head Start quality, including a 5 to 10 percent set-aside within Early Head Start to improve quality. We, however, have serious concerns with the specific House provision that would severely reduce the amount of funds targeted to expansion activities. Currently, Head Start serves approximately 40 percent of eligible preschoolers and a much smaller proportion of eligible infants and toddlers. Despite the overwhelming need for Head Start, the valuable preparation it provides preschoolers and the benefits of early intervention for infants and toddlers, this provision would greatly limit the growth in Head Start and prevent up to 40,000 additional disadvantaged children from enrolling in Head Start over the next two years alone. We urge you to delete this provision and 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 are 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 the provision or modify it to ensure that it does not undermine the basic components of Head Start quality or significantly decrease accountability for the program's performance.
- **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.

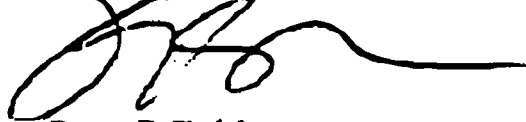
HHS staff have been meeting with your staffs to discuss our recommendations for other minor or technical changes to the House or Senate bill.

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.

Page 3 - Letter to Congress on S. 2206

The Office of Management and Budget advises that there is no objection to the transmittal of this letter from the standpoint of the Administration's program.

Sincerely,

A handwritten signature in black ink, appearing to be "Donna E. Shalala", with a long horizontal flourish extending to the right.

Donna E. Shalala



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE GENERAL COUNSEL

October 14, 1998

URGENT

MEMORANDUM

TO: Legislative Services Officers
Attn: Ms. Bass, OIG
Mr. Borches, OM
Ms. Conway, OESE
Ms. Lewis, ODS/OUS
Mr. Link, OS/ES
Ms. Rairdin, OLCA
Mr. Sims, OIIA
Office of the General Counsel
Attn: Mr. Rosenfelt

FROM: Paul Riddle *Paul R*
Division of Legislative Counsel

SUBJECT: S. 2206: Head Start reauthorization

The House and Senate have approved the conference report on S. 2206, clearing the bill for the President. This bill would, among other things, reauthorize the Head Start program administered by the Department of Health and Human Services (HHS). In anticipation of a request from OMB for our views on the bill, I have attached excerpts from the conference report, and the House and Senate debates on it, that relate to Head Start. I recommend that we advise OMB that we defer to HHS on the bill and that we not prepare a formal response for the Secretary.

Please let me know by noon this Friday if you agree with that recommendation. If you think we should send a formal response, please send me a written draft of such a response by that deadline. I'm in Room 5324, FB10B, and can be reached at 401-6269; fax: 401-5391.

Thanks.

Attachments

cc:	Mr. Peterson, OS	Ms. Studley
	Ms. Dozier, OS	Ms. Veta
	Ms. O'Leary, ODS	Mr. Winnick
	Mr. Corwin, OUS/BS	Ms. Rigling
	Ms. Plisko, OUS/PES	Ms. Whitney
	Ms. Cook, OLCA	Mr. Kristy
	Ms. LeTendre, OESE	Ms. Somerville

to donate such commodities to states for distribution through any domestic food administration program administered by the Secretary. [Section 302 (a)]

Conference agreement

The conference agreement adopts the Senate provision.

80. EFFECT OF PRIOR AMENDMENTS

Present law

Refers to the amendments made by the Commodity Distribution Reform and WIC Amendments of 1987 to the Child Nutrition Act of 1966.

House bill

No provision.

Senate amendment

Makes clear that striking the amendments made by the Commodity Distribution Reform and WIC Amendments Act of 1987 to the Child Nutrition Act (see above) do not affect the amendments as in effect on September 30, 1998. [Sec. 302(b)]

Conference agreement

The conference agreement adopts the Senate provision with technical differences. From the Committee on Education and the Workforce, for consideration of the House bill, and the Senate amendment, and modifications committed to conference:

BILL GOODLING,
FRANK RIGGS,
MIKE CASTLE,
W.L. CLAY,
M.G. MARTINEZ.

From the Committee on Agriculture, for consideration of secs. 2, 101, 104(b), 106, 202(c) and 202(o) of the House bill, and secs. 101, 111, 114, 203(c), 203(r), and titles III and IV of the Senate amendment, and modifications committed to conference:

BOB SMITH,
BOB GOODLATTE,
CHARLIE STENHOLM.

Managers on the Part of the House.

RICHARD G. LUGAR,
THAD COCHRAN,
MITCH MCCONNELL,
TOM HARKIN,
PATRICK J. LEAHY.

Managers on the Part of the Senate

CONFERENCE REPORT ON S. 2206

Mr. GOODLING, submitted the following conference report and statement on the bill (S. 2206), to amend the Head Start Act, the Low-Income Home Energy Assistance Act of 1981, and the Community Services Block Grant Act to reauthorize and make improvements to those Acts, to establish demonstration projects that provide an opportunity for persons with limited means to accumulate assets, and for other purposes:

CONFERENCE REPORT (H. REPT: 105-788)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2206), to amend the Head Start Act, the Low-Income Home Energy Assistance Act of 1981, and the Community Services Block Grant Act to reauthorize and make improvements to those Acts, to establish demonstration projects that provide an opportunity for persons with limited means to accumulate assets, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and

agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment, insert 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. 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. Research and evaluation.

Sec. 117. Reports.

Sec. 118. Repeal of consultation requirement.

Sec. 119. Repeal of Head Start Transition Project Act.

TITLE II—COMMUNITY SERVICES BLOCK GRANT PROGRAM

Sec. 201. Reauthorization.

Sec. 202. Conforming amendments.

TITLE III—LOW-INCOME HOME ENERGY ASSISTANCE

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.

Sec. 309. 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. STATEMENT OF PURPOSE.

Section 636 of the Head Start Act (42 U.S.C. 9831) is amended to read as follows:

"SEC. 636. STATEMENT OF PURPOSE.

"It is the purpose of this subchapter to promote school readiness by enhancing the social

and cognitive development of low-income children through the provision, to low-income children and their families, of health, educational, nutritional, social, and other services that are determined, based on family needs assessments, to be necessary."

SEC. 103. DEFINITIONS.

Section 637 of the Head Start Act (42 U.S.C. 9832) is amended—

(1) by redesignating paragraphs (1) and (2) as paragraphs (16) and (17) and inserting the paragraphs at the end of the section;

(2) by inserting before paragraph (3) the following:

"(1) 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.

"(2) 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."

(3) by striking paragraph (4);

(4) by redesignating paragraph (3) as paragraph (4);

(5) by inserting after paragraph (2) the following:

"(3) The term 'family literacy services' means services that are of sufficient intensity in terms of hours, and of sufficient duration, to make sustainable changes in a family, and that integrate all of the following activities:

"(A) Interactive literacy activities between parents and their children.

"(B) Training for parents regarding how to be the primary teacher for their children and full partners in the education of their children.

"(C) Parent literacy training that leads to economic self-sufficiency.

"(D) An age-appropriate education to prepare children for success in school and life experiences."

(6) in paragraph (6), by adding at the end the following: "Nothing in this paragraph shall be construed to require an agency to provide services to a child who has not reached the age of compulsory school attendance for more than the number of hours per day permitted by State law (including regulation) for the provision of services to such a child."

(7) by striking paragraph (12) and inserting the following:

"(12) The term 'migrant and 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."

(8) by inserting after paragraph (14) the following:

"(15) The term 'scientifically based reading research'—

"(A) means the application of rigorous, systematic, and objective procedures to obtain valid knowledge relevant to reading development, reading instruction, and reading difficulties; and

"(B) shall include research that—

"(i) employs systematic, empirical methods that draw on observation or experiment;

"(ii) involves rigorous data analyses that are adequate to test the stated hypotheses and justify the general conclusions drawn;

"(iii) relies on measurements or observational methods that provide valid data across evaluators and observers and across multiple measurements and observations; and

"(iv) has been accepted by a peer-reviewed journal or approved by a panel of independent experts through a comparably rigorous, objective, and scientific review."; and

(9) in paragraph (17) (as redesignated in paragraph (1))—

(A) by striking "Term" and inserting "term";
(B) by striking "Virgin Islands," and inserting "Virgin Islands of the United States, and the Commonwealth of the Northern Mariana Islands, but for fiscal years ending before October 1, 2001 (and fiscal year 2002, if the legislation described in section 640(a)(2)(B)(iii) has not been enacted before September 30, 2001), also means"; and

(C) by striking "Palau, and the Commonwealth of the Northern Mariana Islands." and inserting "and the Republic of Palau.".

SEC. 104. FINANCIAL ASSISTANCE FOR HEAD START PROGRAMS.

Section 638(1) of the Head Start Act (42 U.S.C. 9833(1)) is amended—

(1) by striking "aid the" and inserting "enable the"; and

(2) by striking the semicolon and inserting "and attain school readiness";.

SEC. 105. AUTHORIZATION OF APPROPRIATIONS.

Section 639 of the Head Start Act (42 U.S.C. 9834) is amended—

(1) in subsection (a), by striking "1995 through 1998" and inserting "1999 through 2003"; and

(2) in subsection (b), by striking paragraphs (1) and (2) 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 the amount that 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. 106. ALLOTMENT OF FUNDS.

(a) ALLOTMENTS.—Section 640(a) of the Head Start Act (42 U.S.C. 9835(a)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking "and migrant" the first place it appears and all that follows through "handicapped children", and inserting "Head Start programs, services for children with disabilities, and migrant and seasonal Head Start programs";

(ii) by striking "and migrant" each other place it appears and inserting "Head Start programs and by migrant and seasonal"; and

(iii) by striking "1994" and inserting "1998";

(B) in subparagraph (B), by striking "(B) payments" and all that follows through "Virgin Islands according" and inserting the following:

"(B) payments, subject to paragraph (7)—

"(i) to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Virgin Islands of the United States;

"(ii) for fiscal years ending before October 1, 2001, to the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau; and

"(iii) if legislation approving renegotiated Compacts of Free Association for the jurisdictions described in clause (ii) has not been enacted before September 30, 2001, for fiscal year 2002 to those jurisdictions;

according";

(C) in subparagraph (C), by striking "and" and inserting "of which not less than \$3,000,000 of the amount appropriated for such fiscal year shall be made available to carry out activities described in section 648(c)(4)";

(D) in subparagraph (D), by striking "related to the development and implementation of qual-

ity 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";

(E) by inserting after subparagraph (D) the following:

"(E) payments for research, demonstration, and evaluation activities under section 649.";

(F) by adding at the end the following: "No Freely Associated State may receive financial assistance under this subchapter after fiscal year 2002.";

(2) in paragraph (3)—

(A) in subparagraph (A)(i), by striking "equal" and all that follows through "amount;" and inserting "equal to the sum of—

"(I) 60 percent of such excess amount for fiscal year 1999, 50 percent of such excess amount for fiscal year 2000, 47.5 percent of such excess amount for fiscal year 2001, 35 percent of such excess amount for fiscal year 2002, and 25 percent of such excess amount for fiscal year 2003;";

(B) in subparagraph (B)—

(i) in clause (ii)—

(I) by striking "adequate qualified staff" and inserting "adequate numbers of qualified staff"; and

(II) by inserting "and children with disabilities" before "when";

(ii) in clause (iv), by inserting 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";

(iii) in clause (v), by inserting "and collaboration efforts for such programs" before the period;

(iv) in clause (vi), by striking the period and inserting "and are accessible to children with disabilities and their parents";

(v) by redesignating clause (vii) as clause (viii); and

(vi) 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 scientifically based reading research, as predictive of later reading achievement.";

(C) in subparagraph (C)—

(i) in clause (i)—

(I) in subclause (I)—

(aa) by striking "this subparagraph" and inserting "this paragraph";

(bb) by striking "of staff" and inserting "of classroom teachers and other staff";

(cc) by striking "such staff" and inserting "qualified staff, including recruitment and retention pursuant to achieving the requirements set forth in section 648A(a)"; and

(dd) by adding at the end the following: "Preferences in awarding salary increases, in excess of cost-of-living allowances, with such funds shall be granted to classroom teachers and staff who obtain additional training or education related to their responsibilities as employees of a Head Start program.";

(II) in subclause (II), by striking "the subparagraph" and inserting "this subparagraph"; and

(III) by adding at the end the following:

"(III) From the remainder of the amount reserved under this paragraph (after the Secretary carries out subclause (I)), the Secretary shall carry out any or all of the activities described in clauses (ii) through (vii), placing the highest priority on the activities described in clause (ii).";

(ii) by amending clause (ii) to read as follows:

"(ii) To train classroom teachers and other staff to meet the education performance stand-

ards described in section 641A(a)(1)(B), through activities—

"(I) to promote children's language and literacy growth, through techniques identified through scientifically based reading research;

"(II) to promote the acquisition of the English language for non-English background children and families;

"(III) to foster children's school readiness skills through activities described in section 648A(a)(1); and

"(IV) to provide training necessary to improve the qualifications of the staff of the Head Start agencies and to support staff training, child counseling, and other services necessary to address the problems of children participating in Head Start programs, including children from dysfunctional families, children who experience chronic violence in their communities, and children who experience substance abuse in their families.";

(iii) by striking clause (v); and

(iv) by redesignating clauses (vi) and (vii) as clauses (v) and (vi), respectively; and

(D) in subparagraph (D)(i)(II), by striking "and migrant" and inserting "Head Start programs and migrant and seasonal";

(3) in paragraph (4)—

(A) in subparagraph (A), by striking "1981" and inserting "1998";

(B) by amending subparagraph (B) to read as follows:

"(B) any amount available after all allotments are made under subparagraph (A) for such fiscal year shall be distributed proportionately on the basis of the number of children less than 5 years of age from families whose income is below the poverty line.";

(C) by adding at the end the following:

"For purposes of this paragraph, for each fiscal year the Secretary shall use the most recent data available on the number of children less than 5 years of age from families whose income is below the poverty line, as published by the Department of Commerce, unless the Secretary and the Secretary of Commerce determine that use of the most recent data available would be inappropriate or unreliable. If the Secretary and the Secretary of Commerce determine that some or all of the data referred to in this paragraph are inappropriate or unreliable, the Secretaries shall issue a report setting forth their reasons in detail.";

(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 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 "(including coordination of services with those State officials who are responsible for administering part C and section 619 of the Individuals with Disabilities Education Act (20 U.S.C. 1431-1445, 1419)), and services for homeless children;"; and

(iv) by adding at the end the following:

"(v) include representatives of the State Head Start Association and local Head Start agencies in unified planning regarding early care and education services at both the State and local levels, including collaborative efforts to plan for the provision of full-working-day, full calendar year early care and education services for children; and

"(vi) encourage local Head Start agencies to appoint a State level representative to represent Head Start agencies within the State in conducting collaborative efforts described in subparagraphs (B) and (D), and in clause (v).";

(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 professional development initiatives for child care, early childhood education and Head Start service managers, providers, and staff.

"(E)(i) The Secretary shall—

"(I) review on an ongoing basis evidence of barriers to effective collaboration between Head Start programs and other Federal, State, and local 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 programs described in subclause (I) 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";

(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); and

(C) by adding at the end the following:

"(B)(i) If the Secretary does not submit an interim report on the preliminary findings of the Early Head Start impact study currently being conducted by the Secretary (as of the date of enactment of the Head Start Amendments of 1998) to the appropriate committees by June 1, 2001, the amount of the reserved portion for fiscal year 2002 that exceeds the reserved portion for fiscal year 2001, if any, shall be used for quality improvement activities described in section 640(a)(3) and shall not be used to serve an increased number of eligible children under section 645A.

"(ii) If the Secretary does not submit a final report on the Early Head Start impact study to

the appropriate committees by June 1, 2002, or if the Secretary finds in the report that there are substantial deficiencies in the programs carried out under section 645A, the amount of the reserved portion for fiscal year 2003 that exceeds the reserved portion for fiscal year 2002, if any, shall be used for quality improvement activities described in section 640(a)(3) and shall not be used to serve an increased number of eligible children under section 645A.

"(iii) In this subparagraph:

"(I) The term 'appropriate committees' means the Committee on Education and the Workforce and the Committee on Appropriations of the House of Representatives and the Committee on Labor and Human Resources and the Committee on Appropriations of the Senate.

"(II) The term 'reserved portion', used with respect to a fiscal year, means the amount required to be used in accordance with subparagraph (A) for that fiscal year.

"(C)(i) For any fiscal year for which the Secretary determines that the amount appropriated under section 639(a) is not sufficient to permit the Secretary to 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) of the Head Start Act (42 U.S.C. 9835(d)) is amended—

(1) by striking "1982" and inserting "1999";

(2) by striking "(as defined in section 602(a) of the Individuals with Disabilities Education Act)"; and

(3) by adding at the end the following: "Such policies and procedures shall require Head Start agencies to coordinate programmatic efforts with efforts to implement part C and section 619 of the Individuals with Disabilities Education Act (20 U.S.C. 1431-1445, 1419)."

(c) INCREASED APPROPRIATIONS.—Section 640(g) of the Head Start Act (42 U.S.C. 9835(g)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (A), by striking the semicolon and inserting ", and the performance history of the applicant in providing services under other Federal programs (other than the program carried out under this subchapter);";

(B) in subparagraph (C), by striking the semicolon and inserting ", and organizations and public entities serving children with disabilities";

(C) in subparagraph (D), by striking the semicolon and inserting "and the extent to which, and manner in which, the applicant demonstrates the ability to collaborate and participate with other local community providers of child care or preschool services to provide full-working-day full calendar year services";

(D) in subparagraph (E), by striking "program; and" and inserting "program or any other early childhood program";

(E) in subparagraph (F), by striking the period and inserting a semicolon; and

(F) by adding at the end the following:

"(G) the extent to which the applicant proposes to foster partnerships with other service providers in a manner that will enhance the resource capacity of the applicant; and

"(H) the extent to which the applicant, in providing services, plans to coordinate with the local educational agency serving the community involved and with schools in which children participating in a Head Start program operated by such agency will enroll following such program, regarding such services and the education services provided by such local educational agency."; and

(2) by adding at the end the following:

"(4) Notwithstanding subsection (a)(2), after taking into account 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 activities described in such subsection."

(d) MIGRANT AND SEASONAL HEAD START PROGRAMS.—Section 640(1) (42 U.S.C. 9835(1)) is amended—

(1) by striking "(1)" and inserting "(1)(1)";

(2) by striking "migrant Head Start programs" each place it appears and inserting "migrant and seasonal Head Start programs";

(3) by striking "migrant families" and inserting "migrant and seasonal farmworker families"; and

(4) by adding at the end the following:

"(2) For purposes of subsection (a)(2)(A), 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 migrant and seasonal 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 eligible children of migrant farmworkers before approving an increase in the allocation of funds provided under such subsection for unserved eligible children of seasonal farmworkers. In serving the eligible children of seasonal farmworkers, the Secretary shall ensure that services provided by migrant and seasonal Head Start programs do not duplicate or overlap with other Head Start services available to eligible children of such farmworkers.

"(3) In carrying out this subchapter, the Secretary shall continue the administrative arrangement responsible for meeting the needs of children of migrant and seasonal farmworkers and Indian children and shall ensure that appropriate funding is provided to meet such needs."

(e) CONFORMING AMENDMENT.—Section 644(f)(2) of the Head Start Act (42 U.S.C. 9839(f)(2)) is amended by striking "Except" and all that follows through "financial" and inserting "Financial".

SEC. 107. DESIGNATION OF HEAD START AGENCIES.

Section 641 of the Head Start Act (42 U.S.C. 9836) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1), by inserting "or for-profit" after "nonprofit"; and

(B) by inserting "(in consultation with the chief executive officer of the State involved, if such State expends non-Federal funds to carry out Head Start programs)" after "Secretary" the last place it appears;

(2) in subsection (b), by striking "area designated by the Bureau of Indian Affairs as near-reservation" and inserting "off-reservation area designated by an appropriate tribal government in consultation with the Secretary";

(3) in subsection (c)—

(A) in paragraph (1)—

(i) by inserting ", in consultation with the chief executive officer of the State involved if such State expends non-Federal funds to carry out Head Start programs," after "shall";

(ii) by inserting "or for-profit" after "non-profit"; and

(iii) by striking "makes a finding" and all that follows through the period at the end, and inserting the following: "determines that the agency involved fails to meet program and financial management requirements, performance standards described in section 641A(a)(1), results-based performance measures developed by the Secretary under section 641A(b), or other requirements established by the Secretary.";

(B) in paragraph (2), by inserting ", in consultation with the chief executive officer of the State if such State expends non-Federal funds to carry out Head Start programs," after "shall"; and

(C) by aligning the margins of paragraphs (2) and (3) with the margins of paragraph (1);

(4) in subsection (d)—

(A) in the matter preceding paragraph (1), by inserting after the first sentence the following: "In selecting from among qualified applicants for designation as a Head Start agency, the Secretary shall give priority to any qualified agency that functioned as a Head Start delegate agency in the community and carried out a Head Start program that the Secretary determines met or exceeded such performance standards and such results-based performance measures.";

(B) in paragraph (3), by inserting "and programs under part C and section 619 of the Individuals with Disabilities Education Act (20 U.S.C. 1431-1445, 1419)" after "(20 U.S.C. 2741 et seq.)";

(C) in paragraph (4)—

(i) in subparagraph (A), by inserting "(at home and in the center involved where practicable)" after "activities";

(ii) in subparagraph (D)—

(I) in clause (iii), by adding "or" at the end;

(II) by striking clause (iv); and

(III) by redesignating clause (v) as clause (iv);

(iii) in subparagraph (E), by striking "and (D)" and inserting ", (D), and (E)";

(iv) by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively; and

(v) by inserting after subparagraph (C) the following:

"(D) to offer to parents of participating children substance abuse counseling (either directly or through referral to local entities), including information on drug-exposed infants and fetal alcohol syndrome";

(D) by amending paragraph (7) to read as follows:

"(7) the plan of such applicant to meet the needs of non-English background children and their families, including needs related to the acquisition of the English language";

(E) in paragraph (8)—

(i) by striking the period at the end and inserting "; and"; and

(ii) by redesignating such paragraph as paragraph (9);

(F) by inserting after paragraph (7) the following:

"(8) the plan of such applicant to meet the needs of children with disabilities"; and

(G) by adding at the end the following:

"(10) the plan of such applicant to collaborate with other entities carrying out early childhood education and child care programs in the community.";

(5) 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

(6) by adding at the end the following:

"(g) If the Secretary determines that a non-profit agency and a for-profit agency have sub-

mitted applications for designation of equivalent quality under subsection (d), the Secretary may give priority to the nonprofit agency. In selecting from among qualified applicants for designation as a Head Start agency under subsection (d), the Secretary shall give priority to applicants that have demonstrated capacity in providing comprehensive early childhood services to children and their families.";

SEC. 108. QUALITY STANDARDS.

(a) QUALITY STANDARDS.—Section 641A(a) of the Head Start Act (42 U.S.C. 9836a(a)) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by inserting ", including minimum levels of overall accomplishment," after "regulation standards";

(B) in subparagraph (A), by striking "education";

(C) by redesignating subparagraphs (B) through (D) as subparagraphs (C) through (E), respectively; and

(D) by inserting after subparagraph (A) the following:

"(B)(i) education performance standards to ensure the school readiness of children participating in a Head Start program, on completion of the Head Start program and prior to entering school; and

"(ii) additional 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 language to communicate for various purposes;

"(III) understand and use increasingly complex and varied vocabulary;

"(IV) develop and demonstrate an appreciation of books; and

"(V) in the case of non-English background children, progress toward acquisition of the English language.";

(2) by striking paragraph (2);

(3) 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)(ii), 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) of the Head Start Act (42 U.S.C. 9836a(b)) is amended—

(1) in the heading, by inserting "RESULTS-BASED" before "PERFORMANCE";

(2) in paragraph (1)—

(A) by striking "Not later than 1 year after the date of enactment of this section, the" and inserting "The";

(B) by striking "child" and inserting "early childhood education and";

(C) by inserting before "(referred" the following: ", and the impact of the services provided through the programs to children and their families"; and

(D) by striking "performance measures" and inserting "results-based performance measures"; 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";

(ii) by striking "and peer review" and inserting ", peer review, and program evaluation"; and

(iii) by inserting ", not later than July 1, 1999" before the semicolon;

(E) in subparagraph (C), by inserting "be developed" before "for other"; and

(F) by adding at the end the following: "The performance measures shall include the performance standards described in subsection (a)(1)(B)(ii).";

(4) in paragraph (3)(A), by striking "and by region" and inserting ", regionally, and locally"; and

(5) by adding at the end the following:

"(4) EDUCATIONAL PERFORMANCE MEASURES.—Such results-based performance measures shall include educational performance measures that ensure that children participating in Head Start programs—

"(A) know that letters of the alphabet are a special category of visual graphics that can be individually named;

"(B) recognize a word as a unit of print;

"(C) identify at least 10 letters of the alphabet; and

"(D) associate sounds with written words.

"(5) ADDITIONAL LOCAL RESULTS-BASED PERFORMANCE MEASURES.—In addition to other applicable results-based performance measures, Head Start agencies may establish local results-based educational performance measures.";

(c) MONITORING.—Section 641A(c) of the Head Start Act (42 U.S.C. 9836a(c)) is amended—

(1) in paragraph (1), by inserting "and results-based performance measures developed by the Secretary under subsection (b)" after "standards established under this subchapter"; and

(2) in paragraph (2)—

(A) in subparagraph (B), by striking "and" at the end;

(B) in subparagraph (C)—

(i) by inserting "(including children with disabilities)" after "eligible children"; and

(ii) by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

"(D) include as part of the reviews of the programs, a review and assessment of program effectiveness, as measured in accordance with the results-based performance measures developed by the Secretary pursuant to subsection (b) and with the performance standards established pursuant to subparagraphs (A) and (B) of subsection (a)(1); and

"(E) seek information from the communities and the States involved about the performance of the programs and the efforts of the Head Start agencies to collaborate with other entities carrying out early childhood education and child care programs in the community.";

(d) TERMINATION.—Section 641A(d) of the Head Start Act (42 U.S.C. 9836a(d)) is amended—

(1) in paragraph (1)—

(A) by inserting "or results-based performance measures developed by the Secretary under subsection (b)" after "subsection (a)"; and

(B) by amending subparagraph (B) to read as follows:

"(B) with respect to each identified deficiency, require the agency—

"(i) to correct the deficiency immediately, if the Secretary finds that the deficiency threatens the health or safety of staff or program participants or poses a threat to the integrity of Federal funds;

"(ii) to correct the deficiency not later than 90 days after the identification of the deficiency if

the Secretary finds, in the discretion of the Secretary, that such a 90-day period is reasonable, in light of the nature and magnitude of the deficiency; or

(iii) in the discretion of the Secretary (taking into consideration the seriousness of the deficiency and the time reasonably required to correct the deficiency), to comply with the requirements of paragraph (2) concerning a quality improvement plan; and"; and

(2) in paragraph (2)(A), in the matter preceding clause (i), by striking "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)".

(e) **REPORT.**—Section 641A(e) of the Head Start Act (42 U.S.C. 9836a(e)) is amended by adding at the end the following: "Such report shall be widely disseminated and available for public review in both written and electronic formats."

SEC. 109. POWERS AND FUNCTIONS OF HEAD START AGENCIES.

Section 642 of the Head Start Act (42 U.S.C. 9837) is amended—

(1) in subsection (a), by inserting "or for-profit" after "nonprofit";

(2) in subsection (b)—

(A) in paragraph (6)—

(i) by striking subparagraph (D); and

(ii) by redesignating subparagraphs (E) and (F) and subparagraphs (D) and (E), respectively;

(B) in paragraph (8), by striking "and" at the end;

(C) in paragraph (9), by striking the period at the end and inserting "; and";

(D) by redesignating paragraphs (6) through (9) as paragraphs (7) through (10), respectively;

(E) by inserting after paragraph (5) the following:

"(6) offer to parents of participating children substance abuse counseling (either directly or through referral to local entities), including information on drug-exposed infants and fetal alcohol syndrome;";

(F) in paragraph (8) (as redesignated in subparagraph (D)), by striking "paragraphs (4) through (6)" and inserting "paragraphs (4) through (7)"; and

(G) by adding at the end the following:

"(11)(A) inform custodial parents in single-parent families that participate in programs, activities, or services carried out or provided under this subchapter about the availability of child support services for purposes of establishing paternity and acquiring child support; and

"(B) refer eligible parents to the child support offices of State and local governments.";

(3) in subsection (c)—

(A) by inserting "and collaborate" after "coordinate";

(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

(C) by inserting "and programs under part C and section 619 of the Individuals with Disabilities Education Act (20 U.S.C. 1431-1445, 1419)" after "(20 U.S.C. 2741 et seq.)";

(4) in subsection (d)—

(A) in paragraph (1)—

(i) by striking "carry out" and all that follows through "maintain" and inserting "take steps to ensure, to the maximum extent possible, that children maintain";

(ii) by inserting "and educational" after "developmental"; and

(iii) by striking "to build" and inserting "build";

(B) by striking paragraph (2);

(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"; and

(5) by adding at the end the following:

"(e) Head Start agencies shall adopt, in consultation with experts in child development and with classroom teachers, an assessment to be used when hiring or evaluating any classroom teacher in a center-based Head Start program. Such assessment shall measure whether such teacher has mastered the functions described in section 648A(a)(1)."

SEC. 110. HEAD START TRANSITION.

The Head Start Act (42 U.S.C. 9831 et seq.) is amended by inserting after section 642 the following:

"SEC. 642A. HEAD START TRANSITION.

"Each Head Start agency shall take steps to coordinate with the local educational agency serving the community involved and with schools in which children participating in a Head Start program operated by such agency will enroll following such program, including—

"(1) developing and implementing a systematic procedure for transferring, with parental consent, Head Start program records for each participating child to the school in which such child will enroll;

"(2) establishing channels of communication between Head Start staff and their counterparts in the schools (including teachers, social workers, and health staff) to facilitate coordination of programs;

"(3) conducting meetings involving parents, kindergarten or elementary school teachers, and Head Start program teachers to discuss the educational, developmental, and other needs of individual children;

"(4) organizing and participating in joint transition-related training of school staff and Head Start staff;

"(5) developing and implementing a family outreach and support program in cooperation with entities carrying out parental involvement efforts under title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.);

"(6) assisting families, administrators, and teachers in enhancing educational and developmental continuity between Head Start services and elementary school classes; and

"(7) linking the services provided in such Head Start program with the education services provided by such local educational agency."

SEC. 111. SUBMISSION OF PLANS TO GOVERNORS.

The first sentence of section 643 of the Head Start Act (42 U.S.C. 9838) is amended—

(1) by striking "30 days" and inserting "45 days";

(2) by striking "so disapproved" and inserting "disapproved (for reasons other than failure of the program to comply with State health, safety, and child care laws, including regulations applicable to comparable child care programs in the State)"; and

(3) by inserting before the period "as evidenced by a written statement of the Secretary's findings that is transmitted to such officer".

SEC. 112. PARTICIPATION IN HEAD START PROGRAMS.

(a) **REGULATIONS.**—Section 645(a)(1) of the Head Start Act (42 U.S.C. 9840(a)(1)) is amended—

(1) by striking "provide (A) that" and inserting the following: "provide—

"(A) that";

(2) by striking "assistance; and (B) pursuant" and inserting the following: "assistance; and

"(B) pursuant";

(3) in subparagraph (B), by striking "that programs" and inserting "that—

"(i) programs"; and

(4) by striking "clause (A)." and inserting the following: "subparagraph (A); and

"(ii) a child who has been determined to meet the low-income criteria and who is participating in a Head Start program in a program year shall

be considered to continue to meet the low-income criteria through the end of the succeeding program year.

In determining, for purposes of this paragraph, whether a child who has applied for enrollment in a Head Start program meets the low-income criteria, an entity may consider evidence of family income during the 12 months preceding the month in which the application is submitted, or during the calendar year preceding the calendar year in which the application is submitted, whichever more accurately reflects the needs of the family at the time of application."

(b) **SLIDING FEE SCALE.**—Section 645(b) of the Head Start Act (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) of the Head Start Act (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."

(d) **OFF-RESERVATION AREA.**—Section 645(d)(1)(B) of the Head Start Act (42 U.S.C. 9840(d)(1)(B)) is amended by striking "a community with" and all that follows through "Indian Affairs" and inserting "a community that is an off-reservation area, designated by an appropriate tribal government, in consultation with the Secretary".

SEC. 113. EARLY HEAD START PROGRAMS FOR FAMILIES WITH INFANTS AND TODDLERS.

Section 645A of the Head Start Act (42 U.S.C. 9840a) is amended—

(1) in the section heading, by inserting "EARLY HEAD START" before "PROGRAMS FOR";

(2) in subsection (a)—

(A) in paragraph (1), by striking "; and" and inserting a period;

(B) by striking paragraph (2); and

(C) by striking "for—" and all that follows through "(1)" and inserting "for";

(3) in subsection (b)—

(A) in paragraph (5), by inserting "(including programs for infants and toddlers with disabilities)" after "community";

(B) in paragraph (7), by striking "and" at the end;

(C) by redesignating paragraph (8) as paragraph (9); and

(D) by inserting after paragraph (7) the following:

"(8) ensure formal linkages with the agencies and entities described in section 644(b) of the Individuals with Disabilities Education Act (20 U.S.C. 1444(b)) and providers of early intervention services for infants and toddlers with disabilities under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.); and";

(4) in subsection (c)—

(A) 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) in paragraph (1), by adding "and" at the end;

(B) by striking paragraph (2);

(C) by redesignating paragraph (3) as paragraph (2); and

(D) in paragraph (2), as redesignated in subparagraph (C), by inserting "or for-profit" after "nonprofit";

(6) by striking subsection (e);
 (7) by redesignating subsections (f) and (g) as subsections (e) and (f), respectively;
 (8) in subsection (e) (as redesignated in paragraph (7))—

(A) in the subsection heading, by striking "OTHER"; and

(B) by striking "From the balance remaining of the portion specified in section 640(a)(6), after making grants to the eligible entities specified in subsection (e)," and inserting "From the portion specified in section 640(a)(6),";

(9) by striking subsection (h); and

(10) by adding at the end the following:

"(g) MONITORING, TRAINING, TECHNICAL ASSISTANCE, AND EVALUATION.—

"(1) REQUIREMENT.—In order to ensure the successful operation of programs assisted under this section, the Secretary shall use funds from the portion specified in section 640(a)(6) to monitor the operation of such programs, evaluate their effectiveness, and provide training and technical assistance tailored to the particular needs of such programs.

"(2) TRAINING AND TECHNICAL ASSISTANCE ACCOUNT.—

"(A) IN GENERAL.—Of the amount made available to carry out this section for any fiscal year, not less than 5 percent and not more than 10 percent shall be reserved to fund a training and technical assistance account.

"(B) ACTIVITIES.—Funds in the account may be used by the Secretary for purposes including—

"(i) making grants to, and entering into contracts with, organizations with specialized expertise relating to infants, toddlers, and families and the capacity needed to provide direction and support to a national training and technical assistance system, in order to provide such direction and support;

"(ii) providing ongoing training and technical assistance for regional and program staff charged with monitoring and overseeing the administration of the program carried out under this section;

"(iii) providing ongoing training and technical assistance for existing recipients (as of the date of such training or assistance) of grants under subsection (a) and support and program planning and implementation assistance for new recipients of such grants; and

"(iv) providing professional development and personnel enhancement activities, including the provision of funds to recipients of grants under subsection (a) for the recruitment and retention of qualified staff with an appropriate level of education and experience."

SEC. 114. TECHNICAL ASSISTANCE AND TRAINING.

(a) IN GENERAL.—Section 648 of the Head Start Act (42 U.S.C. 9843) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking "and" at the end;

(B) in paragraph (2), by striking the period and inserting "; and"; and

(C) by adding at the end the following:

"(3) ensure the provision of technical assistance to assist Head Start agencies, entities carrying out other child care and early childhood programs, communities, and States in collaborative efforts to provide quality full-working-day, full calendar year services, including technical assistance related to identifying and assisting in resolving barriers to collaboration."; and

(2) in subsection (c)—

(A) by amending paragraph (1) to read as follows:

"(1) give priority consideration to—
 "(A) activities to correct program and management deficiencies identified through reviews carried out pursuant to section 641A(c) (including the provision of assistance to local programs in the development of quality improvement plans under section 641A(d)(2)); and
 "(B) assisting Head Start agencies in—

"(i) ensuring the school readiness of children; and

"(ii) meeting the educational performance measures described in section 641A(b)(4).";

(B) in paragraph (2), by inserting "supplement amounts provided under section 640(a)(3)(C)(ii) in order to" after "(2)";

(C) in paragraph (4)—

(i) by inserting "and implementing" after "developing"; and

(ii) by striking "a longer day" and inserting the following: "the day, and assist the agencies and programs in expediting the sharing of information about innovative models for providing full-working-day, full calendar year services for children";

(D) in paragraph (7), by striking "; and" and inserting a semicolon;

(E) in paragraph (8), by striking the period and inserting "; and";

(F) by redesignating paragraphs (3) through (8) as paragraphs (5) through (10), respectively;

(G) 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) provide technical assistance and training, either directly or through a grant, contract, or cooperative agreement with an entity that has experience in the development and operation of successful family literacy services programs, for the purpose of—

"(A) assisting Head Start agencies providing family literacy services, in order to improve the quality of such family literacy services; and

"(B) enabling those Head Start agencies that demonstrate effective provision of family literacy services, based on improved outcomes for children and their parents, to provide technical assistance and training to other Head Start agencies and to service providers that work in collaboration with such agencies to provide family literacy services."; and

(H) by adding at the end the following:

"(1) provide support for Head Start agencies (including policy councils and policy committees, as defined in regulation) that meet the standards described in section 641A(a) but that have, as documented by the Secretary through reviews conducted pursuant to section 641A(c), significant programmatic, quality, and fiscal issues to address."

(b) SERVICES.—Section 648(e) of the Head Start Act (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. 115. PROFESSIONAL REQUIREMENTS.

Section 648A of the Head Start Act (42 U.S.C. 9843a) is amended—

(1) by amending subsection (a) to read as follows:

"(a) CLASSROOM TEACHERS.—

"(1) PROFESSIONAL REQUIREMENTS.—The Secretary shall ensure that each Head Start classroom in a center-based program is assigned one teacher who has demonstrated competency to perform functions that include—

"(A) planning and implementing learning experiences that advance the intellectual and physical development of children, including improving the readiness of children for school by developing their literacy and phonemic, print, and numeracy awareness, their understanding and use of language, their understanding and use of increasingly complex and varied vocabulary, their appreciation of books, and their problem solving abilities;

"(B) establishing and maintaining a safe, healthy learning environment;

"(C) supporting the social and emotional development of children; and

"(D) encouraging the involvement of the families of the children in a Head Start program and

supporting the development of relationships between children and their families.

"(2) DEGREE REQUIREMENTS.—

"(A) IN GENERAL.—The Secretary shall ensure that not later than September 30, 2003, at least 50 percent of all Head Start teachers nationwide in center-based programs have—

"(i) an associate, baccalaureate, or advanced degree in early childhood education; or

"(ii) an associate, baccalaureate, or advanced degree in a field related to early childhood education, with experience in teaching preschool children.

"(B) PROGRESS.—The Secretary shall require Head Start agencies to demonstrate continuing progress each year to reach the result described in subparagraph (A).

"(3) ALTERNATIVE CREDENTIALING REQUIREMENTS.—The Secretary shall ensure that, for center-based programs, each Head Start classroom that does not have a teacher that meets the requirements of clause (i) or (ii) of paragraph (2)(A) is assigned one teacher who has—

"(A) a child development associate credential that is appropriate to the age of the children being served in center-based programs;

"(B) a State-awarded certificate for preschool teachers that meets or exceeds the requirements for a child development associate credential; or

"(C) a degree in a field related to early childhood education with experience in teaching preschool children and a State-awarded certificate to teach in a preschool program.

"(4) WAIVER.—

"(A) IN GENERAL.—On request, the Secretary shall grant a 180-day waiver of the requirements of paragraph (3), 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 (3), with respect to an individual who—

"(i) is enrolled in a program that grants any such credential, certificate, or degree; and

"(ii) 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.

"(B) LIMITATION.—The Secretary may not grant more than one such waiver with respect to such individual."; and

(2) in subsection (b)(2)(B)—

(A) by striking "staff," and inserting "staff or"; and

(B) by striking ", or that" and all that follows through "families".

SEC. 116. RESEARCH AND EVALUATION.

Section 649 of the Head Start Act (42 U.S.C. 9844) is amended—

(1) in subsection (d)—

(A) in paragraph (6), by striking "and" at the end;

(B) in paragraph (7), by striking the period at the end and inserting a semicolon;

(C) by redesignating paragraphs (2) through (7) as paragraphs (3) through (8), respectively;

(D) by inserting after paragraph (1) the following:

"(2) establish evaluation methods that measure the effectiveness and impact of family literacy services program models, including models for the integration of family literacy services with Head Start services; and

(E) by adding at the end the following:

"(9) study the experiences of small, medium, and large States with Head Start programs in order to permit comparisons of children participating in the programs with eligible children who did not participate in the programs, which study—

"(A) may include the use of a data set that existed prior to the initiation of the study; and

"(B) shall compare the educational achievement, social adaptation, and health status of the participating children and the eligible non-participating children; and

"(10) provide for—

"(A) using the Survey of Income and Program Participation to conduct an analysis of the different income levels of Head Start participants compared to comparable persons who did not attend Head Start programs;

"(B) using the National Longitudinal Survey of Youth, which began gathering data in 1988 on children who attended Head Start programs, to examine the wide range of outcomes measured within the Survey, including outcomes related to cognitive, socio-emotional, behavioral, and academic development;

"(C) using the Survey of Program Dynamics, the new longitudinal survey required by section 414 of the Social Security Act (42 U.S.C. 614), to begin annual reporting, through the duration of the Survey, on Head Start program attendees' academic readiness performance and improvements;

"(D) ensuring that the Survey of Program Dynamics is linked with the National Longitudinal Survey of Youth at least once by the use of a common performance test, to be determined by the expert panel, for the greater national usefulness of the National Longitudinal Survey of Youth database; and

"(E) disseminating the results of the analysis, examination, reporting, and linkage described in subparagraphs (A) through (D) to persons conducting other studies under this subchapter.

The Secretary shall ensure that an appropriate entity carries out a study described in paragraph (9), and prepares and submits to the appropriate committees of Congress a report containing the results of the study, not later than September 30, 2002."; and

(2) by adding at the end the following:

"(g) NATIONAL HEAD START IMPACT RESEARCH.—

"(1) 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 make a grant to, or enter into a 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 re-

search shall be conducted as a single comprehensive assessment or as a group of coordinated assessments designed to provide, when taken together, a national analysis of the impact of Head Start programs.

"(4) PROGRAMS.—The Secretary shall ensure that the research focuses primarily on Head Start programs that operate in the 50 States, the Commonwealth of Puerto Rico, or the District of Columbia and that do not specifically target special populations.

"(5) ANALYSIS.—The Secretary shall ensure that the organization conducting the research—

"(A)(i) determines if, overall, the Head Start programs have impacts consistent with their primary goal of increasing the social competence of children, by increasing the everyday effectiveness of the children in dealing with their present environments and future responsibilities, and increasing their school readiness;

"(ii) considers whether the Head Start programs—

"(I) enhance the growth and development of children in cognitive, emotional, and physical health areas;

"(II) strengthen families as the primary nurturers of their children; and

"(III) ensure that children attain school readiness; and

"(iii) examines—

"(I) the impact of the Head Start programs on increasing access of children to such services as educational, health, and nutritional services, and linking children and families to needed community services; and

"(II) how receipt of services described in subclause (I) enriches the lives of children and families participating in Head Start programs;

"(B) examines the impact of Head Start programs on participants on the date the participants leave Head Start programs, at the end of kindergarten and at the end of first grade (whether 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 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) 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 information on—

"(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 development of children receiving services under this subchapter.".

SEC. 117. REPORTS.

Section 650 of the Head Start Act (42 U.S.C. 9846) is amended—

(1) by inserting "(a) STATUS OF CHILDREN.—" before "At";

(2) by striking "and Labor" each place it appears and inserting "and the Workforce"; and

(3) by adding at the end the following:

"(b) FACILITIES.—At least once during every 5-year period, the Secretary shall prepare and submit, to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate, a report concerning the condition, location, and ownership of facilities used, or available to be used, by Indian Head Start agencies (including Native Alaskan Head Start agencies) and Native Hawaiian Head Start agencies.".

SEC. 118. REPEAL OF CONSULTATION REQUIREMENT.

Section 657A of the Head Start Act (42 U.S.C. 9852a) is repealed.

SEC. 119. REPEAL OF HEAD START TRANSITION PROJECT ACT.

The Head Start Transition Project Act (42 U.S.C. 9855-9855g) is repealed.

~~TITLE II—COMMUNITY SERVICES BLOCK GRANT PROGRAM~~

~~SEC. 201. REAUTHORIZATION.~~

~~The Community Services Block Grant Act (42 U.S.C. 9901 et seq.) is amended to read as follows:~~

~~"Subtitle B—Community Services Block Grant Program~~

~~"SEC. 671. SHORT TITLE.~~

~~"This subtitle may be cited as the 'Community Services Block Grant Act'.~~

SEC. 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, the demonstration projects conducted under this title, individually and as a group, including evaluating all qualified entities participating in and sources providing funds for 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 2 percent of the amount appropriated under section 416 for a fiscal year, to carry out the objectives 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.

And the House agree to the same.

BILL GOODLING,
MIKE CASTLE,
MARK SOUDER,
BILL CLAY,
MATTHEW G. MARTINEZ,

Managers on the Part of the House.

JIM JEFFORDS,
DAN COATS,
JUDD GREGG,
TED KENNEDY,
CHRIS DODD,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2206) to amend the Head Start Act, the Low-Income Home Energy Assistance Act of 1981, and the Community Services Block Grant Act to reauthorize and make improvements to those Acts, to establish demonstration projects that provide an opportunity for persons with limited means to accumulate assets, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE I—HEAD START**AUTHORIZATION LEVELS**

The Senate bill authorizes Head Start at such sums as may be necessary for FY 1999 through FY 2003.

The House amendment authorizes Head Start at \$4.6 billion in FY 1999 and such sums as may be necessary for FY 2000 through FY 2003.

The Conference Agreement maintains the Senate language.

FREELY ASSOCIATED STATES

The Senate bill continues eligibility for the Freely Associated States (the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau).

The House amendment requires that payments to the Freely Associated States (the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau) be made on a competitive basis based on recommendations by the Pacific Region Educational Laboratory to the Freely Associated States, Guam, American Samoa, and the Northern Mariana Islands and terminates these funds on September 30, 2001.

The Conference Agreement continues eligibility for the Freely Associated States (the Republic of the Marshall Islands, the Federated States of Micronesia and the Republic of Palau) through FY 2001. If the legislation implementing the Compact of Free Association has not been enacted, the conference agreement extends eligibility for the Freely Associated States for an additional year until September 30, 2002. Eligibility for the Freely Associated States terminates on September 30, 2002.

FAMILY LITERACY DEMONSTRATION

The Senate bill does not contain a family literacy demonstration.

The House amendment sets aside \$5 million for up to 100 Head Start family literacy demonstration projects across the country. Under the House amendment, 100 Head Start grantees would receive intensive training and technical assistance so that they might become models for replication, in the area of family literacy, for other Head Start programs. The House amendment also requires the Secretary to conduct research and evaluate successful family literacy models.

The Conference Agreement requires the Secretary to use at least \$3 million of the technical assistance set-aside to provide technical assistance to Head Start grantees currently providing family literacy services, in order to improve the quality of family literacy services and for those grantees to serve as family literacy resources to other grantees and service providers who wish to implement family literacy programs. The agreement also requires the Secretary to evaluate the effectiveness and impact of family literacy services in Head Start.

QUALITY AND EXPANSION RATIO

The Senate bill maintains current law on the use of new funds, money appropriated over the prior year's appropriation. The Senate bill directs the Secretary to reserve 75% of all new funds to be used for expansion purposes and 25% of all new money to be used for quality purposes (increasing salaries and training).

The House amendment increases the percentage of new funds reserved for quality in the initial years of the authorization and directs the Secretary to reserve 10% of new funds to be used either for quality or expansion purposes. Specifically, the amendment provides 65% for quality, 25% for expansion and 10% for quality or expansion in the first 2 years of the authorization; 45% for quality, 45% for expansion and 10% for quality or expansion in FY 2001 and FY 2002; and 25% for quality, 65% for expansion and 10% for quality or expansion in the final year of the authorization.

The Conference Agreement provides the following quality/expansion ratios: in FY 1999, 60% for quality, 40% for expansion; in FY 2000, 50% for quality, 50% for expansion; in FY 2001, 47.5% for quality, 52.5% for expansion; in FY 2002 35% for quality, 65% for expansion; and in FY 2003, 25% for quality, 75% for expansion. The Conferees believe it is prudent to dedicate additional resources to quality to improve the services to children. Furthermore, the Conferees believe that an initial increase in quality dollars is necessary to assist grantees in meeting the new educational performance standards and professional development requirements.

CONSTRUCTION

The Senate bill permits quality money to be used for minor construction and renovation for the purposes of improving facilities necessary to expand the availability or to enhance the quality of Head Start programs.

The House amendment specifically prohibits quality dollars from being used for construction or renovation, but permits expansion dollars to be used for such purposes.

The Conference Agreement generally follows the House language. The agreement deletes the reference to minor construction and renovation under both quality and expansion. The Conferees believe grantees should use funds provided under the basic grant to fund minor renovations and construction, rather than using quality or expansion dollars for such purposes. The Conferees encourage the grantees to use funds provided under the basic grant for minor renovations and construction and to reserve quality dollars to increase salaries and training. However, the Conferees recognize that there may be very limited circumstances when local grantees may need to use quality funds for minor renovations and construction in order to comply with health and safety standards. In such cases, the Conferees recognize the Secretary has authority to authorize the use of quality funds for such purposes.

TRANSPORTATION

The Senate bill deletes the reference to transportation under the quality section.

The House amendment is identical to the Senate bill.

The Conference Agreement follows both the House and Senate language. The Conferees believe that grantees should use their basic grant funds to cover transportation costs. However, the Conferees recognize that under very limited circumstances local grantees may need to use quality dollars to cover transportation in order to enable children to participate in a Head Start program or to ensure that the transportation provided by the Head Start grantees meet safety standards. In such cases, the Conferees recognize the Secretary has authority to authorize the use of quality funds for such purposes.

FORMULA CHANGE

The Senate bill maintains the current law formula, which has a 1981 hold harmless with any money above the 1981 appropriation allocated to the States based $\frac{2}{3}$ on the number of poor children under the age of 6 and $\frac{1}{3}$ on the number of children under age 18 from Aid for Families with Dependent Children (AFDC) families.

The House amendment puts in place a 1998 hold harmless. All new money will be allocated to States based on the State's share of children under the age of 5 from families below the poverty line. The Department of Health and Human Services is directed to use the most recent data available on the number of poor children.

The Conference Agreement adopts the House formula.

EARLY HEAD START

The Senate bill authorizes the following set-aside levels for Early Head Start: 7.5% in FY 1999, 8% in FY 2000, 9% in FY 2001, 10% in FY 2002, and 10% in FY 2003.

The House amendment authorizes the following set-aside levels for Early Head Start: 7.5% in FY 1999, 8% in FY 2000, 8.5% in FY 2001, and not less than 8.5% but not more than 10% in FY 2002 and FY 2003. The increased authorizations in FY 2002 and FY 2003 are dependent on receipt by the House Committee on Education and the Workforce and the Senate Committee on Labor and Human Resources of a report from the Department of Health and Human Services on the quality and impact of Early Head Start. The House amendment also stipulates that if the Department fails to provide the Committees with a report on Early Head Start, then the authorization levels for FY 2002 and FY 2003 shall remain at 8.5%.

The Conference Agreement authorizes the following set-aside levels for Early Head Start: 7.5% in FY 1999, 8% in FY 2000, 9% in FY 2001, 10% in FY 2002, and 10% in FY 2003. The Conference Agreement stipulates that the Secretary is required to use the portion of FY 2002 Early Head Start funding, in excess of that set-aside in FY 2001, to make necessary quality improvements, if Congress has not received an interim report on the preliminary findings of the Early Head Start impact study in 2001. If the final report contains substantial deficiencies in quality or if the final report is not released in 2002, the Secretary is required to use the portion of FY 2003 Early Head Start funding, in excess of that set-aside in FY 2002, to make necessary quality improvements. The Conference report sets-aside 5-10% of Early Head Start spending to create a training and technical assistance fund to expand and enhance program support at the Federal, regional, and local levels, as delineated in the Senate report.

GOVERNORS CONSULTATION AND DESIGNATION OF AGENCIES

The Senate bill requires the Secretary to consult with Governors in the designation of Head Start agencies.

The House amendment requires the Secretary to consult only with Governors of those States that contribute State dollars to Head Start.

The Conference Agreement maintains the House language.

PERFORMANCE MEASURES

The Senate bill does not contain education performance measures.

The House amendment contains 4 education performance measures to measure local grantee performance. The measures require grantees to ensure that children: (1) know that letters of the alphabet are a special category of visual graphics that can be individually named; (2) recognize a word as a unit of print; (3) identify at least ten letters of the alphabet; and (4) associate sounds with written words. The House amendment also requires the Secretary to develop and implement additional performance measures by January 1, 1999 and permits local grantees to develop their own performance measures.

The Conference Agreement follows the House amendment, but changes the date by which the Secretary must implement additional performance measures from January 1 to July 1, 1999.

CHILD SUPPORT REFERRAL

The Senate bill contains no comparable provision.

The House amendment requires Head Start grantees to inform custodial parents in single-parent families that participate in Head Start about the availability of child support services, and to refer such individuals to State and local government child support offices.

The Conference Agreement includes the House provision on child support referral.

COORDINATION WITH ELEMENTARY SCHOOLS

The Senate bill has no comparable language.

The House amendment requires Head Start programs to coordinate and link its services to the educational services provided by local educational agencies in which Head Start children will enroll.

The Conference Agreement maintains the House language. The Conferees believe that it is important for a Head Start program to link and coordinate its services with those educational services that will be provided to children once they graduate and enter elementary school. The Conferees believe that the positive educational experiences gained by children in Head Start programs can be built upon when such children enter elementary school and such coordination between Head Start and local educational agencies is essential to accomplishing this goal.

DESIGNATION OF HEAD START AGENCIES

The Senate bill permits for-profit entities to be designated as Head Start grantees. The Senate bill also permits the Secretary (only in cases where the for-profit agency and non-profit agency submit applications of equivalent quality) to give a priority to the non-profit agency.

The House amendment has no comparable language.

The Conference Agreement follows the Senate bill but also adds the following language: "In selecting from among qualified applicants for designation as a Head Start agency, the Secretary shall give preference to applicants which have demonstrated capacity in providing comprehensive early childhood services to children and their families." The Conferees hope that expanding the universe of organizations eligible to compete to run Head Start programs will result in stronger applications and higher quality services to children and their families.

As a result of the new educational performance standards and measures, the Conferees

expect the Secretary will defund poor performing grantees—those grantees that fail to meet the performance standards or measures. Given that the Secretary will have to designate new agencies, in cases where a Head Start grantee has been defunded or in cases where an area is undeserved, the Conferees urge the Secretary, to place the highest priority on those applicants who have experience in providing quality comprehensive early childhood services.

DRUG COUNSELING

The Senate bill has no comparable language.

The House amendment requires Head Start agencies to offer parents of participating children substance abuse counseling (either directly or through referral to local entities) including information on drug-exposed infants and fetal alcohol syndrome.

The Conference Agreement maintains the House language. The Conferees believe that in encouraging Head Start providers to offer parents of participating children substance abuse counseling, including information on drug exposed infants and fetal alcohol syndrome, parents will be empowered to make better lifestyle decisions that improve the health and safety of their children.

INCOME ELIGIBILITY

The Senate bill has no comparable language.

The House amendment permits individual programs to have up to 25% of total enrollment over the poverty level, but stipulates that the income of participating families cannot exceed 140% of the poverty level. Furthermore, the program must document the need for such services from a community needs assessment, and it must show reasonable efforts to recruit children of families with incomes below the poverty level. The House amendment also permits grantees to institute a sliding fee scale, comparable to the sliding fee scale established under the Child Care Development Block Grant, for families above the poverty line.

The Conference Agreement maintains the Senate position.

STAFF QUALIFICATIONS

The Senate bill has no comparable language.

The House amendment requires that the majority of Head Start classroom teachers in each center-based program have an Associate or Bachelor degree in early childhood education by 2003. In addition, the House amendment stipulates that programs will have to develop an assessment to be used in hiring or evaluating classroom teachers.

The Conference Agreement requires that the majority of Head Start classroom teachers nationwide have an Associate or Bachelor degree in either early childhood education or a degree in a field related to early childhood education with experience in teaching preschool children by 2003. The Conference Agreement maintains the House language requiring teacher assessments.

~~TITLE II—THE COMMUNITY SERVICES BLOCK GRANT~~

~~PURPOSES AND GOALS~~

~~The Senate bill adds a new statement of purpose in the Community Services Block Grant Act that stresses: the eradication of poverty, the revitalization of high poverty neighborhoods, and the empowerment of low-income families and individuals to become fully self-sufficient.~~

~~The House amendment generally follows the Senate bill, but stresses a more active role for private, religious, charitable, and neighborhood-based organizations in the provision of services.~~

~~The Conference Agreement merges the provisions of the Senate and House language.~~

TITLE VIII—JOHN GLENN INSTITUTE FOR PUBLIC SERVICE AND PUBLIC POLICY

SEC. 801. DEFINITIONS.

In this title:

(1) **ENDOWMENT FUND.**—The term "endowment fund" means a fund established by the University for the purpose of generating income for the support of the Institute.

(2) **ENDOWMENT FUND CORPUS.**—The term "endowment fund corpus" means an amount equal to the grant or grants awarded under this title plus an amount equal to the matching funds required under section 802(d).

(3) **ENDOWMENT FUND INCOME.**—The term "endowment fund income" means an amount equal to the total value of the endowment fund minus the endowment fund corpus.

(4) **INSTITUTE.**—The term "Institute" means the John Glenn Institute for Public Service and Public Policy described in section 802.

(5) **SECRETARY.**—The term "Secretary" means the Secretary of Education.

(6) **UNIVERSITY.**—The term "University" means the Ohio State University at Columbus, Ohio.

SEC. 802. PROGRAM AUTHORIZED.

(a) **GRANTS.**—From the funds appropriated under section 806, the Secretary is authorized to award a grant to the Ohio State University for the establishment of an endowment fund to support the John Glenn Institute for Public Service and Public Policy. The Secretary may enter into agreements with the University and include in any agreement made pursuant to this title such provisions as are determined necessary by the Secretary to carry out this title.

(b) **PURPOSES.**—The Institute shall have the following purposes:

(1) To sponsor classes, internships, community service activities, and research projects to stimulate student participation in public service, in order to foster America's next generation of leaders.

(2) To conduct scholarly research in conjunction with public officials on significant issues facing society and to share the results of such research with decisionmakers and legislators as the decisionmakers and legislators address such issues.

(3) To offer opportunities to attend seminars on such topics as budgeting and finance, ethics, personnel management, policy evaluations, and regulatory issues that are designed to assist public officials in learning more about the political process and to expand the organizational skills and policymaking abilities of such officials.

(4) To educate the general public by sponsoring national conferences, seminars, publications, and forums on important public issues.

(5) To provide access to Senator John Glenn's extensive collection of papers, policy decisions, and memorabilia, enabling scholars at all levels to study the Senator's work.

(c) **DEPOSIT INTO ENDOWMENT FUND.**—The University shall deposit the proceeds of any grant received under this section into the endowment fund.

(d) **MATCHING FUNDS REQUIREMENT.**—The University may receive a grant under this section only if the University has deposited in the endowment fund established under this title an amount equal to one-third of such grant and has provided adequate assurances to the Secretary that the University will administer the endowment fund in accordance with the requirements of this title. The source of the funds for the University match shall be derived from State, private foundation, corporate, or individual gifts or bequests, but may not include Federal funds or funds derived from any other federally supported fund.

(e) **DURATION; CORPUS RULE.**—The period of any grant awarded under this section shall

not exceed 20 years, and during such period the University shall not withdraw or expend any of the endowment fund corpus. Upon expiration of the grant period, the University may use the endowment fund corpus, plus any endowment fund income for any educational purpose of the University.

SEC. 803. INVESTMENTS.

(a) **IN GENERAL.**—The University shall invest the endowment fund corpus and endowment fund income in accordance with the University's investment policy approved by the Ohio State University Board of Trustees.

(b) **JUDGMENT AND CARE.**—The University, in investing the endowment fund corpus and endowment fund income, shall exercise the judgment and care, under circumstances then prevailing, which a person of prudence, discretion, and intelligence would exercise in the management of the person's own business affairs.

SEC. 804. WITHDRAWALS AND EXPENDITURES.

(a) **IN GENERAL.**—The University may withdraw and expend the endowment fund income to defray any expenses necessary to the operation of the Institute, including expenses of operations and maintenance, administration, academic and support personnel, construction and renovation, community and student services programs, technical assistance, and research. No endowment fund income or endowment fund corpus may be used for any type of support of the executive officers of the University or for any commercial enterprise or endeavor. Except as provided in subsection (b), the University shall not, in the aggregate, withdraw or expend more than 50 percent of the total aggregate endowment fund income earned prior to the time of withdrawal or expenditure.

(b) **SPECIAL RULE.**—The Secretary is authorized to permit the University to withdraw or expend more than 50 percent of the total aggregate endowment fund income whenever the University demonstrates such withdrawal or expenditure is necessary because of—

(1) a financial emergency, such as a pending insolvency or temporary liquidity problem;

(2) a life-threatening situation occasioned by a natural disaster or arson; or

(3) another unusual occurrence or exigent circumstance.

(c) **REPAYMENT.**—

(1) **INCOME.**—If the University withdraws or expends more than the endowment fund income authorized by this section, the University shall repay the Secretary an amount equal to one-third of the amount improperly expended (representing the Federal share thereof).

(2) **CORPUS.**—Except as provided in section 802(e)—

(A) the University shall not withdraw or expend any endowment fund corpus; and

(B) if the University withdraws or expends any endowment fund corpus, the University shall repay the Secretary an amount equal to one-third of the amount withdrawn or expended (representing the Federal share thereof) plus any endowment fund income earned thereon.

SEC. 805. ENFORCEMENT.

(a) **IN GENERAL.**—After notice and an opportunity for a hearing, the Secretary is authorized to terminate a grant and recover any grant funds awarded under this section if the University—

(1) withdraws or expends any endowment fund corpus, or any endowment fund income in excess of the amount authorized by section 804, except as provided in section 802(e);

(2) fails to invest the endowment fund corpus or endowment fund income in accordance with the investment requirements described in section 803; or

(3) fails to account properly to the Secretary, or the General Accounting Office if properly designated by the Secretary to conduct an audit of funds made available under this title, pursuant to such rules and regulations as may be prescribed by the Comptroller General of the United States, concerning investments and expenditures of the endowment fund corpus or endowment fund income.

(b) **TERMINATION.**—If the Secretary terminates a grant under subsection (a), the University shall return to the Treasury of the United States an amount equal to the sum of the original grant or grants under this title, plus any endowment fund income earned thereon. The Secretary may direct the University to take such other appropriate measures to remedy any violation of this title and to protect the financial interest of the United States.

SEC. 806. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this title \$6,000,000 for fiscal year 2000. Funds appropriated under this section shall remain available until expended.

UNANIMOUS-CONSENT AGREEMENT

Mr. LOTT. Mr. President, pursuant to agreement of October 7, I ask the Senate proceed to the consideration of the conference report to accompany S. 2206, the human services reauthorization bill.

I further ask that immediately following adoption of the conference report, the Senate proceed to executive session, and pursuant to the consent agreement of October 6, that the nomination of William A. Fletcher of California to be United States Circuit Judge for the Ninth Circuit, be considered.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. LOTT. For the information of all Senators, there will be about 25 minutes or so on the human services reauthorization bill—without a recorded vote. It will be a voice vote. Then we will go to the Fletcher nomination.

Therefore, the next recorded vote would be at approximately 2:30.

I yield the floor.

COATS HUMAN SERVICES REAUTHORIZATION ACT OF 1998—CONFERENCE REPORT

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of the conference report to accompany S. 2206, which the clerk will report.

The legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2206), have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

(The conference report is printed in the House proceedings of the RECORD of October 6, 1998.)

Mr. JEFFORDS. Mr. President, the conference report on the Coats Human Services Reauthorization Act of 1998 includes the Head Start program, the

Community Services Block Grant, and the Low Income Home Energy Assistance Program. Through this reauthorization, these programs can continue to provide vital assistance to the neediest of Americans. The Assets for Independence Act, also included in this bill, is a new way of helping low-income individuals and families to achieve economic self-sufficiency.

For three decades, Head Start, CSBG, and LIHEAP have effectively helped many low-income families and individuals throughout America. In this legislation, we have used the lessons learned over the past thirty years to reaffirm what is working well, make improvements where necessary to better meet today's challenges, and eliminate what no longer achieves our goals.

This bill leaves present law largely intact, but it does make some important changes to improve program accountability, expand services to meet the changing needs of today's families, and to increase the capacity of these programs to reach each of the program's purposes.

The reauthorization of Head Start expands the Early Head Start program for our youngest children, in a manner which balances the desire to make this program available to more children and families and the need to ensure that every Head Start program meets the high standards of quality that we have demanded.

The new evaluation and research provisions will provide much-needed information about how the program operates, help identify the "best practices," and will guide the grantees, the Department of Health and Human Services, and Congress to continue the improvements in Head Start which began four years ago.

This legislation expands the Head Start competitive grant process to include for-profit service providers. All Head Start grantees must meet the same high level of performance standards and outcome measures. Tax status does not guarantee the quality of a program—good or bad. The most important issue is selecting the best possible provider, non-profit or for-profit, public or private, to deliver Head Start services. That is what this legislation does.

~~The second major program authorized under this legislation is the Community Services Block Grant, or CSBG. This program provides funding to States for work in local communities to alleviate the causes of poverty. That's an easily defined goal, but getting there takes lots of work, and diverse communities across the nation are taking equally as diverse approaches to meeting it.~~

Local Community Action Agencies, working with other groups and individuals in their communities, are helping people find and keep a job. They are helping them go back to school or get their GED. Provisions in this legislation will help States and local communities to continue this important work.

For almost two decades, the Low Income Home Energy Assistance Program (LIHEAP) has provided a lifeline to countless Americans who cannot pay their fuel bills. The program works very well. It is widely regarded as a model block grant program that gives states the flexibility to meet the needs of their low-income residents while ensuring an appropriate level of accountability for federal dollars.

The reauthorization of LIHEAP will help about four million low-income, disabled, and elderly households pay their fuel bills so they won't have to struggle to keep warm in the winter or to avoid heatstroke in the summer. They won't be forced to choose between heating and eating. Although some four million households received LIHEAP benefits this year, if we had the resources, some 30 million households would be eligible for LIHEAP assistance. This legislation establishes an authorization level that will permit Congress to increase funding for LIHEAP, a goal towards which I will continue to work.

I know some of our colleagues in Congress wonder whether we still need a LIHEAP program. Today I think we send a strong message that the program is more important than ever, especially in light of welfare reform efforts. Low- and fixed-income households still spend at least 18 percent of their income on energy bills, a proportion virtually unchanged since LIHEAP was created.

The Assets for Independence Act represents an important new approach to helping low-income families and individuals. Through Individual Development Accounts, the saving, investment, and accumulation of assets is encouraged as a way to increase economic self-sufficiency and build a future. Senator COATS crafted this portion of the legislation. His work in the development of asset-based policies to help low-income individuals and families has helped us approach an old problem from a new angle.

Senator COATS took the lead in shepherding this bill through the legislative process, from the first draft to the conference report. When the Committee on Labor and Human Resources marked-up the bill, they unanimously voted to change the name of the legislation to the Coats Act as a tribute to Senator COATS' dedication to issues affecting children and their families.

In both his personal and professional life, Senator COATS has been a long-standing activist on behalf of American families. He was a Big Brother in Indiana long before his political career began, and was recently elected President of the Board of Directors for Big Brothers/Big Sisters of America. Early in his congressional career, Senator COATS served as the Republican leader for the House Select Committee on Children, Youth And Families.

Upon arriving in the Senate in 1989, he became the ranking member of the Subcommittee on Children and Families

of the Senate Committee on Labor and Human Resources. Serving as the subcommittee's Chairman since 1995, Senator COATS has been a voice of reason and a tireless advocate for children and families.

His compassion and caring is evident in every piece of legislation that has come out of that subcommittee since Senator COATS became a member. When he leaves the Senate, I will miss his leadership and most of all, his friendship.

The Coats Human Services Reauthorization Act will serve to remind us all of his contributions to the Labor Committee and the Senate.

This legislation is the result of months of hard work, negotiation, and compromise. It has been a truly bipartisan, bicameral effort that has resulted in good public policy.

The legislation reinforces what works in these programs, and discards what does not, which is the whole purpose of a reauthorization.

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. This bipartisan effort would not have been possible without the hard work of many outstanding staff members.

With this legislation, Stephanie Monroe, the Staff Director for the Subcommittee on Children and Families, has added one more piece of effective public policy to her already impressive portfolio. Her work in researching, drafting, and negotiating this bill has been invaluable. Stephanie has been working in the Senate for fourteen years and I hope she will seriously consider continuing on here, after Senator COATS retires.

I want to thank Stephanie Robinson and Amy Lockhart, of Senator KENNEDY's staff and Suzanne Day and Jim Fenton of Senator DODD's staff for their contributions and their commitment to keeping this legislation a bipartisan effort.

Conferencing a bill always involves long hours, hard work, and much patience. I appreciate the efforts of Denzel McGuire, Mary Gardner Clagett, and Sally Lovejoy on the staff of the House Committee on Education and Workforce.

I also want to thank Jackie Cooney of Senator GREGG's staff, Alex Nock and Marcy Phillips with Representative MARTINEZ, Melanie Marola with Representative CASTLE, Amy Adair and Randy Brant with Representative SOUDER for their work on this legislation.

Brian Jones recently left my staff on the Committee on Labor and Human Resources, but before he left, he contributed enormously to the crafting of this legislation. I wish him well in his new venture, and appreciate his contributions to this and other legislation while on my staff. Geoff Brown, who is on my personal staff was instrumental in crafting and negotiating the

HEAP portion of the bill. Working with Cameron Taylor, Legislative Director of the Northeast-Midwest Senate Coalition, Geoff made sure that this critical program will continue to meet the needs of millions of low-income families.

Kimberly Barnes-O'Connor provided valuable and tireless counsel throughout this process, proving once again her capacity to put the interests of children and families first. I commend her for her exemplary service to me, the committee, the Congress, and the constituents we serve through these critical human services programs.

Mark Powden, the Staff Director for the Committee on Labor and Human Resources, as always, helped to clear the obstacles and push this legislation forward. Thank you, Mark.

I yield the remainder of my time to Senator COATS, who is worthy of all the praise possible with respect to this legislation and his total service to this Nation.

The PRESIDING OFFICER. The distinguished Senator from Indiana is recognized.

Mr. COATS. Mr. President, allow me to thank my colleagues for their kind words and also for their assistance.

At a time when our two parties are often divided over issues, major issues, this is truly a bipartisan effort. This is something that could not have been achieved without the cooperation, support, help and assistance of people on both sides of the aisle. I thank the chairman and Senator KENNEDY for their work with us on this. I thank my counterpart on the Children and Families Subcommittee, Senator DODD; Senator GREGG has been a supporter of this effort, and others on the committee who have worked hard and worked diligently with us to bring us to this particular point.

Each of the four programs that are encompassed in this bill represent an all too rare occurrence—a forging of public and private partnership to combat the effects of poverty and unleashing the vast resources of one of our most important assets, the local community.

The first component of this bill is the reauthorization of Head Start, a program that has proven to be significant in providing an opportunity for children to realize their full potential. It was more than a decade ago that Congressman GEORGE MILLER and I, as chairman and ranking member, respectively, of the Children, Youth and Family Subcommittee in the House of Representatives, asked the General Accounting Office to do an analysis of all of the programs that affected children, youth and families under the title and the theme of what works, what doesn't and why. It was a 2-year exhaustive study, and it came back listing eight Federal programs that provided real tangible benefits and a real return on the investment of the taxpayer's dollar and encouraged support for those programs.

At the head of the list, No. 1 on the list was Head Start. It said that for the taxpayer's investment in providing low-income, disadvantaged children with opportunities to prepare to enter the educational system, he or she was saving an enormous amount of money that would have had to be spent on remedial education and would have been potentially lost because those children were not prepared to enter the educational system. Since that time, I have been an ardent supporter of Head Start, in trying to provide funds for Head Start and also to make sure the program is effective. It is a program that clearly has provided many millions of children opportunities that they would not have otherwise had.

However, having said that, there have been questions about the quality of the program. We have experienced varying degrees of quality, from excellent in some cases to very poor in other cases. With the 1994 reauthorization, Congress and the administration made a commitment to enhance the focus on quality improvement. 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—again, something that is all too rare. We have also terminated, actually terminated grants to those programs that were experiencing deficiencies to the extent that they could not be remedied.

Close to 100 Head Start grantees have been terminated or have relinquished their grants since 1994—the first time in history that deficient programs were actually recompeteted. These are essential. Too often here we authorize a new program with glowing words and the best of direction that we can provide, only to find later that those programs did not match up to the promise, and yet they are continued, they are perpetuated, they continue to receive funding, we continue to support mediocrity or even worse.

We have, through the actions in 1994 and subsequent, infused into the Head Start Program not only the technical assistance and resources and support necessary, but also the oversight and the investigation and the determination that we are either going to make some of these programs that are deficient, better, or we are going to recompetete them—and, as I said, more than 100 have been recompeteted.

The reauthorization bill that we are dealing with today builds on that commitment by requiring that 60 percent of the Head Start funds in the first years go toward enhancing program quality. It is important that we expand Head Start. We obviously want to get as many children in the program as possible, but it does no good to expand the program, to enroll more children, if the existing programs are not providing the health and the benefit and the quality that the children need to give them that edge that they need. So the emphasis on quality early and expan-

sion later, I think, is the proper emphasis.

We also take steps to make sure Head Start students obtain the goal of school readiness by requiring the establishment of educational performance standards to ensure that the children develop a minimum level of literacy awareness and understanding coupled with very specific measures to help us assess whether or not this program is actually working. Under this scenario, poor programs, poorly administered programs, will be identified, they will be offered technical assistance, and if they fail to correct the deficiencies, they will be terminated and the grant recompeteted.

We have responded to the concerns of Head Start programs to be able to more fully address the 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 and other early care in education programs within the State, and we have included the President's request for an expansion of early Head Start programs from the current 7.5 percent in fiscal year 1999 to 10 percent in fiscal year 2003.

Finally, in response to concerns raised about the lack of reliable research on Head Start, which can be used as a basis for determining its effectiveness, we have authorized the National Impact Study of Head Start. These studies will yield very valuable information about how this program is working and whether Head Start is, in fact, making a difference.

Mr. President, the whole emphasis here, as you can tell, is on sufficient oversight, sufficient involvement in the program, to determine how it is working and to establish and identify where it is not working, and to help make where it is not working better and, if not, if necessary, recompeteting the whole process and turning it over to someone else.

There are three other components of this particular bill before us. One is the Low Income Home Energy Assistance Program. I will allow other Members, including the chairman, to address that. That is an issue they have been involved in more directly than I have.

Another is the Community Services Block Grant, an excellent example of what can happen when Washington allows local communities to design their own responses to local problems. The "Washington knows best," the "Washington has one model formula that fits all sizes," is pretty much a discounted and discarded theory. We are working now, and need to work, with local communities to identify local problems and allow them to help us and work with us in fashioning a local solution.

Mr. President, 90 percent of the funds provided under this act, the Community Services Block Grant, must be passed through by the State to local eligible entities, which include a variety of public and nonprofit organizations.

I join with those in congratulating the Senator and in appreciating his leadership.

Mr. President, at a time when we have extraordinary prosperity, it is important that we look primarily at the needs of children, particularly the poor children. This bill invests in America's future by providing urgently needed assistance to low-income families and children.

This bill reauthorizes the Head Start program, the comprehensive early childhood development program for low-income children.

For more than thirty years, Head Start has been providing educational, nutritional, medical, and social services to help young children and their families reach their full potential. The advances made by this bill will ensure even greater success for the program in meeting the needs of today's families.

In preparing this bill, we've made significant efforts to improve program quality. That was particularly a matter that the Senator from Indiana was strongly committed to. We've established new education performance standards, to ensure that Head Start children enter school ready to learn. We've strengthened teacher qualifications, so that children will receive the very best care.

We've also worked to encourage closer cooperation by Head Start with other agencies so that full-day, full-year services will be more readily available to working families who need this kind of extended care.

More than 830,000 children currently receive the benefits of Head Start and they will continue to do so. Just as important, this bill makes it possible over the next five years to reach out more effectively to the 60% of eligible children who are not now receiving these services.

Head Start has demonstrated its success in lifting families out of poverty. With the program's support, many families obtain the boost they need to achieve economic self-sufficiency.

A letter I received from Monica Marafuga, a Head Start teacher in Massachusetts, makes this point well:

I believe that Head start is sometimes the only hope for some families. As a teacher, I see the many families and children who need someone to guide them and point them in the right direction for a better life.

The Early Head Start program is also greatly enhanced by this bill. This program was established four years ago to provide high quality comprehensive services to very young children, from birth to age 3, and their families. There is nothing that can replace a parent and a home that is supportive and loving. But as we have seen, many of the children in our society are missing the support which can help them develop at a very critical and important time of their development.

We know that the first three years of life are a critical period in every child's development. We are mindful of the excellent studies that have been

done by the Carnegie Commission about the importance of the development of a child's brain in the first months and years of life. The Early Head Start Program helps in developing those cognitive, emotional, and social skills that can help children seize future opportunities and fulfill their highest potential. This is something we want to encourage.

I welcome the fact that we are able to see an important enhancement of the Early Start Program. I'm especially pleased that this bill includes provisions to establish a new training and technical assistance fund, which will reinforce the program's commitment to provide quality services through on-going professional support for program staff.

The Early Start Program is having an important impact, and in this bill we continue a gradual expansion of the program so that more young children can be served. Currently, less than 2% of those eligible are receiving its benefit. This bill will expand the program over the next five years to cover an additional 40,000 babies and toddlers. This is a modest expansion, but one which I think, with its success, can be built on over future years.

In addition, the bill also renews our commitment to reducing poverty by reauthorizing the Community Services Block Grant. This program helps communities by providing assistance to address the specific needs of localities, marshaling other existing resources in the community, and encouraging the involvement of those directly affected.

Funds may be used for a variety of services, including employment, transportation, education, housing, nutrition, and child care.

I remember when Senator Robert Kennedy sponsored the initial Community Development Corporation more than 30 years ago, which was the precursor to the Community Services Block Grant. This program has a proven record of fostering innovative methods for eliminating the causes of poverty. The need today is as great as it has ever been. Poverty continues to be a significant problem across the nation.

We know that 37 million of our fellow citizens live in poverty. Children are particularly vulnerable, representing 40% of those living in poverty despite the fact that they make up only 25% of the overall population. These figures are particularly disturbing because studies show that children living in poverty tend to suffer disproportionately from stunted growth and lower test scores. The Community Services Block Grant can help alleviate these conditions and benefit these children.

The legislation also reauthorizes the Low-Income Home Energy Assistance Program for the next five years. The funding levels provided for this important program will ensure that LIHEAP continues to help low-income households with their home energy costs, particularly in extreme weather.

I am especially pleased that this legislation includes a provision to clarify the criteria for the President to release emergency LIHEAP funds. This assistance will enable many families hurt by hot or cold weather, ice storms, floods, earthquakes, and other natural disasters to get through the season.

In addition, it will enable the release of emergency LIHEAP funds if there is a significant increase in unemployment, home energy disconnections, or participation in a public benefit program.

There is clearly a continuing need for a strong LIHEAP program. 95% of the five million households receiving LIHEAP assistance have annual incomes below \$18,000. They spend an extremely burdensome 18% of their income on energy, compared to the average middle-class family, which spends only 4%.

Without a strong LIHEAP program, families will be forced to spend less money on food and more money on their utility bills—the so-called "heat or eat effect." The result is increased malnutrition among children.

Without a strong LIHEAP program, children will fall behind in school because they will be unable to study in their frigid households.

Without a strong LIHEAP program, low income elderly will be at an even greater risk of hypothermia. In fact, older Americans accounted for more than half of all hypothermia deaths in 1991.

LIHEAP is clearly a lifeline for the most vulnerable citizens in society, and I commend the House and Senate for strengthening this vital program.

This bill also establishes a new and innovative approach to helping low-income individuals achieve financial independence, and again, I commend Senator COATS for his leadership on this new program. Individual Development Accounts are designed to promote economic self-sufficiency by providing matching funds for deposits made into qualifying savings accounts. Funds can be used to purchase a first home, open a small business, or pay for college education.

This program shows great promise for improving the lives of many individuals and families in communities across the country.

Mr. President, I want to just use the last minute in sharing my commendation for the wonderful staff, Republican and Democrat, who worked very closely together. This bipartisan effort is really the most effective way to develop the best possible legislation.

I want to also recognize Stephanie Monroe, who will be leaving the Senate and has been really a stalwart. Everyone has enormous respect for her. She has worked with Senator COATS, but I think all of us have had enormous confidence in her leadership. She has done really an outstanding job. I also thank Suzanne Day and Kimberly Barnes O'Connor, and Amy Lockhart, a Congressional Fellow in my office, and

Kennedy

Stephanie Robinson of my staff who is an enormously gifted, talented and committed individual.

The Clinton Administration worked effectively with us in the development of this legislation, and they also deserve great credit. I want to particularly recognize Helen Taylor who is the Associate Commissioner of the Head Start Bureau at the Department of Health and Human Services. Ms. Taylor has dedicated her professional career to improving the lives of young children and has had over 30 years of distinguished service in the field of early childhood development. Her knowledge and experience proved invaluable in this process, and I thank her for her true commitment to the children of Head Start.

This bill ensures the continuation of these important programs into the 21st century. Again, I thank the chairman of our committee, Senator JEFFORDS, and Senator DODD, and Senator COATS who really have done an extraordinary job in bringing this legislation to where it is today.

Mr. JEFFORDS. I want to take just a couple seconds to join in the accolades which Senator KENNEDY has made for the various staff members, and also to recognize all the tremendous work that Senator KENNEDY himself has done not only today but throughout the years on these very valuable programs.

Mr. President, I yield the floor.

Mr. DODD. Mr. President, I am delighted to stand here and thank the chairman and the ranking member, the Senator from Massachusetts, as we are about to adopt the Coats Human Services Reauthorization Act, which includes Head Start, LIHEAP and the community services block grants.

People are going to wonder. This is the second day in a row that I find myself on the floor extolling the tremendous contribution of my colleague from Indiana.

We were involved in a piece of legislation yesterday. But I think all of us, as I said yesterday, are going to miss our friend, who is going to be here only a few more days and will move on to another chapter in his life.

But it is highly appropriate, given his tremendous work over his career in the Senate on behalf of children and families that this piece of legislation is going to be named in honor of his service to our country.

I am very pleased to join in that effort, and to commend him for his spectacular work over the years of service in the Senate.

Senator COATS and I have worked intensively with Senator JEFFORDS, Senator KENNEDY, other members of our committee, and the House committee to complete this important reauthorization. The strong bipartisan support for this bill is a clear statement of how we all view the crucial programs included in this bill. And it is also a testament to the leadership of Senator COATS on this legislation. While we have not necessarily agreed on every

issue, I have always admired Senator COATS' dedication to working to help working families, and in particular, to helping children. His presence on the Labor Committee will surely be missed, and I am pleased that the full committee chose to name this important bill after Senator COATS, as a show of respect and admiration for his service in the Senate.

This bill is fundamentally about expanding opportunity in America for all of our citizens. Under the umbrella of the Human Services Act, low income communities, their families and children receive more than \$5 billion of assistance each year. These dollars support the basic building blocks of stronger communities—care and education for young children in Head Start, food, job and economic development through the Community Services Block grant, and home heating assistance through LIHEAP.

Head Start is the nation's leading child development program, because it 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. This year, Head Start will serve over 830,000 children and their families this year, and nearly 6,000 in my home state of Connecticut.

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 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 Head Start we can also strengthen our resolve to expand this successful program to reach 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.

2000, it is projected to drop to 15 percent.

We need to make sure that vocational education students have opportunities to prepare for continued education and for high-skill high-wage jobs. For this reason, the agreement places an expanded emphasis on technology.

With the increased emphasis on academics and technology, vocational education students will be better prepared for expanded educational and employment opportunities.

Finally, the agreement not only sends more money to the local level than under current law, but it provides those at the local level with more flexibility in how to spend their money.

Local school districts and postsecondary institutions will be able to decide how to best meet the needs of their students. They will have the ability to create innovative programs to meet their individual local needs.

Under current law, only 75 percent of Federal vocational education dollars are required to go locally. This agreement requires that no less than 85 percent of the Federal education dollars go to local school districts or postsecondary programs.

If we are going to see true change occur in vocational-technical education, it is going to come from the local level, and that is where our money should be.

Mr. Speaker, I reserve the balance of my time.

Mr. CLAY. Mr. Speaker, I yield myself such time as I may consume.

(Mr. CLAY asked and was given permission to revise and extend his remarks.)

Mr. CLAY. Mr. Speaker, I am pleased to rise in support of the conference report. This report represents nearly 4 years of dedicated work by the Members on both sides of the aisle.

During this Congress, we have worked closely with the gentleman from Pennsylvania (Chairman GOODLING) and our colleagues in the Senate to craft legislation to improve the vocational education system. In addition to extending the authorization of this program for 5 years, the bill improves the structure of our vocational education system.

We continue, under this bill, to target funds on poverty, ensuring that the most needy of school districts receive the assistance.

I want to compliment the gentleman from Pennsylvania (Chairman GOODLING), my ranking subcommittee members, the gentleman from Michigan (Mr. KILDEE), the gentleman from California (Mr. MARTINEZ), the gentleman from California (Mr. MCKEON), the gentleman from Pennsylvania (Mr. PETERSON), and the gentleman from Texas (Mr. JOHNSON) for their work on this legislation.

This bill deserves the strong support of all Members of this body.

Mr. Speaker, I reserve the balance of my time.

Mr. GOODLING. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I want to thank Chairman JEFFORDS who led the Senate efforts on the legislation, and our House conferees the gentleman from California (Mr. RIGGS) who chairs the Subcommittee on Early Childhood, Youth, and Families, the gentleman from California (Mr. MCKEON), the gentleman from Pennsylvania (Mr. PETERSON), the gentleman from Texas (Mr. JOHNSON), the gentleman from Missouri (Mr. CLAY), the gentleman from Michigan (Mr. KILDEE), and the gentleman from California (Mr. MARTINEZ).

I would also like to thank staff who have worked very hard in helping us develop this legislation, including Krisann Pearce, Sally Lovejoy, Mary Clagett, Vic Klatt, June Harris, Alex Nock, and Marci Phillips.

The conference agreement on H.R. 1853 is based on good public policy. The agreement expands opportunities for vocational education students, placing increased emphasis on academics, technology, and State and local innovation.

Mr. Speaker, I urge your support for this legislation.

Mr. MARTINEZ. Mr. Speaker, I rise in support of the conference report on H.R. 1853, the Carl Perkins Vocational and Applied Technology Amendments of 1998. The Perkins Act has helped millions of students attain the education and training needed to compete in today's workforce.

In particular, the act has provided access to vocational education to a variety of underserved populations—women, including single mothers and displaced homemakers; individuals with disabilities; and students facing barriers to educational achievement, such as limited English proficiency. The reauthorization legislation before us today, I believe, strengthens the Federal Vocational Education Program.

We merge the best of the House and Senate bills to provide for a system that holds vocational education to high academic standards and accountability. We also reaffirm our commitment to special populations, and ensure that not only are they provided access to vocational education, but that they also are included in the quest for high quality.

I am also pleased that disagreements on the formula have been resolved, striking a balance between providing support for local schools and leveraging resources in leadership activities. Just as importantly, this new formula retains the Federal commitment to target scarce education dollars to the neediest students.

Finally, I would like to express my strong support for the provisions in the legislation that preserve the tech-prep program.

Tech-prep provides comprehensive links between vocational education and training in secondary schools and postsecondary education institutions.

As such, the tech-prep program enhances the Federal commitment to provide vocational education students with the skills and education to pursue a successful future after high school—whether it involves obtaining additional training, pursuing a baccalaureate degree, or entering the workforce.

I thank Chairman GOODLING and Chairman JEFFORDS for their commitment to reaching bi-

partisan, bicameral agreement on vocational education reauthorization.

While these negotiations were lengthy, and often contentious, I believe the final product was worth the effort.

I urge my colleagues to join me in support of passage of this conference report.

Mr. GOODLING. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON S. 2206, COATS HUMAN SERVICES REAUTHORIZATION ACT OF 1998

Mr. GOODLING. Mr. Speaker, I move to suspend the rules and agree to the conference report on the Senate bill (S. 2206) to amend the Head Start Act, the Low-Income Home Energy Assistance Act of 1981, and the Community Services Block Grant Act to reauthorize and make improvements to those Acts, to establish demonstration projects that provide an opportunity for persons with limited means to accumulate assets, and for other purposes.

(For conference report and statement, see proceedings of the House of October 6, 1998 at page H9680.)

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Pennsylvania (Mr. GOODLING) and the gentleman from Missouri (Mr. CLAY) each will control 20 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. GOODLING).

GENERAL LEAVE

Mr. GOODLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on S. 2206.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GOODLING. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the conference report on S. 2206, the Coats Human Services Reauthorization Act of 1998 named after the retiring Senator from Indiana.

I would like to take this opportunity to recognize Senator DAY COATS, not only for his remarkable efforts on what will be known as the Coats Human Services Act of 1998, but for his years of service and dedication to education and human services issues. He has been a staunch and compassionate advocate for children. We will miss his insight and wisdom that are reflected in dozens of laws that have and will continue to have positive impact on the lives of millions of American families.

I want to express my sincere appreciation to the members of the conference committee for their diligent efforts to resolve the differences between

the House and the Senate bill. This has truly been a bipartisan and bicameral effort.

I want to thank the gentleman from Delaware (Mr. CASTLE), the gentleman from Indiana (Mr. SOUDER), the gentleman from California (Mr. MARTINEZ) and the gentleman from Missouri (Mr. CLAY), the ranking member of the committee, who have worked so diligently on this bipartisan bill. In addition I would like to recognize the gentleman from California (Mr. RIGGS) who was so very important to the development of the legislation.

Due to them and many others who worked with us in crafting this bill, we have before us today a bipartisan conference agreement, an agreement that will lead to better services for millions of disadvantaged families across the Nation.

The Senate has already passed the conference report. Senators JEFFORDS, COATS, KENNEDY and DODD led the Senate efforts on this legislation and have successfully ushered it through the Senate.

The efforts of all these Members have allowed us to move forward on a very important piece of legislation, to reform our Nation's Head Start, Community Service Block Grant and Low-Income Home Energy Assistance Programs.

The legislation makes important changes to these acts that will result in improved services, increased quality, and more accountability.

Title I of the legislation contains important changes to the Head Start program. This bill firmly establishes quality as the focus of the authorization through a variety of measures that strengthen the education component of Head Start. Namely, the bill ensures that local Head Start agencies will be held accountable for successfully preparing children to enter school ready to read by inserting new educational performance standards and measures by which individual Head Start program performance will be measured. The founder of Head Start said that this is the one area that has disappointed him, and that is the area of preparing children to enter school, and it is basically an education preparation program, and we think that in this bill that it will truly be that all over the country.

The bill requires that at least half of all Head Start teachers possess a college degree in early childhood education or related field by the end of the year 2003. It is an important requirement if we are to ensure that Head Start's education service rival those of the best preschools in the Nation.

The bill strikes the appropriate balance between quality and expansion. This is something I insisted on in our House-Senate conference. It slows the rate of growth of the program and it increases funding for quality in the initial years of the authorization, so that the Head Start program has the time and means to develop greater capacity to provide higher quality services.

Title II of the legislation extends the authorization and makes changes to the Community Service Block Grant Act program.

This bill will better enable States and local communities to eradicate poverty, revitalize high poverty neighborhoods, and empower low-income individuals to become self-sufficient.

As with Head Start, this bill increases program accountability and CSBG. It encourages the development of effective partnerships between government, local communities and charitable organizations, including faith-based organizations, to meet the needs of impoverished individuals, and it encourages innovative community-based approaches to attacking the causes and effects of poverty.

I have been a strong supporter for many years of CSBG and the programs that it supports. I feel that this legislation will result in improvements in CSBG and will further improve services for the poor in each local community.

Title III of our legislation extends the authorization of another important program, the Low-Income Home Energy Assistance Program. LIHEAP provides heating and cooling assistance to almost 5 million low-income households each year. Individuals and families receiving this vital assistance include the working poor, individuals making the transition from welfare to work, individuals with disabilities, the elderly, and families with young children.

Finally, this legislation establishes a new demonstration program providing funding for individual development accounts, matched saving accounts for low-income individuals for post-secondary education, home purchases and business capitalization.

I commend Senator COATS and the gentleman from Indiana (Mr. SOUDER) for their insight in the development of this demonstration program.

Finally, I want to give special thanks to numerous staff who have worked for so many weeks, months, years to resolve the various differences on this bill. Their work has culminated in a strong bipartisan bill. Specifically, I would like to thank Sally Lovejoy, Vic Klatt, Mary Clagett, Denzel McGuire and Rich Stombres of our committee staff for their hard work on this bill, as well as Alex Nock and Marci Phillips of the Minority staff.

Let me close by saying that the legislation before us today is truly one of the most important pieces of legislation the 105th Congress will pass this year. It is a bipartisan bill that greatly improves the delivery of services provided under Head Start, CSBG and LIHEAP. It is my belief that many families will benefit from the improvements made under this act. I urge my colleagues to vote for the bipartisan conference report.

Mr. Speaker, I reserve the balance of my time.

Mr. CLAY Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this legislation reauthorizes Head Start, Low-Income Home Energy Assistance, and Community Services Block Grant programs. In addition, it establishes a new program, Assets for Independence, which will assist low-income families to achieve economic security.

The programs authorized in this bill are critical to children and to seniors. In addition to reauthorizing expiring programs, this legislation makes several needed improvements. In the Head Start section, the bill increases to 10 percent the setaside for early Head Start, the program providing services to low-income infants and toddlers and their families. This will ensure that thousands of additional infants can experience the benefits gained in this extraordinary program.

This bill reauthorizes the LIHEAP program for 5 years, but also concentrates its weatherization services for low-income individuals with higher energy needs.

Finally, Mr. Speaker, this legislation institutes important accountability provisions in the Community Services Block Grant program that will enable us to document its great successes.

In closing, I want to thank the gentleman from Pennsylvania (Mr. GOODLING), our chairman; the ranking subcommittee member, the gentleman from California (Mr. MARTINEZ); the gentleman from Delaware (Mr. CASTLE); and the gentleman from Indiana (Mr. SOUDER) for their hard work on this conference agreement. I believe this strong bipartisan measure, which deserves the support of all Members of this Chamber, should be enacted.

Mr. Speaker, I reserve the balance of my time.

Mr. GOODLING. Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana (Mr. SOUDER), who was with Senator COATS for a long time before he came to the Congress of the United States, and who has been very important in putting together parts of this legislation.

Mr. SOUDER. Mr. Speaker, I thank the chairman for his leadership and all of the others on the conference committee.

It is unfortunate that it is this late at night that we have one of the most important pieces of legislation that could possibly be before us. It addresses the most vulnerable Americans in our society, our children, the working poor and the elderly, and it is an innovative compromise that we have been able to work between the parties and between the bodies.

It is of special meaning to me in 3 different ways, and I want to briefly talk about those. One is my relationship to my former employer, Senator DAN COATS. Second is these issues are many of the things that motivated me to particularly run for Congress, and they are issues that as a staff member for 10 years I worked with, and now, to see some of them come to fruition as part of law is indeed a special honor and a privilege.

Goodling

So let me touch on a couple of these issues together. Senator DAN COATS is retiring this year after many years in the House and Senate, and as a friend of his who worked in his first primary and general election campaign, we worked together with many goals. Part of those goals are very tied to our personal and deep religious commitments and how we as Christians would address issues facing the most vulnerable in our society. He has tried to be one of the more creative leaders on our side in looking at the balance of how do we work through the private sector, how do we work in joint cooperation in public and private, and what is the role of government in helping develop opportunities.

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When I served as Republican staff director on the House Select Committee on Children, Youth, and Families, we looked at the Head Start program and saw that it was a Federal program that was very effective in at least some areas. And what we have done in this bill is to try to make it even more effective by putting better educational standards in, through targeting better pay for Head Start teachers, and I think that is an example of a Federal program that has worked.

But there are several other things in this bill. Back when I was in the House and when I worked for Senator COATS in the Senate, we were trying to look for creative ways of how to empower private sector organizations, and one of those things is a charitable tax credit.

For the first time, working with the gentleman from Virginia (Mr. SCOTT) on the minority in our committee, we were able to pass in the 10 percent of the State's community service block grants they can use that money to help offset an expansion of the State charitable tax credit. We have not been able to pass other pieces of legislation at this point with it, but it is an important first step.

The gentleman from Ohio (Mr. HALL) and the gentleman from Virginia (Mr. WOLF) have been leaders in the individual development accounts, the Assets for Independence that DAN COATS has supported for a long time as I have. And this is another innovative way to help those who are less fortunate to develop the assets they need, whether they use them for their own personal expenses or whether it is for homes or housing or to develop a business. It is an important breakthrough.

It is something that we worked out when I was a house staffer for Congressman COATS and as a Senate staffer, and it is a tremendous victory for my fellow and former staffers, Stephanie Monroe and Sharon Soderstrom and Mike Gerson to see many of these dreams actually become part of law.

DAN COATS has been a personal model for me. It is so fitting and appropriate that this bill is named after him, because he is a beacon of light and a personal moral example. An example of

leadership, of how someone in government can be in both their personal and public life a model for young people around the country; a model for legislators as to how to be creative in their legislation, of how to be a conservative and yet have a heart for the poor, a heart for the underprivileged.

It has been a great honor to both work for him and now with him in this United States Congress, and he is going to be deeply missed by me and many others.

Mr. CLAY. Mr. Speaker, I yield 3 minutes to the gentlewoman from California (Ms. WOOLSEY).

(Ms. WOOLSEY asked and was given permission to revise and extend her remarks.)

Ms. WOOLSEY. Mr. Speaker, I rise in support of the Human Services Reauthorization Act. The programs reauthorized by this legislation, Head Start, Community Service Block Grants, and LIHEAP, help our neediest Americans to live learn and grow.

I am particularly pleased that the Community Services Block Grants include reauthorization for a demonstration project to test the effectiveness of Individual Development Accounts, IDAs. IDAs are dedicated savings accounts that can be used for education. They can be used for first home purchase or to start a business. Each deposit made by the low-income account holder is matched by the community organization which sponsors the IDA.

I was able to leave welfare when I was in trouble at one point because I invested in myself. IDAs allow individuals in the same kind of circumstance I was in to invest in themselves. IDAs give low-income individuals a needed chance to invest in themselves and in their futures. Because their deposits are matched, IDA accounts grow and lives are changed for the better.

This country has been helping middle- and upper-income families invest in themselves and their future for years. For example, there are tax deductions for home mortgage. There are tax break for IRAs and tax breaks for other pension accounts. There are no breaks for low-income individuals who try to save. In fact, in some cases there are actually penalties if a low-income person accumulates assets.

So, Mr. Speaker, the Human Services Reauthorization Act will help millions of low-income Americans change their lives and I am proud to join my colleagues on both sides of the aisle in supporting it.

Mr. GOODLING. Mr. Speaker, I yield such time as he may consume to the gentleman from Delaware (Mr. CASTLE) an important member of the committee.

Mr. CASTLE. Mr. Speaker, I thank the gentleman from Pennsylvania (Mr. GOODLING) for yielding me this time, and I will try to be brief because of the hour.

Mr. Speaker, everything that has been said is so significant. And the Head Start program, the Community

Services Block Grant which was heard about, and also the Low-Income Home Energy Assistance program which has struggled politically in this body a lot of times, have gone through strong reauthorizations.

I just would like to focus on the Head Start provisions of this bill for a couple of reasons for a moment. I believe that educational welfare for our children starts well before they even walk into kindergarten. It obviously starts the day kids are born. And some of the most crucial times are their first experiences in structured settings such as in day care or prekindergarten programs.

We are all seeing what is as least viewed as a decline in education in America, at least for some of our students out there today. And I think early intervention is very necessary if we are going to be able to address some of these problems, particularly at the earliest ages. Because that helps, of course, our students attain higher achievements throughout their lives.

What happened in this bill, and it was under the guidance of our chairman, is that we have strengthened the education component programs of Head Start. We are supportive to the whole concept of quality. We put more money into that area; into teacher certification and into making absolutely certain that the Head Start programs that we have would be able to upgrade in that circumstance.

It was a hard fight. It sounds simple, but it was relatively hard because there is a great force that wants more quantity and does not want us to set money aside for quality. We were able to do that working with both sides of the aisle and working with the Senate in order to achieve what I think is in the greater good for kids of this country.

Again, it is a shame that we are debating this bill at 12:55 in the morning as opposed to 2 o'clock in the afternoon. But the bottom line is this is good legislation. It is well thought out. Some excellent staff work went into it, and I hope that we could unanimously endorse it in the House of Representatives and the President could sign it into law soon.

Mr. Speaker, I am pleased to be able to stand up today in strong support of the conference report on the Human Services Reauthorization Act and proud to have been able to serve as a conferee on this very important piece of legislation.

The bills that came out of both Houses on Head Start, the Community Services Block Grant, and the Low Income Home Energy Assistance Programs were very strong and representative of very bipartisan efforts. During conference, we worked diligently to follow through on that bipartisan spirit and deliver a bill that will provide better assistance to some of our nation's neediest citizens.

As with most pieces of legislation, I realize we have not been able to meet everyone's needs, but I do believe we have made an excellent compromise that addresses a majority of this body's concerns. Throughout the process, I have been particularly concerned with

the Head Start provisions of this bill. As you know, I come to the table with a deep concern for the welfare of our nation's students. I believe that their educational welfare starts well before they walk into kindergarten. It starts the day kids are born and some of the most crucial times are their first experiences in structured settings, such as in day care or pre-kindergarten programs.

In the past few years, as policy makers, we have been faced with the reality that our education system isn't working for many of our students. Among all of the different factors that we need to consider, one of them is those first few years and those first experiences kids have in structured settings. Early intervention is essential. We know this. If we can begin to address the needs of students at the earliest ages, then we have a better chance of helping them attain higher levels of achievement throughout life.

Along with my colleagues on the conference, I was dedicated to strengthening the current Head Start program so that children are getting the skills they need and are truly prepared for the challenges they will face in school. One of the key reforms in this bill is that we strengthen the education components of the program. Now, the purpose of Head Start is to promote school readiness. Make no mistake about it, this program was deliberately named, these kids need a 'head start' in life, and we have attempted to give them that in the conference report.

First, we are supportive of and committed to increasing funding for quality. This makes sense. We need to ensure that the programs our kids are attending are truly beneficial and deserving of their time. We need to be confident in the services Head Start is providing and confident that kids are learning while they are enrolled. One of the things we do with the increased funding for quality in the conference report is increase the percentage of teachers who have a degree in early childhood education. This is sheer logic. In fact, I think this is essential. Our kids need and deserve to have skilled teachers with an intimate knowledge of child development. The combination of increasing teacher certification levels and quality funds provided for in the conference report will go a long way toward addressing the failures we see in the system now.

As the governing body in this nation, we have a responsibility to ensure that the funds we provide States and locals are spent effectively and efficiently. I believe we have accomplished that in the conference report before the House today. This truly is an important bill, which will affect the future of many, many children and their families and in turn the welfare of our country.

Let me also note that this bill reauthorizes the Low Income Home Energy Assistance Program and the Community Services Block Grant programs, which I support. While I have not focused my comments on those provisions, I do strongly endorse the work of the conferees on both sections.

I encourage my colleagues on both sides of the aisle to support the hard fought compromises we reached during conference and vote in favor of passage. This legislation takes several great strides for the benefit of our nation's kids and families.

Mr. CLAY. Mr. Speaker, I yield 3 minutes to the gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT. Mr. Speaker, I thank the gentleman from Missouri (Mr. CLAY), our ranking member, for yielding me this time.

Mr. Speaker, I rise to support the conference agreement reauthorizing Head Start, Community Services Block Grant, and the Low-Income Home Energy Assistance Act. On balance, this bill does many positive things for children and low-income individuals. I am particularly proud of the fact that it contains a provision that I cosponsored with the gentleman from Indiana (Mr. SOUDER) which replicates a successful program I sponsored in Virginia, the Neighborhood Assistance Act, which offers tax credits for donations to approved programs fighting poverty.

Unfortunately, the conference agreement also contains a provision I find very troubling, the so-called "charitable choice" provision. This provision has serious constitutional and policy shortcomings. Specifically, the "charitable choice" program allows religious groups to be funded under the Community Services Block Grant, even though they may be pervasively sectarian.

The Community Services Block Grant provision also allows, because it allows pervasively sectarian organizations to be funded, it allows publicly funded employee discrimination. Because Title VII of the Civil Rights Act contains certain provisions exempting religious organizations, it allows faith-based organizations to proselytize to beneficiaries as they receive services. It also allows faith-based organizations to require beneficiaries to participate in religious activities in order to receive services. And it allows beneficiaries to be denied alternative service providers if none are available other than the faith-based organization.

With respect to these constitutional issues, Mr. Speaker, I submit a letter from the Department of Justice specifically outlining the constitutional problems with the "charitable choice" provision.

U.S. DEPARTMENT OF JUSTICE,
OFFICE OF LEGISLATIVE AFFAIRS,
Washington, DC, September 24, 1998.
Hon. WILLIAM F. GOODLING,
Chairman, Committee on Education and the
Workforce, U.S. House of Representatives,
Washington, DC.

DEAR MR. CHAIRMAN: The Senate and the House each recently passed versions of S. 2206, designated in the Senate as the Community Opportunities, Accountability, and Training and Educational Services Act of 1998 and in the House as the Human Services Reauthorization Act. We are informed that a conference committee will this week attempt to resolve differences between the two versions of the bill. S. 2206 would, *inter alia*, amend the Community Services Block Grant Act ("CSBGA"), 42 U.S.C. § 9901, *et seq.* We are writing with respect to a proposed new section 679 of the CSBGA, which would be established by section 201 of the Senate-passed bill and by section 202 of the House-passed bill. We are concerned that the Senate version (that is, S. 2206 as passed by the Senate on July 27, 1998) could be construed to permit government funds to be provided to, and used by, pervasively sectarian organizations,

which would violate the Establishment Clause of the First Amendment to the Constitution. Accordingly, we recommend that the Conference Committee amend the bill to ensure that funds are provided to religious organizations only if they are not pervasively sectarian.

The Act would authorize the Secretary of Health and Human Services ("the Secretary") to establish a program to make federal block grants to states for the purpose of ameliorating the causes of poverty in communities within the states. *See, e.g.*, S. 2206 (as passed by the Senate), § 201 (proposing CSBGA § 672(1), 675). The states may, in turn, direct the funds to private, nonprofit organizations to assist in the provision of services. *See, e.g., id.* (proposing CSBGA § 675C(a)(3)(B), 676A(a)(1)(A)).

Proposed CSBGA section 679(a), in both the House and Senate bills, would provide that "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." Section 679(a) further would provide that "[n]either 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."

Section 679 apparently would reflect "Congress' considered judgment that religious organizations can help solve the problems" to which the proposed statute is addressed *Bowen v. Kendrick*, 487 U.S. 589, 606-07 (1988). *Kendrick* and other cases establish that the fact that an institution has religious affiliations does not mean that it may not participate equally in a neutral government financial aid program that benefits both religious and nonreligious entities. *Id.* at 608-11 (Adolescent Family Life Act grants, available to fairly "wide spectrum of public and private organizations" regardless of religious nature, may be awarded to religious institutions); *see also, e.g., Roemer v. Board of Public Works*, 426 U.S. 736 (1976) (plurality opinion) (upholding grant program for colleges and universities as applied to schools with religious affiliations). Nevertheless, the Establishment Clause does place two significant limitations on this general principle.

First, the Establishment Clause requires that federal financial assistance not be used in a way that would advance religious organizations' religious mission. The Court in *Kendrick* confirmed that, even though religious organizations may participate in government-funded social welfare programs, the government must ensure that government aid is not used to advance "specifically religious activ[ities] in an otherwise substantially secular setting." *Kendrick*, 487 U.S. at 621 (quoting *Hunt v. McNair*, 413 U.S. 734 (1973)). *See Roemer*, 426 U.S. at 755 (plurality opinion). Indeed, in *Kendrick*, all nine Justices accepted the principle that government funding of religious activities would be impermissible.¹

¹ 487 U.S. at 611-12, 615, 621 (Establishment Clause would be violated if public monies were used to fund "indoctrination into the beliefs of a particular religious faith" or to "advance the religious mission" of the religious institution receiving aid.); (quoting *School Dist. of Grand Rapids v. Ball*, 473 U.S. 373, 385 (1985)). *Id.* at 623 (O'Connor, J., concurring) ("[A]ny use of public funds to promote religious doctrines violates the Establishment clause."); *Id.* at 624 (Kennedy, J., concurring) (reasoning that the Establishment Clause would be violated if funds "are in fact being used to further religion"); *Id.* at 634-48 (Blackmun, J., dissenting) (opining that government aid

the account which is then matched by private or public funds. Under the legislation, participants can have no more than \$10,000 in assets (excluding their car and home) to qualify for the program. Federal money can only be used to match private money. In this way, the bill would leverage more private money and local involvement. By encouraging asset development, IDAs help families end their own poverty with dignity.

IDAs and other asset-building strategies for the poor appear to be among the most promising poverty-fighting ideas to emerge in the last few decades. It is estimated that 100 communities are running IDA programs in forty-three states. Twenty-five states, including Ohio, have incorporated IDAs into their welfare-to-work plans, as authorized by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The Joyce, Mott, Ford, Levi Strauss, and Fannie Mae Foundations have issued millions of dollars in grants to support IDA demonstration projects. IDAs have come a long way since the Select Committee on Hunger, which I chaired, first held hearings on this important idea in the early 1990's.

This demonstration project, will provide additional fuel to states, localities, and community based nonprofit groups that are looking for creative and enduring strategies to help low-income families move toward self-sufficiency.

Owning assets gives people a stake in the future and a reason to save, dream, and invest time, effort, and resources in creating a future for themselves and their children. Assets empower people to make choices for themselves.

I would urge my colleagues to pass this important legislation.

Mr. MARTINEZ. Mr. Speaker, I rise in strong support of the Conference agreement on S. 2206, the Coats Human Services Reauthorization Amendments of 1998.

This legislation reauthorizes three programs that provide assistance to the neediest Americans: Head Start, the Low-Income Home Energy Assistance Program (LIHEAP), and the Community Services Block Grant (CSBG).

Historically this legislation has received bipartisan support, and today, there is no exception.

The conference agreement represents a compromise that will ensure the integrity and quality of these programs for years to come.

For more than three decades, Head Start has provided comprehensive social, health, and educational services, designed to promote strong, supportive families and provide disadvantaged with solid foundations for a lifetime of learning.

In 1994, we undertook the most ambitious reauthorization of Head Start, in which we initiated a strong quality improvement process.

I am proud of this effort and the direction it established for the future of Head Start.

That is why, earlier this year, I introduced H.R. 3880, which simply called for building upon this investment in quality through stronger linkages between Head Start programs and schools, and increasing our investment in early Head Start.

I am pleased to say that the proposals in my legislation are in the conference agreement before us today.

S. 2206 allows for the continued expansion of Head Start, as well as the Early Head Start program.

With measures in this legislation to strengthen both programs, and provide Congress with detailed reporting on the successes of these initiatives, I believe we can confidently commit ourselves to increased appropriations in the years to come.

Thus, we will be able to offer Head Start to the 60 percent of eligible children currently excluded from the program.

In this conference agreement, we also reaffirm our commitment to LIHEAP.

LIHEAP helps low-income Americans meet the costs of heating, cooling, and other home energy needs, particularly in times of extreme weather, natural disasters, and other emergencies.

With the five year reauthorization in this legislation, we are telling the Nation's elderly, disabled, and low-income families that this assistance will be continued well into the future.

The third program addressed by this legislation is the Community Services Block Grant.

CSBG supports the efforts of the community action network in addressing the causes of poverty and providing a wide array of assistance to Americans in need.

Services that have been traditionally provided include education, job training and placement, housing, nutrition, emergency services, and health.

S. 2206 also authorizes new activities, including literacy services and support for after-school programs.

In addition, this legislation provides for additional accountability and monitoring, which can only serve to strengthen CSBG.

It is also worth mentioning that while this legislation contains language that clarifies that CSBG dollars can flow to religious organizations to provide social services, we reaffirm that all such transactions are ultimately governed by the establishment clause of the Constitution.

In closing, I would like to urge my colleagues to join me in support of S. 2206, legislation that strengthens and improves some of our most important services for our neediest Americans.

Mr. GOODLING. Mr. Speaker, I yield back the balance of my time.

The **SPEAKER** pro tempore (**Mr. BLUNT**). The question is on the motion offered by the gentleman from Pennsylvania (**Mr. GOODLING**) that the House suspend the rules and agree to the conference report on the Senate bill, S. 2206.

The question was taken; and two-thirds having voted in favor thereof the rules were suspended and the conference report was agreed to.

A motion to reconsider was laid on the table.

GRANTING CONSENT OF CONGRESS TO POTOMAC HIGHLANDS AIRPORT AUTHORITY COMPACT

Mr. LEACH. Mr. Speaker, I move to suspend the rules and pass the Senate joint resolution (S.J. Res. 51) granting the consent of Congress to the Potomac Highlands Airport Authority Compact entered into between the States of Maryland and West Virginia.

The Clerk read as follows:

S.J. RES. 51

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CONGRESSIONAL CONSENT.

Congress hereby consents to the Potomac Highlands Airport Authority Compact entered into between the States of Maryland and West Virginia. The compact reads substantially as follows:

"Potomac Highlands Airport Authority Compact

"SECTION 1. COUNTY COMMISSIONS EMPOWERED TO ENTER INTO INTERGOVERNMENTAL AGREEMENTS RELATING TO CUMBERLAND MUNICIPAL AIRPORT.

"The county commissions of Mineral County, West Virginia, and of other West Virginia counties contiguous to Mineral County, and the governing bodies of municipal corporations situated in those counties, may enter into intergovernmental agreements with this State, Allegany County, Maryland, other Maryland counties contiguous to Allegany County and Cumberland, Maryland, and other municipal corporations situated in those Maryland counties, and with the Potomac Highlands Airport Authority regarding the operation and use of the Cumberland Municipal Airport situated in Mineral County, West Virginia. The agreements shall be reciprocal in nature and may include, but are not limited to, conditions governing the operation, use, and maintenance of airport facilities, taxation of aircraft owned by Maryland residents and others, and user fees.

"SEC. 2. POTOMAC HIGHLANDS AIRPORT AUTHORITY AUTHORIZED.

"The county commissions of Mineral County, West Virginia, and of other West Virginia counties contiguous to Mineral County, and the governing bodies of municipal corporations situated in those counties, or any one or more of them, jointly and severally, may create and establish, with proper governmental units of this State, Allegany County, Maryland, other Maryland counties contiguous to Allegany County, and Cumberland, Maryland, and other municipal corporations situated in those Maryland counties, or any one or more of them, a public agency to be known as the 'Potomac Highlands Airport Authority' in the manner and for the purposes set forth in this Compact.

"SEC. 3. AUTHORITY A CORPORATION.

"When created, the Authority and the members of the Authority shall constitute a public corporation and, as such, shall have perpetual succession, may contract and be contracted with, sue and be sued, and have and use a common seal.

"SEC. 4. PURPOSES.

"The Authority may acquire, equip, maintain, and operate an airport of landing field and appurtenant facilities in Mineral County, on the Potomac River near Ridgeley, West Virginia, to serve the area in which it is located.

"SEC. 5. MEMBERS OF AUTHORITY.

"(a) **IN GENERAL.**—The management and control of the Potomac Highlands Airport Authority, its property, operations, business, and affairs, shall be lodged in a board of seven or more persons who shall be known as members of the Authority and who shall be appointed for terms of three years each by those counties, municipal corporations, or other governmental units situated in West Virginia and Maryland as contribute to the funds of the Authority, in such proportion between those States and counties, municipal corporations, and units, and in whatever manner, as may from time to time be provided in the bylaws adopted by the Authority.

"(b) **FIRST BOARD.**—The first board shall be appointed as follows:

"(1) The County Commission of Mineral County shall appoint two members for terms of two and three years, respectively:



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE GENERAL COUNSEL

September 17, 1998

NOTE TO: Carol Rasco, OS
Kristin Bunce, OS
Heidi Ramirez, ODS
Ann O'Leary, ODS
Sandra Cook, OLCA
Tom Corwin, OUS/BS
Lonna Jones, OUS/BS
Val Plisko, OUS/PES
Ellen Conway, OESE
Mary Jean LeTendre, OESE
Pat McKee, OESE
Phil Rosenfelt
Kay Rigling
Miriam Whitney

URGENT

FROM: Paul Riddle

SUBJECT: Head Start reauthorization: draft HHS letter to conferees

The Office of Management and Budget has requested our comments on the attached draft letter from HHS Secretary Shalala to the conferees on S. 2206, the Human Services Reauthorization Act of 1998, which includes the Head Start program.

Please send me your comments on the draft letter, in writing, by 9:30 this Wednesday, September 23. I'm in Room 5324 FB10B and can be reached at 401-6269; fax: 401-5391.

Thanks.

Attachment

cc: Jack Kristy
Leslie Somerville

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.

HHS 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

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Testimony

Before the Subcommittee on Early Childhood, Youth and Families, Committee on Education and the Workforce, House of Representatives

For Release on Delivery
Expected at 10:00 a.m.
Tuesday, June 9, 1998

HEAD START

Challenges Faced in Demonstrating Program Results and Responding to Societal Changes

Statement of Carlotta C. Joyner, Director
Education and Employment Issues
Health, Education, and Human Services Division



PHOTOCOPY
PRESERVATION

see email

Yenny
G Ann
like yours. but Henry

will be a great
look + let you
know if we have
any comments
Andrew

From Andrea

Have

R2: proposed HTS

rules

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EXECUTIVE ORDER 12866 SUBMISSION

Kleitkandst

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1. Agency/Subagency originating request ACF/DHHS	2. Regulation Identifier Number (RIN) 0970-AB90 0970-A253
3. Title Head Start Program	
4. Stage of Development ☐ Prerule ☒ Proposed Rule ☐ Interim Final Rule ☐ Final Rule ☐ Final Rule - No material change ☐ Notice ☐ Other Description of Other	5. Legal Deadline for this submission a) ☐ Yes ☒ No b) Date ____/____/____ DD MM YYY c) ☐ Statutory ☐ Judicial 6. Designations a) Economically Significant (E.O. 12866) ☐ Yes ☒ No b) Unfunded Mandata (2 U.S.C. 1532) ☐ Yes ☒ No If either of the above is "Yes," submit four (4) complete packages to OIRA
7. Agency Contact (person who can best answer questions regarding the content of this submission) Doug Klafeln / HSB Phone (202) 205-8572	

Certification for Executive Order 12866 Submissions

The authorized regulatory contact and the program official certify that the agency has complied with the requirements of E. O. 12866 and any applicable policy directives.

Signature of Program Official 	Date 12/9/99
Signature of Authorized Regulatory Contact Katie Burns OS/ES 	Date 5-10-00

OMB 83-R

Revision: 12/97 (Previous versions obsolete)

MAR-25-98 THU 4:09 PM

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4184-01-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

45 CFR Part 1304

45 CFR Part 1306

RIN: 0970-AB90

Head Start Program

AGENCY: Administration on Children, Youth and Families (ACYF)

Administration for Children and Families (ACF), HHS

ACTION: Notice of Proposed Rulemaking

SUMMARY: The Administration on Children, Youth and Families is issuing this Notice of Proposed Rulemaking to propose family child care homes as a Head Start program option.

DATES: In order to be considered, comments on this proposed rule must be received on or before [Insert date 60 days from date of publication in the **FEDERAL REGISTER**].

ADDRESS: Please address comments to the Associate Commissioner, Head Start Bureau, Administration on Children, Youth and Families, 330 C Street, S.W., Washington, D.C. 20447. Beginning 14 days after the close of the comment period, comments will be available for public inspection in room 2221, 330 C Street, S. W., Washington, D.C. 20201, Monday through Friday between the hours of 9:00 a.m. and 4:00 p.m.

FOR FURTHER INFORMATION CONTACT: Douglas Klafehn at (202) 205-8572

SUPPLEMENTARY INFORMATION:

I. Program Purpose

The Head Start program, authorized under the Head Start Act (42 U.S.C. 9801 et seq.), is a national program providing comprehensive child development services to eligible low-income children from birth to five years of age and their families, as well as to pregnant women. To help enrolled children achieve their full potential, Early Head Start and Head Start programs provide comprehensive health, nutritional, educational, social and other services. Additionally, Head Start programs are required to provide for the direct participation of the parents of enrolled children in the development, conduct, and direction of local programs.

The Head Start program also provides parents with training and education to foster their understanding of and involvement in the development of their children. In fiscal year 1998, Early Head Start and Head Start served a total of nearly 823,000 children and their families through a network of over 2,000 grantee and delegate agencies. A total of 16,892,000 children have been served since the Head Start program began in 1965.

While Early Head Start and Head Start are intended to serve primarily children whose families have incomes at or below the poverty line or who receive public assistance, Head Start policy permits up to 10 percent of the children in local programs to be from families who do not meet these low-income criteria. The Act also requires that a minimum of 10 percent of the enrollment opportunities in each program be made available to children with disabilities. Such children are expected to participate in the full range of Head Start services and activities with their peers who do not have disabilities and to receive necessary special education and related services.

II. Background

Head Start's program legacy to date is that it has professionalized the field of child development and early childhood education by setting standards of quality for program content and staff qualifications in center, home-based, and combination settings. With the issuance of this Notice of Proposed Rulemaking for adding family child care as a fourth Head Start program option, the Head Start program now seeks to likewise raise the quality of standards for family child care.

Since the program's inception, Head Start grantee and delegate agencies have been required to use data from a community assessment as required by 45 CFR 1305.3, to design programs that support individual family goals. As a result, over the years, Head Start has developed program options, including the provision of comprehensive child development services in centers (the center-based option), in the child's home (the home-based option), or through a combination of center and home-based programming (combination option).

Since 1970, Head Start has served as a catalyst for promoting discussions and collaborations among a variety of organizations and agencies interested in expanding Head Start services to include family child care. Some of these collaborations provided for the delivery of comprehensive Head Start child development services through family child care homes. These collaborative efforts hold the promise of improving the quality of family child care services; through shared resources (including joint funding), additional materials, and expanded training opportunities for family child care providers. Such efforts also have expanded the range of options and services for Head Start families.

In keeping with the goal of designing programs to meet community and family needs, Head Start agencies have identified family child care as an appropriate approach for delivering services to families. In addition, many families believe their children will benefit from a home-like setting and Head Start agencies have found that family child care is suitable for parents who are working or are in training, or when families need care for more than one child.

In the last decade, in keeping with its role as the national laboratory for the field of child development and early education, the Head Start Bureau funded demonstration projects to provide resources and leadership in the implementation of family child care programs. This effort helped agencies meet community and family needs, as well as provided opportunities for sharing experiences and for networking with others with similar interests and experiences.

To help raise the level of quality in the family child care community and to support agencies in delivering Head Start's comprehensive child development services within the family child care setting, the Head Start Bureau has engaged in major initiatives to promote the professional development of family child care staff, including establishing the Child Development Associate (CDA) credential for family child providers. This nationally awarded credential is recognized in 47 States as meeting staff qualifications for child care licensing. To promote developmentally appropriate programming for infants, toddlers, and preschoolers in family child care settings, Head Start has supported the development of a curriculum/training program, "The Creative Curriculum for Family Child Care." Head Start has also engaged in extensive work with a satellite distance learning network and over 45 community colleges to offer family child care providers courses and other experiences relevant to family child care, leading to the award of the CDA credential. In 1988, Head Start collaborated with the State of Washington and local community colleges to support the Job Training Partnership Act (JTPA) and Welfare Reform by providing education and credentialing opportunities for family child care providers, including Head Start parents.

So, with the intent of increasing the availability of family child care services and raising the bar of quality of such services, beginning in 1984 and continuing through 1997, a number of Head Start grantees established family child care homes through innovative demonstration grants; and program expansions.

From 1992 to 1997, the Head Start Bureau conducted an “Evaluation of the Head Start Family Child Care Homes’ Demonstration” to determine whether the services provided in family child care settings could meet the Head Start Program Performance Standards and have impacts comparable to those of children and families enrolled in center based programs. Based on the data derived from this study, family child care was found to be a viable setting for providing comprehensive Head Start services. Although the study focused on programs serving four year old children, the findings show that services delivered in a family child care setting can meet Head Start standards of quality and can produce similar outcomes for children and families.

From these experiences and initiatives, the Head Start Bureau identified indicators of quality family child care. These quality indicators include: use of licensed homes; very small groups of children, especially when infants and toddlers are enrolled; qualified family child care providers with suitable training and experience; implementation of a curriculum based on sound child development principles; the integral involvement of parents; and the provision of strong support from the Head Start program to providers, including paid staff to assist the family child care provider as needed and ongoing supervision of the family child care provider by qualified and

experienced staff. This support is demonstrated by a higher level of compensation, either through contracting with individual family child care providers or through hiring them as employees of the grantee or delegate agency.

In the past few years, the Head Start Bureau has convened several groups of representatives from a cross section of for-profit and non-profit family child care programs, other organizations and agencies, experts, and parents to advise the Bureau regarding various aspects of family child care programming. The family child care issues addressed by these groups included staff-child ratios, staff qualifications, oversight and support for the family child care provider, and utilization of multiple funding sources.

Informed by years of experience, and by a wide range of individuals and groups, as well as the findings of the evaluation study, the Head Start Bureau is proposing that family child care become a Head Start program option. The formal recognition of this setting is particularly timely given the number of families moving into employment as the result of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Public Law 104-193 which created the Temporary Assistance for Needy Families (TANF) program. To support parents as they seek and maintain employment, Head Start is committed to collaborating with other community agencies to provide full-year programming for children which may include extended hours of care during non-traditional times such as evenings and weekends.

All Early Head Start and Head Start programs must implement the Head Start Program Performance Standards as revised. The revised standards (45 CFR Part 1304) were published in the Federal Register (61 FR 57186) on November 5, 1996, and were effective January 1, 1998. The standards encompass Early Childhood Development and Health Services which includes child health and developmental services, education and early childhood development, child health and safety, child nutrition, and child mental health; Family and Community Partnerships; and Program Design and Management which includes program governance, management systems and procedures, human resources management, and facilities, materials and equipment. Programs providing Head Start services through the family child care program option would likewise be required to implement the Head Start Program Performance Standards, 45 CFR Part 1304. Under 45 CFR Part 1304, grantee and delegate agencies also must implement the requirements set forth in 45 CFR Parts 1301, (Head Start Grants Administration), 1302 (Policies and Procedures for Selection, Initial Funding, and Refunding of Head Start Grantees, and for Selection of Replacement Grantees), 1303 (Appeal Procedures for Head Start Grantees and Current or Prospective Delegate Agencies), 1305 (Eligibility, Recruitment, Selection, Enrollment and Attendance in Head Start), 1306 (Head Start Staffing Requirements and Program Options), and 1308 (Head Start Program Performance Standards on Services for Children with Disabilities).

Several program elements are unique to family child care and thus are not addressed specifically in the Head Start Program Performance Standards. These elements include the hours and days of operation; the qualifications of the family child care staff; the approval by the policy council of

contracted family child care teachers; group size and composition; indoor and outdoor space; content of pre- and in-service training for family child care teachers; specific health and safety issues related to providing Head Start services in home settings; and certain aspects of management policies and procedures.

Other program elements, such as child development and education, the proportionate representation of parents on policy groups, and the conduct of home visits are addressed in the revised Head Start Program Performance Standards and are made applicable to the Head Start family child care program option. In addition to the Head Start Program Performance Standards and other Head Start regulations, we are proposing that Early Head and Head Start grantee and delegate agencies implementing the family child care services option must ensure that the program requirements in this NPRM are met. Also, Early Head Start programs are required to “provide early, continuous, intensive and comprehensive child development and family supportive services on a year-round basis”. This requirement can be found in the Federal Register publication of April 17, 1997 (62 FR 18966). Therefore, grantee and delegate agencies providing Early Head Start services through the family child care program option must provide these services year round.

III. Authority for the Proposed Regulation.

The authority for this Notice of Proposed Rulemaking (NPRM) is the Head Start Act, section 644(c); 42 U.S.C. 9839(c).

IV. Section by Section Discussion of the NPRM

This NPRM proposes amendments to 45 CFR Part 1306 so that Early Head Start and Head Start grantees will have the option of providing family child care services under the Head Start program. This NPRM also proposes amendments to 45 CFR Part 1304 to support program requirements which are in keeping with providing a comprehensive child development Head Start program in the center-based, home-based and combination program options. In addition, this NPRM makes other conforming changes as necessary.

45 CFR PART 1306

Definitions - §1306.3

A new paragraph (n) has been added which defines “Family Child Care” as child care and education provided to children in a private home or other family-like setting other than the child’s own home. “Head Start Family Child Care” means Head Start, Early Head Start and child care services provided to a small group of children, in a home or family-like setting, by an individual teacher.

A new paragraph (o) has been added which defines “Family child care program option” to mean Head Start and Early Head Start services provided to children receiving child care primarily in a

home or home-like setting other than the child's own home. Comprehensive child development services are delivered to Head Start and Early Head Start children primarily in the home of a child care teacher or other family-like setting, such as an apartment in a public housing complex which has been set aside for the provision of child care services under the auspices of an Early Head Start or Head Start program.

In new paragraph (p), "Family child care teacher" is defined as the provider of Head Start services in his or her residence or in another family-like setting such as an apartment in a public housing complex, set aside for this purpose. The designation of "teacher" conveys the importance of the qualifications they must have to participate in Head Start. The "Family child care teacher" must meet certain "professional" qualifications such as a degree in early childhood development or a CDA or equivalent. (In non-Head Start settings the family child care teacher is generally referred to as a "provider" or "caregiver.")

Program Staffing Patterns - §1306.20

§1306.20(g)

Because the family child care teacher is generally the only adult on the premises, it is imperative that the group size allow, in an emergency, the teacher to evacuate all of the children from the home at the same time. Therefore, we propose a new paragraph (g) which requires that grantee

and delegate agencies operating the family child care program option must ensure that, in any family child care home, at any time when Early Head Start or Head Start children are enrolled, there are no more than six children under the age of 6, including those of the family child care teacher. No more than two of these six children may be under the age of three.

In keeping with the staff-child ratio for center-based Early Head Start, the maximum group size is four children when serving more than 2 infants and toddlers (under the age of three). No more than two of these four children may be under the age of two. This maximum group size of four, includes the family child care teacher's own children up to the age of six.

MAXIMUM UNDER AGE 6

(Includes Teacher's Children)

6 children

- Only 2 can be under age 3

4 children

- When more than 2 are under
age 3, the maximum is 4 and only
2 of the 4 can be under age 2

These group sizes may vary depending on the special needs of the children served. Also, where State/local or tribal requirements are more stringent, the State/local or tribal requirements will control.

§1306.20(h)

We propose that grantee and delegate agencies operating the family child care program option ensure that there is oversight and support for family child care teachers at the ratio of one child development specialist to no more than twelve family child care homes.

Part-time child development specialists must be responsible for a proportionate number (i.e., half-time coordinators must be responsible for no more than six family child care homes.)

Adjustments to these ratios must be made for programs where distance or other factors would decrease the time available for mentoring and technical assistance. The ratio of one child development specialist to a maximum of 12 family child care teachers, is similar to the staffing pattern in the Head Start home-based program option, where one qualified home visitor works with 10 to 12 families, meeting with each family for one hour and a half each week. We propose this requirement to ensure the provision of quality child development and education services and because family child care teachers generally work alone and are isolated from other child development professionals.

The responsibilities of the child development specialist include one substantive visit (unannounced and announced) per week, lasting a minimum of 90 minutes to each family child care home.

Additional visits of variable length also must occur. These visits are to enhance, not supplant, the capacity of the family child care teacher to provide positive, developmental experiences for the children.

During these visits, the child development specialist must observe the family child care teacher and the program being provided to the children, conduct health and safety checks of the home, observe and assess the implementation of the curriculum and the child development and education services provided to the children, and provide on-site guidance, mentoring, training and technical assistance to the family child care teacher. This mentoring is designed to assure that each family child care teacher implements a program which promotes school readiness by supporting age-appropriate experiences.

§1306.20(i)

In order that family child care staff and families are fully integrated into the agency's management and programmatic systems, in a new paragraph (i), grantee and delegate agencies must formally assign family child care program responsibilities to agency staff.

§1306.20(j)

To ensure that all program services are available to the children and families enrolled in the family child care program option, including children with disabilities, a new paragraph (j) requires that family child care teachers are regularly supported by other grantee or delegate agency staff with responsibilities related to the provision of comprehensive Head Start service areas, as specified in 45 CFR Parts 1304 and 1308. Comprehensive Head Start services include Early Childhood Development and Health Services (child health and developmental services, education and early

childhood development, child health and safety, child nutrition and child mental health); Family and Community Partnerships; and Program Design and Management (program governance, management systems and procedures, human resources management, and facilities, materials and equipment).

Family child care program option - §1306.35

Current section 1306.35 has been redesignated as section 1306.36 and a new section 1306.35 on the family child care program option has been added.

§1306.35(a)

Paragraph (a)(1) sets forth requirements related to the minimum hours, days and months of operation for the family child care program option. Paragraph (a)(2)(i) requires that the grantee and delegate agencies have available homes capable of serving children and parents with disabilities affecting mobility. Paragraph (a)(2)(ii) ensures that children with disabilities enrolled in family child care programs are provided a schedule of services which supports their participation in early intervention, special education and related services required by their Individual Education Plan (IEP) and Individual Family Service Plan (IFSP); and are provided with a teacher with appropriate training. Paragraph (a)(3) sets forth the requirement that family child care homes have sufficient usable indoor and outdoor space to enable children to participate in developmentally appropriate activities that foster their development. Paragraph (a)(4) requires

that the Policy Council be included in decisions to hire or terminate contracted family child care teachers.

§1306.35(b)

Paragraph (b)(1) requires grantees and delegate agencies to ensure the health and safety of enrolled children by developing and implementing a safety plan which addresses various aspects of the family child care homes. Paragraph (b)(2) requires precautions to reduce the risk of injury to children by: keeping them away from hazardous situations; installing smoke and carbon monoxide detectors in space occupied by children; and removing weapons, alcohol, drugs, and animals from space occupied and accessible to the children.

§1306.35(c) and (d)

Paragraph (c) requires grantee and delegate agencies to develop, with the family child care teachers, emergency coverage plans to address health and safety emergencies. Paragraph (d) contains a requirement that the grantee must meet State, Tribal, and local licensing requirements that are applicable. These licensing requirements may be more stringent than Head Start program requirements, in which case the State, Tribal, and local requirements take precedence. Grantee and delegate agencies are required to comply with the more stringent regulations (whether they be Head Start, State, Tribal or local).

Newly Redesignated §1306.36, Additional Head Start program options variations, and §1306.37,
Compliance Waiver

Current §1306.35 has been redesignated as section §1306.36. Current §1306.36 has been redesignated as section 1306.37. Both of the newly redesignated sections have been revised to add references to the new family child care program option.

45 CFR Part 1304

Human resources management - §1304.52

Staff qualification requirements - §1304.52(h)

We propose to amend §1304.52 by redesignating paragraphs (h) through (k) as (i) through (l), and adding a new paragraph (h) that sets forth specific requirements regarding staffing qualifications for the family child care option. The requirements at the new paragraph (h) (1) provide that family child care teachers have previous child care experience and, at a minimum, possess, within one year of becoming a Head Start Family Child Care teacher or within one year of the effective date of this regulation, an Associate or Bachelors degree in child development or early childhood education or a Child Development Associate (CDA) credential as a Family Day Care Provider. Although this requirement may be challenging for some family child care teachers, it parallels the requirement that already exists in the Performance Standards for infant/toddler

teachers. Similarly, we expect the same level of success in achieving this requirement for family child care teachers as we have had in credentialing infant/toddler teachers. Paragraph (h)(2) provides that family child care teachers have specific knowledge and experience necessary to foster the education and development of very young children and their families.

Paragraph (h)(3) requires that grantees and delegate agencies make alternative arrangements for the care of children when the family child care teacher is unavailable to provide care or the family child care home is unsuitable because of a structural deficiency or other hazard.

Paragraph (h)(4) states that substitute family child care teachers must receive initial and ongoing training and have the knowledge and experience to implement the family child care program.

Paragraph (h)(5) requires that staff providing oversight and support to family child care teachers must be qualified as child development specialists at the time of hire and must have, at a minimum, an Associate degree in child development or early childhood education.

Paragraph (h)(6) specifies the knowledge and experience the child development specialist must have, including the theories and principles of child growth and development, early childhood education (birth to five), and family support. The child development specialist must also have previous child care experience, knowledge and understanding of the CDA standards for family child care providers, and knowledge and understanding of the Head Start Program Performance Standards and other Head Start regulations.

Training - §1304.52(l) (currently §1304.52(k))

Newly redesignated paragraph (l) on training and development in §1304.52 is proposed to be amended by adding new paragraph (l)(5) that addresses training requirements for those grantees that provide services under the family child care program option. The training for family child care teachers and other staff working in family child care must develop knowledge of infant, toddler, and preschool development; the implementation of the agency's curriculum; safety issues in child care; and childhood health and illnesses. The training includes communicating effectively with infants, toddlers and preschoolers, their parents, and other adults as well as certification in cardiopulmonary resuscitation (CPR). In addition, it also includes information and skill development required for working with children with disabilities; provision of support to families, and the knowledge necessary to identify and report suspected child abuse or neglect information. Training is also provided in methods for maintaining sanitation and hygiene and participation in training provided for the United States Department of Agriculture (USDA) Child and Adult Care Food Program.

V. Impact Analyses

Executive Order 12866

Executive Order 12866 requires that regulations be drafted to ensure that there is consistency with the priorities and principles set forth in the Executive Order. The Department has

determined that this rule is consistent with these priorities and principles. This NPRM proposes a program option, which will not require grantees to expend a significant amount of funds.

Agencies choosing to operate this program option will not incur significant costs exceeding those costs incurred to deliver Head Start services in other program settings, such as in center-based or home-based settings and options.

Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601 et seq.) requires that the Federal government anticipate and reduce the impact of rules and paperwork requirements on small businesses. For each rule with a “significant economic impact on a substantial number of small entities” an analysis must be prepared describing the rule’s impact on small entities.

Small entities are defined by the Act to include small businesses, small non-profit organizations and small governmental entities. This rule will affect small entities. In keeping with the goal of designing programs to meet community and family needs, Head Start agencies have identified family child care as a preferred option for parents who believe their children will benefit from a home-like setting.

Head Start agencies also have found that family child care is a suitable option for parents who are working or in training, or when families need care for more than one child. While we have no measure at this point to estimate the number of grantees that are small entities which will choose

the family child care option, we believe the number which will choose it will not be significant at this time, given the newness of the option and diversity of needs across the country. For this reason, the Secretary certifies that this rule will not have a significant impact on substantial numbers of small entities.

Paperwork Reduction Act

Under the Paperwork Reduction Act of 1995, Public Law 104-13, all Departments are required to submit to the Office of Management and Budget (OMB) for review and approval any reporting or record-keeping requirements inherent in a proposed or final rule. This NPRM does not contain any information collection or record-keeping requirements.

Unfunded Mandates Reform Act of 1995

Section 202 of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1532) requires that a covered agency prepare a budgetary impact statement before promulgating a rule that includes any Federal mandate that may result in the expenditure by State, local, and Tribal governments, in the aggregate, or by the private sector, of \$100 million or more in any one year.

If a covered agency must prepare a budgetary impact statement, section 205 further requires that it select the most cost-effective and least burdensome alternative that achieves the objectives of the rule and is consistent with the statutory requirements. In addition, section 205 requires a plan

for informing and advising any small government that may be significantly or uniquely impacted by the proposed rule.

We have determined that this final rule will not impose a mandate that will result in the expenditure by State, local, and Tribal governments, in the aggregate, or by the private sector, of more than \$100 million in any one year. Accordingly, we have not prepared a budgetary impact statement, specifically addressed the regulatory alternatives considered, or prepared a plan for informing and advising any significantly or uniquely impacted small government.

Congressional Review of Rulemaking

This rule is not a “major” rule as defined in Chapter 8 of 5 U.S.C.

The Family Impact Requirement

Section 654 of the Treasury and General Government Appropriations Act of 1999 (Pub. L. 105-277, Div. A, section 101(h)) requires a family impact assessment affecting family well-being.

Many parents, especially those from low-income families, work during non-traditional hours, and their work schedules often change from week to week. The Head Start family child care option will ensure the availability of quality child care during both traditional and non-traditional work hours. Head Start family child care also provides a network that ensures training to increase the

competence of the family child care teacher as well as a system of back-up in the event that he or she is unavailable. Allowing parents to place their Early Head Start or Head Start children as well as school-age children in the care of one provider will decrease the number of stops they must make to drop children off prior to going to work. The availability of family child care increases the choices available to parents by ensuring that their children are well cared for, and ensures that parents are not distracted from their work by worrying about the dependability and quality of care being provided to their children. This will increase family financial stability by enabling parents to secure and keep jobs. Many low-income workers have minimal leave and little flexibility in their work schedules and are unable to take time off to compensate for unreliable care or to make numerous phone calls to ensure the safety and well-being of their children. Head Start ensures a level of quality care for children, as well as back-up systems, thereby promoting family stability.

Executive Order 13132 on Federalism

Executive Order 13132 on Federalism applies to policies that have federalism implications, defined as regulations, legislative comments or proposed legislation, and other policy statements or actions that have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. This rule does not have federalism implications as defined in the Executive Order.

List of Subjects

45 CFR Part 1304

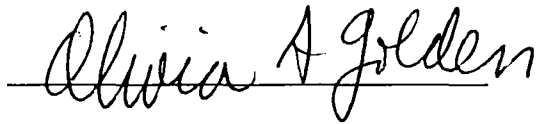
Dental health, Education of the disadvantaged, Grant program/social programs, Health care, mental health programs, Nutrition, Reporting and recordkeeping requirements.

45 CFR Part 1306

Education of the disadvantaged, grant program/social programs

(Catalog of Federal Domestic Assistance Program Number 93.600, Project Head Start)

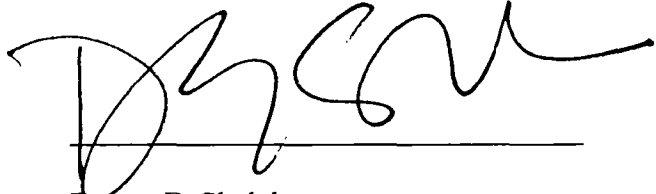
Dated: DEC 14 1999



Olivia A. Golden

Assistant Secretary for Children and Families

Approved: May 9 2000



Donna E. Shalala

Secretary

For the reasons set forth in the preamble, we propose to amend 45 CFR Parts 1304 and 1306 to read as follows:

PART 1304 - PROGRAM PERFORMANCE STANDARDS FOR OPERATION OF HEAD
START PROGRAMS BY GRANTEE AND DELEGATE AGENCIES

1. The authority citation for Part 1304 continues to read as follows :

Authority: 42 U.S.C. 9801 et seq.

2. Amend section 1304.52 by redesignating paragraphs (h) through (k) as (i) through (l), adding a new paragraph (h), and adding in the newly redesignated paragraph (l), new paragraph (l)(5) to read as follows:

§1304.52 Human resources management.

* * * * *

(h) Family child care staff.

(1) Family child care teachers must have previous child care experience and, at a minimum, possess either an Associate or Bachelor's degree in child development or early childhood education or a Child Development Associate (CDA) credential as a Family Day Care Provider. Head Start Family Child Care teachers, as employees of the grantee or delegate agency

or as contracted Head Start family child care teachers must meet this requirement within one year of hire or one year of the effective date of this regulation.

(2) Head Start Family child care teachers must have the knowledge and experience necessary to develop consistent, stable and supportive relationships with very young children and their families, and sufficient knowledge to implement the Head Start Program Performance Standards and other applicable Head Start regulations.

(3) Grantee and delegate agencies operating the family child care program option must ensure alternative arrangements for the care of children enrolled in the Head Start family child care option when the teacher or a family member in the home is ill, or when the teacher is in training or on vacation. Alternative arrangements also must be available when the physical setting is temporarily unsuitable for children, because of interruption of heat or plumbing or other temporary circumstances, such as spraying for pest control or repairs and maintenance that may pose a hazard to children (see 45 CFR 1304.53(a)(8)).

(4) When grantee and delegate agencies provide substitute or additional staff to assist the family child care teacher, such staff must receive initial and ongoing training and have the knowledge and experience to implement the Head Start family child care program.

(5) At the time of hire, the child development specialists must have, at a minimum an Associate degree in child development or early childhood education.

(6) Child development specialists must have knowledge and experience in areas that include the theories and principles of child growth and development, early childhood education (birth to five), and family support. Child development specialists must have previous child care experience, knowledge and understanding of the Child Development Associate (CDA) Competency Standards for Child Care Providers and knowledge and understanding of the Head Start Program Performance Standards and other Head Start regulations.

* * * * *

(I) Training and development.

* * *

(5) In addition, grantee and delegate agencies operating a family child care program option must provide training for family child care staff which:

- (i) Develops knowledge of infant, toddler and preschool age child development;
- (ii) Includes ongoing training on the implementation of the agency's curriculum for children from birth to five years (see 45 CFR 1304.3(a)(5) for the definition of curriculum);

(iii) Includes information and skill development for working with children with disabilities;

(iv) Includes methods in communicating effectively with infants, toddlers and preschoolers, their parents, and other adults;

(v) Develops knowledge of safety issues in child care, childhood health and illnesses, and certification in cardiopulmonary resuscitation (CPR);

(vi) Includes identifying and reporting suspected child abuse or neglect;

(vii) Includes information and methods for maintaining appropriate sanitation and hygiene;

(viii) Incorporates information on the United States Department of Agriculture's (USDA) Child and Adult Care Food Program; and

(ix) Other training necessary to increase the knowledge and skills of the family child care staff, such as the provision of family support.

PART 1306 - HEAD START STAFFING REQUIREMENTS AND PROGRAM OPTIONS

3. The authority citation for Part 1306 continues to read as follows:

Authority: 42 U.S.C. 9801 et seq.

4. Amend section 1306.3 by adding new paragraphs (n), (o), and (p) to read as follows:

§1306.3 Definitions.

* * * * *

(n) Family child care is non-residential care and education provided to children in a private home or other family-like setting, other than the child's own home. Head Start family child care means Head Start, Early Head Start, and child care services provided to a small group of children in a home or family-like setting, by an individual teacher.

(o) Family child care program option means Head Start and Early Head Start services provided to children receiving child care primarily in the home of a family child care teacher or other family-like setting, such as an apartment in a public housing complex which has been set aside for the provision of child care services under the auspices of an Early Head Start or Head Start grantee or delegate agency.

(p) Family child care teacher means the provider of Early Head Start or Head Start services in his or her place of residence or in another family-like setting, such as an apartment in a public housing complex, set aside specifically for this purpose.

5. Amend section 1306.20 by adding new paragraphs (g), (h),(i), and (j) to read as follows:

§1306.20 Program staffing patterns.

* * * * *

(g) Grantee and delegate agencies operating the family child care program option must ensure that in each family child care home, at any time when Early Head Start or Head Start children are enrolled, the group size limits specified in this paragraph apply. At all times, the family child care teacher's own children under the age of 6 must be included in the group count.

(1) The maximum group size is six children and no more than two of the six children may be under the age of three years.

(2) The maximum group size is four children when more than two children are under the age of three years. In such instances no more than two of these four children may be under the age of two years.

(3) When serving children with special needs who require extra care, group sizes are smaller than the maximum allowed.

(h) (1) Grantee and delegate agencies operating the family child care program option must ensure that there is oversight and program support for family child care teachers by a child development specialist and by other Head Start grantee or delegate agency staff with responsibilities related to the provision of comprehensive Head Start and Early Head Start services. Such oversight and support includes mechanisms for communicating with the family child care teacher at all times that Early Head Start or Head Start children are in his or her care.

(2) A child development specialist working full time must be responsible for no more than twelve family child care homes, with part-time child development specialists responsible for a proportionate number (e.g., half-time child development specialists must be responsible for no more than six family child care homes).

(3) At a minimum, the responsibilities of the child development specialist shall include at least one ninety minute substantive visit per week, announced and unannounced, to each family child care home. Additional visits of variable length must also take place. These visits are to enhance, not supplant the capacity of the family child care teacher to implement the individualized child development curriculum.

(4) During these visits, the child development specialist must conduct health, nutrition, and safety checks of the home; and must observe and assess curriculum implementation and the child development and education services provided to the children. The specialist shares his or her observations with the family child care teacher, and provides on-site guidance, mentoring, training and technical assistance to the teacher. This support helps to assure that each family child care teacher implement a program which promotes school readiness and individually age-appropriate experiences.

(i) Grantee and delegate agencies operating the family child care program option must ensure that program management functions are formally assigned to grantee and delegate agency staff.

(j) In order to assure that all program services are available to the children and families enrolled in the family child care program option, grantee and delegate agencies must ensure that family child care teachers are regularly supported by other Head Start and grantee or delegate agency staff with responsibilities related to the provision of comprehensive Head Start and Early Head Start services, including services for children with disabilities. These comprehensive Head Start services are specified in 45 CFR Part 1304 - Program Performance Standards for the Operation of Head Start Programs by Grantees and Delegate Agencies, and 45 CFR Part 1308 - Head Start Program Performance Standards on Services for Children with Disabilities.

* * * * *

6. Redesignate current §1306.35 as §1306.36 and revise; redesignate §1306.36 as §1306.37 and revise; and add a new §1306.35 to read as follows:

§1306.35 Family child care program option.

(a) Grantee and delegate agency implementation. Grantee and delegate agencies implementing the family child care program option must:

(1) Hours of operation. Ensure that each family child care home operates year round five or more days per week for more than six hours per day.

(2) Serving children with disabilities.

(i) Ensure the availability of family child care homes capable of serving children and parents with disabilities affecting mobility; and

(ii) Ensure that children with disabilities enrolled in family child care are provided services which support their participation in the early intervention, special education, and related services required by their IEP or IFSP, and that the child's teacher has appropriate knowledge, training and support.

(3) Program space - indoor and outdoor.

Ensure that each family child care home has identified sufficient indoor and outdoor space which is usable and available to the children. This space allows children to be supervised and safely participate in developmentally appropriate activities and routines that foster their cognitive, socio-emotional, and physical development, including both gross and fine motor, as defined in 45 CFR 1304.53(a)(1) and (2) and 1304.53(b).

(4) Policy Council role.

Ensure that the Policy Council is included in decisions to hire or terminate contracted Head Start family child care teachers (see 45 CFR 1304.50(d)(1)(x) and (xi)).

(b) Facilities.

(1) Safety plan

Grantees and delegate agencies operating the family child care program option must have a plan in place that ensures the health and safety of children and includes, at a minimum, an annual safety inspection of each family child care home as described in 45 CFR 1304.53(a)(10). These inspections must be supplemented by regular observations of the family child care home that are made by the child development specialist. The plan must describe the policies and procedures in place to ensure that identified concerns are addressed in a timely manner.

(2) Injury prevention. Grantee and delegate agencies must ensure that:

(i) Children are kept away from potentially hazardous situations such as heat sources in the family child care home. Children are restricted from hot food preparation areas and appliances such as refrigerators, stoves, ovens, microwave ovens, utensils and trash cans at all times. There are no insects, rodents, or other pests that pose a health hazard, and pest control does not take place while children are present;

(ii) Smoke and carbon monoxide detectors are installed in spaces occupied by children;

(iii) Radon detectors are installed in family child care homes where basements are devoted to the program;

(iv) Children are directly supervised at all times;

(v) Enhanced supervision is provided when children are near a body of water, a heat source, and when they are being transported;

(vi) All water hazards, such as pools and standing water, are enclosed with a fence and safeguarded to ensure that they cannot be accessed;

(vii) There are no firearms or other weapons kept in space occupied or accessible to children;

(viii) Alcohol and other drugs are not accessible to children or consumed when children are present; and

(ix) Domestic animals are properly immunized, free of disease, appropriately restrained, and kept from the children.

(c) Emergency coverage plans.

Grantee and delegate agencies operating the family child care option must have an “Emergency Coverage Plan”. This plan is developed by the family child care teacher and the grantee, and describes what is to be done in the event of a health emergency or illness. The family child care teacher must identify a qualified person who would quickly be able to care for the children in the event of an emergency of the teacher or family members.

(d) Licensing requirements.

Grantees must meet State, Tribal and local licensing requirements for family child care facilities. In cases where licensing requirements are less comprehensive or stringent than the Head Start regulations, grantee and delegate agencies are required to comply with the Head Start regulations. The Tribal, State and local licensing requirements take precedence if they are more stringent than the requirements for the Head Start family child care program option.

§1306.36 Additional Head Start program option variations.

In addition to the center-based, home-based, combination program, and family child care program options defined in this Part, the Commissioner of the Administration on Children, Youth and Families retains the right to fund alternative program variations to meet the unique needs of communities or to demonstrate or test alternative approaches for providing Head Start services.

§1306.37 Compliance waiver.

An exception to one or more of the requirements contained in §§1306.32, 1306.33, 1306.34, and 1306.35 of this Part will be granted only if the Commissioner of the Administration on Children, Youth and Families determines, on the basis of supporting evidence, that the grantee made a reasonable effort to comply with the requirement, but was unable to do so because of limitations or circumstances of a specific community or communities served by the grantee.

file: Hand Hcr



Dept. of Health & Human Services
Administration on
Children, Youth & Families
Head Start Bureau
330 C Street, S.W.
Washington, D.C. 20447

FAX TRANSMISSION**Date:****Cover Page Plus 2 Pages****TO:**Ann O'Leary**FROM:**Carol Turner**Phone No:** _____**Phone No:** _____**Fax No.:** _____**Fax No.:**202 260-9336**COMMENTS:**

HEADSTART

STATE	1999 ACTUAL	2000 APPROPRIATION	2001 REQUEST
Ohio	178,271,227	198,519,000	232,017,000
Oklahoma	54,422,172	61,662,000	73,639,000
Oregon	40,118,196	45,304,000	53,883,000
Pennsylvania	165,674,149	183,805,000	213,801,000
Puerto Rico	165,387,199	189,253,000	228,736,000
Rhode Island	15,330,260	16,970,000	19,683,000
South Carolina	56,280,329	63,525,000	75,511,000
South Dakota	12,707,695	13,963,000	16,040,000
Tennessee	81,386,636	92,407,000	110,639,000
Texas	299,891,245	351,254,000	436,229,000
Utah	23,184,709	26,600,000	32,251,000
Vermont	9,691,412	10,490,000	11,811,000
Virginia	66,246,289	75,905,000	91,884,000
Washington	69,601,338	78,098,000	92,155,000
West Virginia	36,061,941	40,255,000	47,192,000
Wisconsin	67,582,347	74,390,000	85,653,000
Wyoming	7,545,913	8,220,000	9,336,000
✓ Outer Pacific	11,279,402	12,750,000	15,172,000
✓ Virgin Islands	7,164,987	8,100,000	9,640,000
✓ Indian Program	130,191,291	147,000,000	175,000,000
✓ Migrant Program	178,121,652	205,000,000	246,000,000
Total Budget Authority:	\$4,513,620,351	\$5,103,692,000	\$6,076,558,500

T+TA 113.6

HEADSTART

STATE	1999 ACTUAL	2000 APPROPRIATION	2001 REQUEST
Alabama	71,982,666	81,073,000	96,112,000
Alaska	8,785,766	9,905,000	11,756,000
Arizona	62,444,438	73,749,000	92,452,000
Arkansas	43,449,393	48,857,000	57,803,000
California	554,365,677	636,681,000	772,802,500
Colorado	46,602,072	52,307,000	61,746,000
Connecticut	37,905,783	42,133,000	49,127,000
Delaware	8,872,846	9,900,000	11,599,000
District of Columbia	19,200,863	20,615,000	22,954,000
Florida	169,996,335	197,274,000	242,403,000
Georgia	112,039,626	127,950,000	154,273,000
Hawaii	15,785,648	17,465,000	20,244,000
Idaho	14,121,479	16,010,000	19,134,000
Illinois	192,579,884	214,183,000	249,923,000
Indiana	65,226,018	73,995,000	88,503,000
Iowa	36,037,624	39,727,000	45,830,000
Kansas	32,958,391	36,770,000	43,076,000
Kentucky	76,408,989	84,903,000	98,956,000
Louisiana	100,195,969	112,640,000	133,228,000
Maine	18,694,651	20,515,000	23,527,000
Maryland	54,966,208	61,528,000	72,384,000
Massachusetts	78,543,970	87,459,000	102,208,000
Michigan	171,121,303	190,390,000	222,268,000
Minnesota	51,739,840	57,611,000	67,325,000
Mississippi	117,375,266	125,341,000	138,519,000
Missouri	78,621,643	88,341,000	104,421,000
Montana	13,839,113	15,345,000	17,836,000
Nebraska	23,890,354	26,089,000	29,727,000
Nevada	11,484,335	13,874,000	17,827,000
New Hampshire	9,113,683	10,252,000	12,135,000
New Jersey	94,945,369	104,979,000	121,578,000
New Mexico	35,362,697	40,287,000	48,435,000
New York	304,282,925	344,607,000	411,319,000
North Carolina	93,978,552	106,061,000	126,051,000
North Dakota	10,560,586	11,406,000	12,805,000

hll: Kael Jay

**ADMINISTRATION FOR CHILDREN AND FAMILIES**

370 L'Enfant Promenade, S.W.

Washington, D.C. 20447

202 401-9200

<http://www.acf.dhhs.gov/>

To: Ann O'Leary From: J. Ingrid Clemens
Fax: 202 456-2878 Fax: 202 401-4678
Phone: _____ Phone: 202 401-9205
Re: _____ Date: 10/27/00
CC: _____ Pages: 9 plus coversheet.

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● Comments:

From Olivia Golden. Please call should you have
any questions

HHS FACT SHEET

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

June 16, 2000

Contact: ACF Press Office
(202) 401-9215

IMPROVING HEAD START: A SUCCESS STORY

Overview: *Head Start is America's premiere early childhood development program, started in 1965 to provide comprehensive developmental services for America's low-income, pre-school children ages three to five. Giving a boost to children's education and helping strengthen the skills of parents to better nurture and provide for their children, Head Start is making a significant difference in the lives of children and families in all 50 states, the District of Columbia, Puerto Rico, and the U.S. territories. President Clinton has made the expansion and improvement of Head Start a top priority for his administration.*

Under the Clinton administration, funding for Head Start has more than doubled, increasing from \$2.2 billion in fiscal year 1992 to \$4.66 billion in fiscal year 1999. These additional funds have enabled Head Start to increase enrollment by over 200,000 children, enhance the quality of Head Start services, launch a new initiative called Early Head Start to serve infants and toddlers, and improve program research. In fiscal year 1998, Head Start served 822,000 children and their families.

The fiscal year 2000 budget provides \$5.267 billion for Head Start -- an increase of \$608 million over fiscal year 1999. The president's budget for fiscal year 2001 calls for a \$1 billion increase. This funding will enable Head Start to serve additional children in higher quality programs, and sets the course for reaching the president's goals of serving one million children in Head Start by 2002.

Moving Head Start Into the 21st Century

HHS Secretary Donna E. Shalala made Head Start an early priority in her tenure. In June 1993, she formed a special advisory committee to make recommendations for a renewed Head Start program -- one that responds to the new needs of children, families and communities. The charge of the bipartisan committee was to review the Head Start program and make recommendations for both expansion and improvements. On Jan. 12, 1994, Secretary Shalala received the advisory committee report. Its key recommendations called for improved staff training and career development, including better salaries for Head Start workers; improving management of local Head Start centers; reengineering federal oversight; and providing for better facilities. Within a month of issuance of the report, bipartisan legislation was introduced to reauthorize and strengthen the Head Start program. Legislation moved through Congress quickly, and was signed by President Clinton on May 18, 1994.

The reauthorization bill reflected the administration's commitment to strengthening the quality of all Head Start programs. It included tough new provisions to ensure that no Head Start grantee will be funded if it falls below a minimum quality level and fails to correct deficiencies promptly.

The 1998 reauthorization reinforced the administration's commitments to quality, expansion and Early Head Start. Additional emphasis was placed upon enhancing the quality of Head Start programs, and

goals were set for promoting the professional development of Head Start teachers. The reauthorization also stressed the importance of including reading and math readiness skills in Head Start curricula.

Revised Head Start Performance Standards

The cornerstone of the bipartisan 1994 legislation was the requirement to develop a major revision of the Head Start Program Performance Standards -- key regulations that set the guidelines for quality in Head Start programs nationwide. In November 1996, HHS published revised, more user-friendly standards to remove rigid and prescriptive requirements, integrate infants and toddlers into the Head Start program, and promote collaboration with other community programs.

Early Head Start

President Clinton's signing of the landmark Head Start Act Amendments of 1994 also established the Early Head Start program, which expands the benefits of early childhood development to low income families with children under three and to pregnant women. In fiscal year 1999, the program had grown to about 525 grantees, funded at \$349 million, and serving approximately 40,000 children. Under the president's budget request for 2001, the program will grow to serve about 54,000 infants and toddlers.

Improving Quality

HHS has offered technical assistance, partnership and support to Head Start programs that are ready to pursue excellence -- and terminated the grants of those programs that were not delivering quality services. Since 1993, HHS has helped turn around 200 grantees identified as seriously deficient. Some 150 grantees have been terminated or have relinquished their Head Start grants.

From 1992 through the present, HHS has invested more than \$800 million in quality improvements to ensure that every Head Start program works. Head Start programs across the country have used these quality resources to fix leaky roofs, make sure facilities are healthy and safe for children, and hire more teachers to reduce class size and eliminate double-session classes.

Head Start Expansion Initiative

On March 25, 1997, Secretary Shalala announced a new Head Start initiative to expand Head Start services for children while also helping parents on welfare move to work. Under the new initiative, Head Start expansion funds are being used for the first time to build partnerships with child care providers to deliver full-day and full-year Head Start services. Full-day and full-year services, in turn, can help parents attain full-time work.

Through the Head Start child care partnerships, Head Start and child care agencies combine staff and funds to provide high quality services. Children stay in one place all day, rather than attending Head Start for half a day and then moving to child care for the remainder of the day.

Research

Head Start plays an important role as a national laboratory for early childhood development programs. Head Start is now taking up the challenge to focus on measurable results for social competence and school-readiness in young children. To initiate this effort, a unique partnership was created -- Head Start Quality Research Centers -- comprised of four major academic institutions and Head Start grantees around the country. These centers are piloting new approaches to develop sound measures and collect data.

Another major research initiative is the Head Start Family and Child Experiences Survey, which is providing a database on Head Start quality and children's outcomes across the nation. Launched in 1997,

the study follows 3200 children and families in 40 Head Start programs, and is designed for periodic longitudinal data collection. The first round of data collection found that overall, Head Start classroom quality is good; that Head Start children have acquired the early literacy, numeracy and social skills signifying readiness to learn in kindergarten; and that program quality is linked to child performance. In a separate survey, the president's Management Council announced in December 1999 that the Head Start Program received the highest score of any government agency or private company, even surpassing the ratings of Mercedes-Benz and BMW, in the latest American Customer Satisfaction Index . The 1999 overall customer satisfaction index for the Head Start Program is 87 based on a survey of Head Start parents, 15 points above the average score of 73.

Outreach to Underserved Populations

In spring 1999, the Head Start Bureau conducted an analysis of its outreach and delivery of service to populations that have traditionally been under-served, with a particular focus on the growing Hispanic population. At that time, the bureau identified six major areas for ongoing action and set out specific steps to improve outreach and services for under-served groups. The action areas included: (1) giving greater priority to under-served groups in the expansion grant process; (2) increasing funding to serve the children of migrant and seasonal farmworkers; (3) providing information, training and technical assistance to promote the recruitment of children and families from under-represented populations; (4) assuring equitable access and efforts to reach under-served communities following grant terminations and relinquishments; (5) reinforcing federal oversight to ensure that grantees serve new and under-represented populations; and (6) continuing to track and report on outreach to under-served communities.

As a result, in 1999, the percentage of Hispanic children served rose by 1.7 percentage points, from 26.1 percent to 27.8 percent. Through these actions and additional efforts planned for fiscal year 2000, Head Start is building the infrastructure for sustained improvement in outreach and service to currently under-served populations.

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Note: For other HHS Press Releases and Fact Sheets pertaining to the subject of this announcement, please [click here](http://www.os.dhhs.gov/news/press/) for our Press Release and Fact Sheet search engine at:
<http://www.os.dhhs.gov/news/press/>.



New Information on Head Start Results for Children and Families

As the nation's premier early childhood education program, Head Start is leading the way in accountability for program outcomes and services to more than 800,000 young children and their families each year. New findings from a study of 3200 children and families show that Head Start narrows the gaps between disadvantaged students and all other children in key components of school readiness. Students in the Family and Child Experiences Survey (FACES), who entered Head Start in fall 1997 in a national random sample of Head Start programs, began the year at a great disadvantage, compared to other children, as demonstrated by their own scores on standard tests of cognitive skills, family poverty, and low levels of parental education.

The study results show that Head Start:

- narrows the gaps between disadvantaged children and all children in vocabulary and writing skills during the Head Start year;
- improves the social skills of Head Start children; and
- leads to continued improvements in word knowledge, letter recognition, math skills and writing skills by Head Start children relative to other children during the kindergarten year.

For example, on an assessment of word knowledge, the percentage of children scoring close to or above the national mean increased from only one in four when they started the program in the fall to more than one in three in the spring -- nearly a 40% increase.

The most disadvantaged children in Head Start, as measured by their cognitive skills when they enter, show even greater gains during the year than those who are less disadvantaged. Language minority children in Head Start show gains in school readiness skills and their knowledge of English by the end of the Head Start year.

The FACES study also documented key aspects of Head Start efforts to involve and support parents. Parents of Head Start children reported extremely high levels of satisfaction with Head Start, consistent with findings from the American Customer Satisfaction Index (ACSI) in which Head Start parents gave the program the highest rating of any government program. Parents cited Head Start as an important source of support in rearing their child. They also reported slight increases in family activities with Head Start children over the course of the year, particularly in programs where teachers were most active in child development. Head Start parents reported a greater sense of control over their own lives at the end of Head Start than at the beginning.

The study also found that Head Start classrooms continue to be of high quality, that most Head Start teachers have good teaching qualifications, and that the observed quality of classrooms is positively related to child outcomes.



Areas for improvement identified in the study included letter recognition and book and print concepts, where the fall 1997 cohort of Head Start children showed little progress during the Head Start year relative to national norms. Among the key steps already taken by the Head Start Bureau to address these areas are the launching of a new Family Literacy Initiative and the investment of more than \$80 million annually to ensure further improvement in teacher credentials, consistent with the 1998 reauthorization of Head Start. Future plans include a National Head Start Child Development Institute in the year 2000, focusing on improving teaching, learning and assessment in the areas of language development, literacy, mathematics, science, and social and emotional development, and a new initiative for each local Head Start program to systematically track children's progress on key learning outcomes.

The Study

The **Head Start Family and Child Experiences Survey (FACES)** is an ongoing, national, longitudinal study of the cognitive, social, emotional and physical development of Head Start children; the characteristics, well-being and accomplishments of families; the observed quality of Head Start classrooms; and the characteristics and opinions of Head Start teachers and other program staff. FACES involves a nationally stratified random sample of 3200 children and families in 40 Head Start programs, who were studied at entry into the program in Fall 1997, assessed in the Spring at the completion of one or two years of Head Start, and followed-up in the Spring of their kindergarten and first grade years. Because Head Start is committed to regular, ongoing accountability measurement and program improvement, a new national cohort of FACES will be launched in Fall, 2000.

The Fall 1997 and Spring 1998 waves of data collection in FACES provide important findings of change in children's development and school readiness, consistency of program quality, as well as information about family characteristics and families' accomplishments over the course of the year. The kindergarten follow-up reveals important information on Head Start graduates' performance in school. Through the full cooperation of the Head Start programs studied, FACES has been able to achieve high instrument completion rates, averaging over an 80 percent response rate on all survey measures.

The Children and Families Studied

Head Start children are likely to face a variety of conditions that put them at risk. On entry into the program, only 43 percent lived with both parents, and changes in family configuration were common over the year. Seventy percent of mothers had at least a high school diploma or GED, with less than nine percent having an Associate's or higher college degree. Forty-two percent of households reported having less than \$1000 in monthly income from all sources in Fall 1997, including TANF. Over 85% of households received supplemental income from one or more of a range of sources,



including WIC, Food Stamps, TANF (31% in Fall 1997) or other sources. About one-fifth of children were reported to have been exposed to community or domestic violence in their lives.

Study Findings

FACES is designed to answer four central questions related to program performance objectives: Does Head Start enhance children's development and school readiness? Does Head Start strengthen families as the primary nurturers of their children? Does Head Start provide children with high quality educational, health and nutritional services? And, how is classroom quality related to child outcomes?

Does Head Start Enhance Children's Development and School Readiness?

- Head Start works to narrow the gaps between disadvantaged children and all children in vocabulary and writing skills during the program year. For example, the proportion of Head Start children scoring close to or above the national mean on an assessment of word knowledge increased from 24% when they began Head Start in the fall to 34% in the spring -- nearly a 40% increase. On average, children completing Head Start showed significant gains relative to national norms established for children of all income levels. Gains were approximately one quarter of a standard deviation in standard scores, within the range deemed to be educationally meaningful.
- Head Start works to narrow the gaps between children who begin the program at differing levels of school readiness. Gains in cognitive skills from the fall to the spring of the Head Start year were larger (for example, more than two-thirds of a standard deviation in vocabulary standard scores) among children who were initially in the bottom quarter of the score distribution than among those in the middle or top quarter. Despite the larger gains in vocabulary knowledge and early writing and math skills achieved by children who come to Head Start with fewer accomplishments, these children are still substantially below national norms at the end of the Head Start year.
- Language-minority children in Head Start show gains in school readiness skills and in their knowledge of English by the end of the Head Start year. By the spring, most Spanish-speaking children in predominantly English-language programs are able to perform a number of school-related tasks better in English than they had in Spanish in the fall, or at least as well. Spanish-speaking children in predominantly English-language Head Start programs have similar fine motor and early writing skills as their English-speaking peers, but continue to trail other children on tasks that require English-language proficiency.
- Both parents and teachers noted significant improvement in social skills essential to successful functioning in school. Over the program year, Head Start children's play



became more complex, with children becoming more involved in interactive play with peers, a key indicator of social development.

- FACES was also designed to identify priority areas for improvements in Head Start program quality and staff development. Head Start children showed little progress in letter recognition or book and print concepts over the course of the program year. The small number of Head Start children with problem behaviors showed minimal or no change in this area. Future rounds of FACES will help determine whether these findings have changed as a result of technical assistance and increased teacher preparation since the original study and the 1998 reauthorization of Head Start.
- Children leaving Head Start are indeed "ready to learn," because they have, in fact, learned a great deal by the end of kindergarten. By the spring of the kindergarten year, Head Start graduates made substantial gains in word knowledge, letter recognition, math skills and writing skills relative to national norms. For example, 83 percent of the Head Start graduates could identify most or all letters of the alphabet, and children demonstrated familiarity with key book and print concepts as well as phonemic awareness.

Does Head Start Strengthen Families as the Primary Nurturers of Their Children?

- Primary caregivers (usually parents) were equally likely to be married as single. The typical caregiver was young (between 20 and 30 years of age), had at least a high school diploma or GED, and was employed. Despite the high proportion of caregivers in the workforce, 85 percent of Head Start households received supplemental income from other sources.
- More than two-thirds of Head Start parents reported reading to their children at least three to five times a week. Frequency of parental reading, especially daily reading, was linked to higher child vocabulary development.
- Most parents were active in their Head Start program, and approximately 80 percent had visited with Head Start staff in their home, attended a parent-teacher conference, and observed in the classroom.
- Across all households, family activities with Head Start children increased slightly over the course of the year. In centers where teachers received more in-service training in child development and engaged children in academic activities more often, parents reported larger increases in educational and recreational activities at home.
- Over 85 percent of parents were very satisfied with the services their child received, including helping their child grow and develop, preparing their child for kindergarten, and identifying and providing services for their child. These findings reinforce the recent report of the American Customer Satisfaction Index (ACSI), in which Head Start received the highest rating of any government program.



- Head Start parents cited significant accomplishments during the Head Start year. More primary caregivers were employed (an increase of 4 percent from fall to spring); 9 percent obtained a license, certificate or degree; and fewer received welfare assistance (a decline of 5 percent from fall to spring).
- Head Start parents cited Head Start staff as an important source of support in rearing their child. In addition, Head Start parents reported a greater sense of control over their own lives at the end of Head Start than at the beginning.
- Fathers appeared to play an important and positive role in the lives of children. When the father was present in the home, there were more resources available to the family, both socially and financially. Families with fathers in the household were less likely to be exposed to crime and domestic violence.

Does Head Start Provide Children With High Quality Educational, Health and Nutritional Services?

- Quality in Head Start classrooms continues to be good, across three points of measurement. In Fall 1997 the average Early Childhood Environment Rating Scale (ECERS) score across the 518 observed classrooms was good. Seventy-five percent of Head Start classrooms were rated as good or better, nearly one-fifth of classrooms were rated as very good or excellent, and no classroom was of "inadequate" quality. These ratings compare favorably with other studies of preschool and child care.
- The average numbers from both class size and child:adult ratios were far better than those required by the Head Start Program Performance Standards and the National Association for the Education of Young Children (NAEYC) accreditation standards.
- Most Head Start teachers have good teaching qualifications. Nearly one third of all Head Start teachers had a bachelor's or graduate degree in education, and teachers averaged nearly 12 years of teaching experience. The higher the teacher's educational level, the better the observed classroom quality.

How is Classroom Quality Related to Child Outcomes?

- Children in classrooms rated higher in learning environment materials spent more time in simple interactive play or pretend play, and they spent less time in non-interactive play. Observed play behavior is a key indicator of social development.
- The observed quality of Head Start classrooms has been linked to child outcomes. For example, children in classrooms with richer teacher-child interaction and more language learning opportunities have higher vocabulary scores. And children in Head



Start classrooms with lower child:adult ratios show greater gains in vocabulary scores over the Head Start year.

Programmatic Action Steps

FACES was also designed to identify priority areas for improvements in Head Start program quality and staff development:

- Head Start has launched a new Family Literacy Initiative to train programs to implement best practices to foster literacy development for children and families.
- In partnership with institutions of higher education, Head Start is working to ensure that a majority of teachers obtain associate's or bachelor's degrees in early childhood education over the next few years. More than \$80 million in annual funding has been earmarked to pay for teacher training and to continue to increase staff compensation.
- Head Start is planning a National Child Development Institute in the year 2000, focusing on educational services in the areas of language development, literacy, mathematics, science, and social and emotional development.
- Head Start is requiring each local program to build a local outcomes-based system to assess child development and learning, and to use this information to both individualize curriculum and teaching and to guide continuous program improvement.

The FACES Study is conducted by Westat, Inc., Abt Associates, Ellsworth Associates and The CDM Group, Inc. and directed by the Commissioner's Office of Research and Evaluation, Administration on Children, Youth and Families, U.S. Department of Health and Human Services. The full report, *Head Start Program Performance Measures: Longitudinal Findings from the FACES Study (Third Progress Report)* will soon be available at: <http://www2.acf.dhhs.gov/programs/hsb/hsreac/faces>