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Folder Title:

OMB [Office of Management and Budget]

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2

DRAFT GALLEY**NATIONAL SERVICE INITIATIVE*****Federal Funds*****General and special funds:**

Proposed for later transmittal under proposed legislation

Program and Financing (in thousands of dollars)

	1992 actual	1993 est	1994 est
Program by activities:			
10.00 Total obligations	0	0	394,000
Financing:			
40.00 Budget authority (appropriation)	0	0	394,000
Relations of obligations to outlays:			
71.00 Total obligations	0	0	394,000
74.40 Obligated balance, end of year	0	0	291,000
90.00 Outlays	0	0	103,000

participants

The President's call to service extends from the youngest elementary school students to our oldest citizens. Legislative proposals will be submitted building upon existing programs, and expanding opportunities for service through a new national service initiative. The national service initiative will help ~~young people~~ pay for college and other postsecondary education by serving their country. In conjunction with income-contingent loan repayment, which will ~~help Americans~~ serve their communities in jobs of high value but relatively little pay and still pay off their student loans, the program will provide dramatic new opportunities to serve our country. ~~Young people~~ will meet pressing national needs in areas including education, public health, environmental protection, and public safety.

Participants

The national service initiative will support grants to public and private organizations which will directly implement community and national service programs. The activities of the Points of Light Foundation will receive \$5 million under this initiative.

national service

active

OFFICE OF MANAGEMENT AND BUDGET
HUMAN RESOURCES DIVISION

DATE:

3/17/93

TO:

Jack Lew

FROM:

Pam VanWine

COMMENTS:

Final version of Galley

Any additional comments

due by COB

today!

NUMBER OF PAGES
(INCLUDING COVER)

3

HUMAN RESOURCES DIVISION
FAX NUMBER: (202) 395-1596

CONFIRMATION: Division Office----- (202) 395-6150
Labor Branch----- (202) 395-3262
Education Branch--- (202) 395-5880
Veterans Affairs Branch-- (202) 395-4500
Income Maintenance Branch-- (202) 395-4686

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Object Classification (in thousands of dollars)

	1992 actual	1993 est	1994 est
Personnel compensation:			
11.9 Total personnel compensation	0	0	2,000
12.1 Civilian personnel benefits	0	0	400
21.0 Travel and transportation of persons	0	0	300
23.1 Rental payments to GSA	0	0	500
23.3 Communications, utilities, and miscellaneous charges	0	0	300
24.0 Printing and reproduction	0	0	700
25.1 Consulting services	0	0	900
25.2 Other services	0	0	800
26.0 Supplies and materials	0	0	500
31.0 Equipment	0	0	1,000
41.0 Grants, subsidies and contributions	0	0	386,600
99.9 Total obligations	0	0	394,000

Personnel Summary

	1992 actual	1993 est	1994 est
1001 Total compensable workyears: Full-time equivalent employment	0	0	40

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insert ① at beginning

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OFFICE OF MANAGEMENT AND BUDGET**HUMAN RESOURCES DIVISION****DATE:**3/16/93**TO:**Jack Lew**FROM:**Pam Vanuise**COMMENTS:****NUMBER OF PAGES**
(INCLUDING COVER)3**HUMAN RESOURCES DIVISION**
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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

February 26, 1993

MEMORANDUM

FOR: Jack Lew

THROUGH: Barbara Selfridge *BS*
Larry Matlack *LM*

FROM: Pamela VanWie *PVW*

In order for us to present the National Service initiative in the President's budget (scheduled to be transmitted to the Hill the first part of April), we need several decisions by March 5th. Most of these are policy decisions, but we need them in order to correctly present the proposal in technical terms.

- Since ACTION, the Points of Light Foundation and the Commission on National and Community Service, are all up for reauthorization, and these agencies or their activities may become part of the "Agency for National Service", we need to know how to display these programs in the budget. This requires the following decisions.
 - Will these agencies be proposed for reauthorization in FY 1993 or rolled into a new "Agency for National Service"?
 - If they are proposed for reauthorization, what changes (if any) are appropriate and for how long should they be reauthorized? For example, if you aren't in a position to decide now what the "Agency for National Service" administrative structure will be but want to absorb these agencies/activities over time, maybe a one-year extension is all that's needed. If they are not to be part of a new program/agency, then the standard three year reauthorization is more appropriate.
- The budget also requires cost estimates for an organization's FY 1994 "programs and activities". To prepare these cost estimates, a basic administrative structure for the "Agency for National Service" needs to be designed.
 - What will the new "Agency for National Service" look like? In order to display it in the budget, we will need to know what activities are proposed and how much is proposed for each. This can be simple (two activities: administration and grants) or detailed (several activities: administration, Points of Light, National Service grants, VISTA, etc.) Note: We understand the Points of Light Foundation is to be continued as an activity within National Service but not to receive its own appropriation.
- In addition, we need to know what the appropriate committee and subcommittee will be on the Hill for authorization and appropriations.

3/4

#s to fill by 3/12
Galleys to go by 3/26

> Need name of agency to set up unit
by 3/9/10

Need name/classification by 3/9/10
Legislative language to be submitted later

THE WHITE HOUSE
WASHINGTON

Budget

By March 5 - Need to know
how to handle POC / ACTION

eligible for funding

Technical detail about
assess

Income / Contract + Nat. Service
w/o direct coor - NOT INTEREST

THE WHITE HOUSE
WASHINGTON

① Reconciliation

may not be a directive
OMB asked to have bills in
in 2 weeks

N/service - may be / may not

② Budget Resolution

2/19 enough for Budget resolution

② Revenue Smaller

~~302(b)~~
③ Reconciliation

good
bad
ugly

302(b) is out of appendix



OFFICE OF THE DIRECTOR

1100 VERMONT AVENUE, NW
WASHINGTON, DC 20525

February 22, 1993

The Honorable Leon Panetta
Director
Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Dear Mr. Panetta:

ACTION fully supports the goals articulated by the President in his recent addresses to the Nation and the Congress and we have begun to implement the goals for personnel and administrative cost reductions the President has set forth in his recent executive orders.

I am writing this letter to: (1) present for the consideration of the Administration some of the ways ACTION can quickly and efficiently contribute to the National Service goals expressed by the President within the fiscal year 1994 budget; and (2) point out a feature of the passback that was an unintended error and will be viewed by many as a retreat on program commitments.

Proposals for National Service

The passback provided by OMB for the FY 1994 budget maintains a current services level for the Agency. However, we believe that the Agency can contribute to the overall National Service goals of the Administration, and therefore wanted to outline such a plan. We recognize, of course, that the Director of the Office of National Service is in the process of developing specific National Service proposals. There should be a coordinated position set forth in any proposals released in the Administration's budget in March for ACTION and other organizations concerned with service.

We are confident that ACTION's efforts and programs can be tailored to contribute to an overall service plan. VISTA today is the largest domestic volunteer service program directly comparable to the concept of National Service set forth by the Clinton Administration -- full-time, stipended service addressing critical needs of local communities.

ACTION'S MISSION

To stimulate voluntary citizen participation in addressing the needs of American communities, particularly those of the poor, the disadvantaged and the elderly.

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The Older American Volunteer Programs have a demonstrated record of engaging seniors in service to their communities and to the Nation. Moreover, this population will grow considerably, both in numbers and as a percentage of the total population, over the next several decades. The programs themselves are well established and respond to local needs. Foster Grandparents provide a variety of one-to-one services to children with special needs, an effort consistent with the Administration's emphasis on families and children. Senior Companions are directly engaged in helping the frail elderly to stay in their own homes and to delay or avoid costly institutional care. Over 400,000 Retired Senior Volunteers, at a cost of only about \$80 per year per volunteer, represent perhaps the largest organized volunteer service force in operation today.

Given the clear connection of these programs to the concepts of expanded service in the country, we propose a budget for ACTION's programs of \$255.5 million in fiscal year 1994; this represents an increase of \$85.9 million, or 51 percent, above the \$169.6 million available in fiscal year 1993.

For VISTA, we propose a total budget of \$89.2 million, an increase of \$49.5 million above the FY 1993 amount of \$39.7 million. This level will support:

- Attaining a volunteer strength of 7,500 by the end of the Summer 1994, more than double the current strength of approximately 3,300. Reaching this target equates to a total of 5,500 volunteer service years in fiscal year 1994, an increase of 2,134 volunteer service years, or 63 percent, above the FY 1993 estimate of 3,366 service years.
- A VISTA summer program providing 5,000 college students with the opportunity to engage in a summer of service addressing the needs of low-income Americans.
- A subsistence increase to an average of 110 percent of the poverty level for a single individual, an increase of 5 percent in real terms above the current level. This would set the average subsistence rate at \$675 per month, which is below the levels established in a number of similar Federal and non-Federal programs.

-3-

- A postservice stipend of \$1,800 per year of service, which is a 58 percent increase above the current stipend of \$1,140 per year. Many comparable programs provide \$5,000 as a postservice stipend to be used toward further education.
- Expanded training and support costs for volunteers, reflecting the realities of the expanded program described above.

Under this proposal, the total cost per volunteer service year for VISTA would be \$14,400 in fiscal year 1994; this is about 30 percent less than the average costs depicted for a number of other National Service approaches.

For the Older American Volunteer Programs, we are proposing increases of \$25.3 million, or 20 percent above the amounts available in fiscal year 1993. We believe these programs, at relatively little cost, have tremendous potential to contribute to overall national goals in several important policy areas.

For the Foster Grandparent Program, we believe that 1,800 new volunteers can be added to support Parent Child Centers under Head Start, care for HIV-positive babies in our nation's urban hospitals, and provide special education services to children in public institutions across the country. This would represent a 10 percent expansion in the program in a single year at a cost of approximately \$6.5 million.

The Senior Companion Program needs to expand to a number of unserved areas across the 50 States, with the potential to add over 3,000 volunteers in fiscal year 1994 to provide in-home and community-based care for seniors who would otherwise be institutionalized. These low-cost services (less than \$3 per hour) are provided by low-income seniors, and contribute significantly to overall efforts to control health costs for the elderly around the country. The cost of adding 3,000 volunteers in about 50 projects is estimated at \$11.4 million.

It should be noted that both the Foster Grandparent and Senior Companion Programs have waiting lists for potential volunteers who cannot be enrolled due to funding restrictions. Out of over 8 million eligible, low income seniors in the country, approximately 31,000 are currently serving in these 2 programs.

Under the Retired Senior Volunteer Program, 50,000 additional seniors will be engaged in a variety of initiatives to be determined, but include areas such as immunization, mentoring, and environmental activities. The total cost of the expansion is about \$100 per participant, or \$5 million.

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We are also requesting an additional \$2.4 million to cover increases in administrative costs of the over 1,200 Older American projects around the country.

For Part B of Title I, we propose a budget of \$3.0 million to support 200 students in a University Year for ACTION program and technical assistance and innovation grants designed to help improve the significant service learning activities and programs that exist throughout our Nation's secondary and postsecondary schools.

For Part C of Title I, we propose a fund of \$10 million for a number of important discretionary activities not directly tied to the specific program structure outlined above, but designed to fulfill ACTION's broader mission of stimulating volunteerism across the country. ACTION has a long and successful history of identifying, developing, and demonstrating innovative and cost-effective strategies to promote the involvement of volunteers in responding to a wide range of community and social needs.

In fiscal year 1994, these funds would be used to support: small seed grants to stimulate community-based programs; training, technical assistance, and other capacity-building initiatives and the replication of already-proven approaches; nationwide demonstrations of promising volunteer strategies, some of which will prove valuable to long-range ACTION and other Federal and non-Federal programs; and responses to new initiatives for innovative programming.

The significant growth in the programs will also have an impact on program administration. We believe that 20 additional staff in our regional and state offices will be required, as well as additional travel and support funds. In total, we believe that an additional \$2 million in program administration funds, above the amounts included in the OMB passback, will be required to deliver the above program in its entirety.

Administrative Error in the Passback

The across-the-board administrative cut included in the passback was based on all items in the 20 series object classes. This methodology does address the type of administrative costs intended by the President. In the case of ACTION, however, those object classes include important parts of the VISTA program which we believe were not intended to be cut.

-5-

All of the costs of recruitment, training, and health benefits for VISTA Volunteers are contained in those object classes. Because these costs constitute a large percentage of ACTION funds in these object classes, we cannot absorb the "extra reductions" caused by this programmatic anomaly. Only 45.5 percent of those object classes are associated with ACTION's administrative expenses. The remainder are direct program costs. We do not want to reduce VISTA at a time when the President has an explicit goal to increase National Service Programs. Therefore, we propose that our "administrative savings" be set at \$188,000, not the \$414,000 as proposed by your office; the former figure is 3 percent of our actual administrative costs.

If the above programmatic and administrative error adjustments are accepted, ACTION's budget for fiscal year 1994 would be \$290.1 million, not the \$206.7 million included in the OMB passback. If only an adjustment for the administrative error is made at this time, ACTION's budget would be \$206,964,000.

I look forward to discussing the above issues with you or your staff. ACTION remains committed to taking all necessary steps to accomplish the goals of the President.

Sincerely,



John Seal
Acting Director

Enclosure

National Service

Agency Structure

To give the President's National Service initiative high visibility and continue the efforts of the current programs related to community and national service, a new "Agency for National Service" should be established in FY 1994. In the interest of reinventing government, similar activities from ACTION, the Commission on National and Community Service (CNCS), and the Points of Light Foundation should be transferred to the new agency. There are two ways to proceed with this transfer: 1) the "quick and dirty" way; and 2) the "over time" method.

The "quick and dirty" way would transfer all the functions of ACTION, the CNCS and the Foundation to the new agency at the beginning of FY 1994. This has the potential to delay the start-up time of the new agency. However, once the structure was in place the new agency would be ready to function completely.

The "over time" method assumes that the new agency may not be ready to handle the existing programs from ACTION, CNCS and the Foundation at the beginning of FY 1994. These agencies could be reauthorized for one year and preparations made during FY 1994 to transfer the appropriate activities to the new agency at the beginning of FY 1995. The new agency could be given broad authority and contract with ACTION to handle the new agency's technical aspects of the grant procedures (not policy or funding decisions) during FY 1994 since the new agency will not have the mechanisms in place to start this process quickly.

The new agency should be structured to utilize the strengths of ACTION, the CNCS and the Points of Light Foundation. This probably means a structure utilizing a board and executive director, similar to the current structure of the CNCS, but limited to 9 members (not confirmed by the Senate in order to speed-up the process) and a Schedule C executive director. The grantmaking, monitoring and field office functions that currently exist in ACTION could benefit the new agency and could be included in the structure. Since some of the new agency's programs will funnel money to the states, ACTION's already established state offices are a model that might be utilized by the new agency. (Regional offices may not be necessary but getting rid of the regional offices, the majority of which are headed by political appointees, may be difficult.) Offices/divisions within the new agency could be considered for the VISTA and OAVP programs. Authorizing legislation for the new agency should be drafted to allow flexibility similar to that of the CNCS.

Financing

The new agency should request an annual appropriation to cover the costs of the post-service benefit for the cohort that enters that year. There are two ways of handling the financing for this cohort: 1) a trust fund; and 2) regular appropriation.

1. Trust fund. Establish a trust fund with an actuarially sound appropriation for each cohort (fiscal year) of individuals in qualified service, such that the combination of principal

and projected interest over time is sufficient to finance all expected benefits, pre- and post-college.

- o Ideally, when the last qualified person from among all who start service in a given year (pre or post college) is awarded his benefit -- however many years after service - the balance in the Fund for that cohort is zero.
- o Fund structure could mirror the Harry S Truman Scholarship Foundation and similar entities [legislation attached]. Amounts are invested in Treasury securities by Treasury. A separate agency administers the program aspects (e.g., selecting and certifying eligible individuals; making awards; monitoring compliance).

The trust fund raises the following concerns:

- Trust funds are established to handle revenue generated from a specific source like taxes, e.g. UI, highway taxes, etc.
- A trust fund usually is not established to funnel money from a general fund appropriation to the general public.

2. Regular appropriation. Through an an annual appropriation, the benefit would accrue to an individuals name and funding would be made available for obligation for more than 6 years so that unexpended funds would not be lost after 6 years (under the M-account legislation).

National Service Staff Education benefit assumptions:

- o For individuals serving before college: a post-service benefit of \$5,000 for use for postsecondary education or training expenses.
- o For individuals serving after college:
 - (1) while in the approved position, loan repayments on FFELP loans adjusted to the low income of community service (an ED issue, not discussed further in this paper); plus
 - (2) after satisfactory completion of service, either (a) \$10,000 for each year of service in a designated position, for up to two years, or (b) the amount of student loan debt outstanding, whichever is lower. Range: \$0 to \$20,000.
 - an individual with no student loan debt (under half of all students borrow to finance education) does not receive the second benefit.
 - NOTE: promotional material must be precise about the limited number of slots, lest the program induce unnecessary borrowing in anticipation of the benefits.
- o Benefits should not be provided in cash.
- o The Government's "promise" to make the benefit available should be valid -- i.e., funded -- at the time the individual takes the service position, even though he or she might not use the benefit for an as yet undetermined number of years after completion of service.
- o For the post-college benefit, all student loan debt from institutions (not only FFELP, guaranteed or direct) is eligible for payoff. [Family loans should be excluded because they could not be monitored effectively to avoid conversion of parental contributions into phony loans.]

Where the benefit could be used:

- o The benefit should be at least for use in postsecondary education institutions, which should be defined as entities made eligible for aid under Title IV of the Higher Education Act. That way, responsibility for assuring they are legitimate schools lies elsewhere. There are about 3,100 two and four year degree granting institutions and about 5,000 postsecondary vocational training institutions.
- o Query: Can the benefit be used for non-traditional forms of education? If so, defining and monitoring this would be a significant issue. Examples: apprenticing oneself to a master craftsman or artist; obtaining the services of a tutor; enrolling in

courses on how to take exams or how to prepare for SATs, graduate record exams, law or business boards; a guided study tour of archeological sites for an individual who is planning to be an archeologist.

Form of the benefit (other than repayments adjusted to income):

- o Post-college: All these individuals must have student loan debt in order to obtain the second benefit. Options are various forms of loan payoff or forgiveness:
 1. Perkins loan model. A voucher is certified by the agency funded for the slot for the maximum benefit earned; the individual gives the voucher to the loan holder in satisfaction of his debt, up to the maximum benefit earned. The loan holder certifies a specific amount if less than the maximum. The holder sends the voucher (could be done electronically, subject to post-audit) to the national service agency (or, if it is an ED loan, perhaps directly to ED) for payment. An outlay occurs when the validated voucher is turned into a cash payment to the lender (or to ED's loan account).

If a direct FFELP loan, ED or its servicer could receive the voucher and cancels the loan.

Provider agency, individual, and loan holder liabilities for falsifying data are needed, and a strong audit/IG function.

There may be need for agreements with non-government note holders to accept and process the Federal voucher.

2. McLaughlin suggestion. The Federal government (ED or the national service agency) purchases the qualified loan(s) from the note holder when the individual enters service. During service, the government carries the note without payments, or collects (reduced, income- contingent or graduated repayments) payments from the borrower. If service is completed satisfactorily, the loan (up to the maximum benefit earned) is forgiven. If service is not satisfactorily completed, or if there is a remaining balance, the government becomes the note holder and services (collects payments on) the loan.

Queries for Maureen: Would this only be for FFELP notes? Perkins? Other Federal? Non-Federal?

- o Pre-college: Because the benefit for the pre-college group can be used for any form of postsecondary education or training, loan payoff/forgiveness alone is not an option.

The voucher seems the most appropriate approach. In this case, the provider issues the voucher under Federal rules. Recipient institutions (or other providers, if made eligible) present the voucher to the government for cash.

The statute should specify how such voucher are counted for the purpose of determining eligibility for aid under Federal and other student aid programs. For maximum impact, voucher would not count as aid or income. The issue will arise of \$5,000 for a middle class youth vs. the maximum Pell grant (now \$2,300) for a youth whose family has zero income. To deal with this, make the voucher count as other aid received that reduces the cost of attendance used to calculate Federal aid eligibility.

Estimating Cohort Costs

- o To determine the BA requirements, regardless of appropriations option, assumptions are needed for:
 - How many pre and post college positions will be funded.
 - What share of post-college participants will have loan debt (i.e., the average, or will the program disproportionately draw those with loan debt).
 - What loan balances will post-college participants have at the time they claim the benefit.
 - How many years will elapse before the pre and the post-college participants claim their benefits.
- o There is no way such estimates can be done accurately in the first few years, so flexibility is needed in moving funds among fiscal years. For example, authorizations for: subsequent appropriations to fill gaps; ratable reductions if the appropriations are not made; authority to transfer money among cohorts if an excess is available.

There are at least three ways to help meet the promise. Maureen McLaughlin's purchase notion for the post-college loan payoff benefit is a way of handling that aspect alone:

TEACHER CORPS

Program History

- o **Original program:** authorized in 1965, as part A of title V of the Higher Education Act; repealed in 1981 as part of the consolidation of categorical programs into the Education Block Grant (known as Chapter 2).
- o **Original program:** first funded in FY 1966 at \$9.5 million; peak funding in FY 1980 at \$30 million; final year of funding was FY 1981: \$29 million. .
- o **New program:** created in 1992, as subpart 3 of part C of title V of the Higher Education Act. The new program is unfunded. [Authorizing legislation attached.]

Operation of the Current Teacher Corps Program

- o Recipients of Federal funds are State education agencies (SEAs). If funding is below \$50 million, SEAs compete for grants; if funding exceeds \$50 million, SEAs receive funds under a formula based on school-age population.
- o SEAs recruit and select Teacher Corps members, award scholarships, conduct summer preservice training programs, and monitor whether Teacher Corps members fulfill their obligation to teach or to repay the scholarships if the Teacher Corps members fails to fulfill their teaching obligations.
- o A Teacher Corps member may receive a scholarship for up to 3 years for: a BA degree; a 1 or 2 year MA degree; or a 2 year program leading to an AA degree in early childhood education or early childhood development.
- o Teacher Corps scholarships: a maximum of \$5,000 per year, and only for full-time students who maintain satisfactory academic progress.
- o Each Teacher Corps member agrees to pursue a course of study that meets the State's certification requirements, and to work for 3 years in a school identified by the SEA as being among the 10% of schools in the State with the highest concentrations of poverty and low academic performance.
 - A Teacher Corps member who fails to meet these conditions must repay the scholarship, plus interest.
- o Once employed in a school, the Teacher Corps member receives the full pay for any entry level teacher in that district and participates in the first year in an induction program which includes working with an experienced mentor teacher chosen by the school district.

rendering such fellow in violation of the conditions of the fellowship; and

(3) provide assurances that the State educational agency has consulted with local educational agencies in designing and developing the Christa McAuliffe Fellowship program.

(20 U.S.C. 1105g) Enacted July 23, 1992, P.L. 102-325, sec. 501(a), 106 Stat. 686.

SEC. 539. EVALUATION.

(a) IN GENERAL.—

(1) IN GENERAL.—The Secretary shall conduct, by grant or contract, an independent evaluation of—

(A) Christa McAuliffe fellows; and

(B) the impact of the activities undertaken by the Christa McAuliffe fellows on teachers, teacher research, curricula, staff development, improvement of programs and improvement of student achievement.

(2) COMPETITIVE BASIS.—The grant or contract described in paragraph (1) shall be awarded on a competitive basis.

(b) CONTENTS.—The evaluation shall—

(1) include information on the nature of projects developed and implemented by Christa McAuliffe fellows;

(2) assess the measurable effects of such projects on the academic performance of the students served by such projects;

(3) assess the effect of the fellowship program assisted under this subpart on the postfellowship experiences of Christa McAuliffe fellows;

(4) identify the barriers to such program's effectiveness;

(5) assess the extent to which successful projects were disseminated and adopted by other teachers and schools without further Federal assistance; and

(6) determine and explore ways to improve the cost-effectiveness of such program.

(c) EVALUATION REPORTS.—The Secretary shall submit such interim evaluation reports to the President and the Congress as may be appropriate, and shall submit a final report on or before January 1, 1997.

(d) FUNDING.—The Secretary shall reserve a total of not more than \$1,000,000 from the amounts appropriated pursuant to the authority of section 540 in fiscal years 1993 through 1997 to carry out this section.

(20 U.S.C. 1105h) Enacted July 23, 1992, P.L. 102-325, sec. 501(a), 106 Stat. 687.

SEC. 540. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated \$20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.

(20 U.S.C. 1105i) Enacted July 23, 1992, P.L. 102-325, sec. 501(a), 106 Stat. 687.

Subpart 3—Teacher Corps

SEC. 541. TEACHER CORPS PROGRAM AUTHORIZED.

(a) GRANTS BY THE SECRETARY.—In any fiscal year in which the appropriations for this subpart do not equal or exceed \$50,000,000, the Secretary is authorized, in accordance with the

provisions of this subpart, to make grants, on a competitive basis, to State educational agencies to carry out Teacher Corps activities.

(b) STATE GRANT PROGRAM.—In any fiscal year in which the appropriations for this subpart equal or exceed \$50,000,000, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants to State educational agencies from allocations under subsection (c) to carry out Teacher Corps activities.

(c) ALLOCATION.—Except as provided in subsection (a), each State educational agency shall be eligible to receive a grant under this subpart in each fiscal year that bears the same ratio to the amount appropriated under section 548 in that fiscal year as the school-age population of the State bears to the school-age population of all States.

(d) TEACHER CORPS SCHOOL.—For the purpose of this subpart the term "Teacher Corps school" means a public elementary or secondary school identified by the State educational agency as having the highest levels of poverty and the lowest levels of student achievement based on a ranking of such elementary schools and secondary schools in the State according to the number of children living in poverty and the levels of student achievement. In carrying out the preceding sentence, the State educational agency shall identify and inform not more than 10 percent of such elementary schools and not more than 10 percent of such secondary schools in the State which have the highest levels of poverty and the lowest levels of student achievement.

(e) DESIGNATION.—

(1) SCHOLARSHIP.—A scholarship awarded under this subpart shall be referred to as a "Teacher Corps scholarship".

(2) RECIPIENT.—A recipient of a scholarship under this subpart shall be referred to as a "Teacher Corps member".

(20 U.S.C. 1106) Enacted July 23, 1992, P.L. 102-325, sec. 501(a), 106 Stat. 687.

SEC. 542. USE OF FUNDS.

(a) SECRETARY.—The Secretary shall use funds provided pursuant to this subpart to—

(1) disseminate information nationally about the availability of scholarships under this subpart;

(2) conduct activities, with the cooperation of the State and local educational agencies, which foster communication among, and bring together, members of the Teacher Corps, including activities such as written communications, meetings, or training sessions;

(3) establish and conduct summer preservice orientation programs for Teacher Corps members about to begin teaching;

(4) ensure that Teacher Corps members recognize the challenges of teaching in a Teacher Corps school;

(5) inform Teacher Corps members of Teacher Corps schools and facilitate the hiring and placement of Teacher Corps members at Teacher Corps schools;

(6) evaluate applications from and award grants to State educational agencies to enable such agencies to award Teacher Corps scholarships in accordance with the provisions of this subpart; and

(7) collect scholarship repayments from individual Teacher Corps members, in accordance with the provisions of section 546.

(b) **STATE EDUCATIONAL AGENCY.**—Each State educational agency receiving a grant under this subpart shall use such grant funds to—

(1) evaluate applications for Teacher Corps membership and award scholarships to Teacher Corps members;

(2) provide technical assistance to local educational agencies establishing and operating induction programs;

(3) ensure that Teacher Corps members understand the obligation to repay the scholarships received under this subpart upon failure to comply with the conditions of the scholarship; and

(4) ensure that Teacher Corps members are fulfilling the obligation to repay scholarships received under this subpart, and provide the Secretary with the names and addresses of Teacher Corps members who have not fulfilled such obligation.

(c) **SPECIAL RULE.**—The Secretary may enter into contracts with or make grants to nonprofit educational organizations for—

(1) recruiting members of the Teacher Corps;

(2) establishing and conducting summer preservice training programs; and

(3) conducting activities that foster communications among and bring together members of the Teacher Corps.

(d) **RESERVATIONS.**—Each State receiving a grant under this subpart may reserve—

(1) 5 percent of such grant funds to provide technical assistance to local educational agencies and to pay administrative costs; and

(2) 5 percent of such grant funds to provide for induction and mentoring programs.

(e) **SPECIAL RULE.**—Each State educational agency receiving a grant under this subpart may enter into contracts with or award grants to nonprofit educational agencies to conduct the activities described in subsection (b).

(20 U.S.C. 1106a) Enacted July 23, 1992, P.L. 102-325, sec. 501(a), 106 Stat. 688.

SEC. 543. TEACHER CORPS.

(a) **SELECTION.**—The State educational agency shall select Teacher Corps members.

(b) **CRITERIA.**—

(1) **IN GENERAL.**—The State educational agency shall establish criteria to select Teacher Corps members that are intended to—

(A) attract highly qualified individuals to teaching; and

(B) meet the needs of Teacher Corps schools in addressing teacher shortages.

(2) **CRITERIA.**—The criteria described in paragraph (1) may include—

(A) in the case of students or recent graduates, outstanding academic records, or in other cases, contributions

which may be made by individuals working in other careers; and

(B) a demonstrated commitment to teaching or professional experience in substantive fields of expertise in which the State is experiencing or expects to experience teacher shortages.

(c) **SPECIAL CONSIDERATION.**—The State educational agency, in selecting Teacher Corps members, shall give special consideration to individuals who—

(1) intend to teach or provide related services to students with disabilities;

(2) intend to teach limited-English proficient students;

(3) intend to teach preschool age children;

(4) are from disadvantaged backgrounds, including racial and ethnic minorities and individuals with disabilities;

(5) are members of populations that are underrepresented in the teaching profession or in the curricular areas in which such individuals are preparing to teach;

(6) intend to teach in the areas of science or mathematics, especially women and minorities who are underrepresented in such fields; or

(7) intend to teach on Indian reservations or in Alaska Native villages named or certified pursuant to section 3(c) of the Alaska Native Claims Settlement Act, Public Law 92-203, or in areas with high concentrations of Native Hawaiians.

(d) **APPLICATION.**—Each individual desiring to participate in the program assisted under this subpart shall submit an application at such time, in such manner, and containing such information as the State educational agency may reasonably require.

(20 U.S.C. 1106b) Enacted July 23, 1992, P.L. 102-325, sec. 501(a), 106 Stat. 689.

SEC. 544. STATE APPLICATION.

In order to receive funds under this subpart, a State educational agency, in consultation with the Governor, shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require. Each such application shall—

(1) describe how the State educational agency shall select Teacher Corps members;

(2) identify Teacher Corps schools within the State, where Teacher Corps members shall be assigned, provided that not more than 10 percent of all public schools in the State may be designated Teacher Corps schools;

(3) provide assurances that the State educational agency, in cooperation with local educational agencies, shall assist in employment placement within such State for Teacher Corps members in Teacher Corps schools;

(4) provide assurances that the State educational agency, in cooperation with local educational agencies, shall ensure that Teacher Corps members are paid at rates comparable to other entry level teachers in the school district where the Teacher Corps member is assigned;

(5) provide assurances that the local educational agencies in which the Teacher Corps members shall be placed shall es-

establish or expand induction programs that assist Teacher Corps members in adjusting to the new school and community where such members shall teach, including working with a mentor teacher in the school building where the Teacher Corps members are placed; and

(6) describe how the State educational agency shall monitor and report to the Secretary not less than annually on the operation of programs assisted under this subpart and on the compliance of individuals who receive Teacher Corps scholarships with the provisions of this subpart.

(20 U.S.C. 1106c) Enacted July 23, 1992, P.L. 102-325, sec. 501(a), 106 Stat. 690.

SEC. 545. SCHOLARSHIPS.

(a) ELIGIBILITY.—

(1) **IN GENERAL.**—An individual is eligible to receive Teacher Corps scholarships for a maximum of 3 years during enrollment in any of the following programs of study, or a combination thereof:

(A) a program of study leading to a baccalaureate degree;

(B) a 1- or 2-year postbaccalaureate program of study leading to a master's or specialist degree or a teaching certificate; or

(C) a 2-year program of study leading to an associate's degree in early childhood education or early childhood development, or a 1-year program of study leading to a child development associate credential.

(2) **SPECIAL RULES.**—(A) An individual pursuing a program of study described in subparagraph (B) of paragraph (1) is eligible to receive a Teacher Corps scholarship during any of the first 3 years that such individual is employed as a teacher to defray the costs of pursuing such postbaccalaureate instruction.

(B) An individual in possession of a bachelor's degree, who wishes to enter teaching from another profession, is eligible to receive a Teacher Corps scholarship to enable such individual to receive the instruction necessary to enter the teaching profession, as determined by the State in which the individual wishes to teach. Such instruction may be provided while the individual is employed as a provisional teacher.

(b) **LIMITATIONS ON AMOUNT AND DURATION.**—Subject to subsection (d), each Teacher Corps member shall receive a \$5,000 scholarship for each academic year of postsecondary education, except that no individual shall receive scholarship assistance for more than 3 years of postsecondary education (including postbaccalaureate), as determined by the Secretary.

(c) **CONSIDERATION OF AWARD IN OTHER PROGRAMS.**—Each Teacher Corps scholarship awarded pursuant to this subpart shall be considered as student financial assistance in determining eligibility for student assistance under title IV.

(d) **ASSISTANCE NOT TO EXCEED NEED.**—Each Teacher Corps scholarship, when added to assistance received under title IV, if any, shall not exceed the cost of attendance, as defined in section 472, at the institution the individual is attending. If the amount of

the Teacher Corps scholarship and assistance received under title IV exceeds the cost of attendance, loans received under parts B, D, or E of such title shall be reduced by an amount equal to the amount by which the combined awards exceed the cost of attendance.

(e) **CONTINUED ELIGIBILITY.**—Each individual who receives a Teacher Corps scholarship shall continue to receive such scholarship payments only during such periods that the State educational agency finds that such individual is—

(1) enrolled as a full-time student in an accredited postsecondary institution; and

(2) maintaining satisfactory progress defined under section 484.

(20 U.S.C. 1106d) Enacted July 23, 1992, P.L. 102-325, sec. 501(a), 106 Stat. 690.

SEC. 546. SCHOLARSHIP CONDITIONS.

(a) **SCHOLARSHIP AGREEMENT.**—Each individual receiving a scholarship under this subpart shall enter into a written agreement with the State educational agency which shall provide assurances that each such individual—

(1) shall pursue a course of study which meets State requirements for teacher preparation;

(2) has completed at least 2 years of undergraduate education at an institution of higher education;

(3) shall maintain satisfactory academic progress and participate in teaching-related activities while in undergraduate or post-baccalaureate programs;

(4) shall work as a teacher upon completion of such individual's education for 3 years in a Teacher Corps school, as identified by the State educational agency pursuant to section 541(d), except that Teacher Corps members may transfer to another such school within the State or in another State upon approval of the State educational agency;

(5) in carrying out the obligation described in paragraph (4), shall meet the performance requirements of—

(A) the school in which such individual teaches; and

(B) the local educational agency exercising administrative control or direction of, or performing a service function for such school;

(6) shall repay all or part of a Teacher Corps scholarship received under section 545(b) plus interest and, if applicable, reasonable collection fees, in compliance with regulations issued by the Secretary under subsection (b), in the event that the conditions of this subsection are not complied with, except as provided for in subsection (c);

(7) at least during the first year of employment, shall participate in an induction program which includes working with a mentor teacher selected by the local educational agency in which the Teacher Corps member is employed and who, to the extent practicable, is teaching in the same subject as the Teacher Corps member; and

(8) who is not enrolled in a program of study as set forth in section 545(a)(1)(C) shall obtain State teacher certification

during the period of employment or as soon as possible as State law requires.

(b) SCHOLARSHIP REPAYMENT.—

(1) **IN GENERAL.**—Individuals found by the State educational agency to be in noncompliance with the agreement entered into under subsection (a) shall be required to repay to the Secretary a pro rata amount of the scholarship awards received, plus interest at the highest rate applicable to loans under part B of title IV and, where applicable, reasonable collection fees, in accordance with the provisions of paragraph (3).

(2) **EXCEPTIONS TO REPAYMENT.**—An individual shall not be considered to be in violation of the agreement entered into pursuant to subsection (a) during any period in which such individual meets the exceptions to repayment provisions set forth in section 528(a)(2), 528(a)(3) or 528(b), or if the individual dies.

(3) **REPAYMENT PERCENTAGES.**—Each individual found by the Secretary to be in noncompliance with the agreement entered into under subsection (a) shall be required to repay—

(A) 100 percent of the total amount of scholarships awarded under this subpart if such individual does not teach pursuant to the agreement described in subsection (a) or teaches pursuant to such agreement for less than 1 year;

(B) 67 percent of such amount if such individual teaches pursuant to such agreement for at least 1 year but less than 2 years; and

(C) 34 percent of such amount if such individual teaches pursuant to such agreement for at least 2 years but less than 3 years.

(4) **INTEREST.**—If a portion of scholarship is repaid under this subsection in any year, the entire amount of interest on such portion of such scholarship which accrues for such year shall be repaid.

(5) **USE OF REPAYMENTS.**—Any repayments of scholarships made to the Secretary pursuant to the provisions of this section shall be used by the Secretary to make additional grants in accordance with the provisions of this subpart.

(c) **WAIVER.**—The Secretary may provide for the partial or total waiver or suspension of any service obligation or repayment by an individual who received a Teacher Corps scholarship whenever compliance by such individual is impossible or would involve extreme hardship to such individual.

(20 U.S.C. 1106e) Enacted July 23, 1992, P.L. 102-325, sec. 501(a), 106 Stat. 691.

SEC. 547. PUBLICATION AND RECRUITMENT.

(a) **IN GENERAL.**—The Secretary shall—

(1) publicize the availability of, and procedure to apply for, Teacher Corps scholarships, particularly among students participating in teaching-related activities through summer teaching institutes, future teacher clubs, and other teaching-related activities, at institutions of higher education nationwide, particularly in institutions of higher education with large minority enrollments, historically black colleges and universities, sec-

ondary schools nationwide (especially such schools with minority enrollment in excess of the statewide average minority enrollment), and with—

(A) individuals participating in programs assisted under subpart 4 of part A of title IV;

(B) individuals leaving the armed services, the Peace Corps, VISTA, and programs funded under the National and Community Service Act of 1990;

(C) community-based organizations working in minority education; and

(D) other agencies and entities likely to attract individuals interested in entering teaching from another career;

(2) recruit minority students to participate in the program assisted under this subpart; and

(3) recruit students with outstanding academic records to participate in such program.

(b) **SPECIAL RULE.**—The publications required under subsection (a) shall describe substantive fields of expertise and geographic areas experiencing teacher shortages within the Nation.

(20 U.S.C. 1106f) Enacted July 23, 1992, P.L. 102-325, sec. 501(a), 106 Stat. 693.

SEC. 548. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated \$25,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this subpart.

(20 U.S.C. 1106g) Enacted July 23, 1992, P.L. 102-325, sec. 501(a), 106 Stat. 693.

PART D—INNOVATION AND RESEARCH

Subpart 1—National Board for Professional Teaching Standards

SEC. 551. NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS.

(a) **DEFINITIONS.**—For the purpose of this subpart—

(1) The term “Board” means the National Board for Professional Teaching Standards.

(2) The term “Committee” means the Fund for Improvement and Reform of Schools and Teaching Board established in section 3231 of the Fund for the Improvement and Reform of Schools and Teaching Act.

(3) The term “Director” means the Director of the National Science Foundation.

(b) **PROGRAM AUTHORIZATION.**—

(1) **PROGRAM AUTHORIZED.**—From sums appropriated pursuant to the authority of subsection (k) in any fiscal year, the Secretary shall, in accordance with this subpart, provide financial assistance to the National Board for Professional Teaching Standards, in order to pay the Federal share of the costs of the activities described in subsection (d).

(2) **TERMS AND CONDITIONS.**—(A) No financial assistance may be made available under this subpart except upon an application as required by subsection (e).

There are no programs in the Labor area that have sliding matching rates written into law.

ACTION's Student Community Service Program sliding match requirement is set forth in the agency's regulations. The structure for the grants and matching requirements is as follows:

1st year grantees receive up to \$20,000 with a 20% match

2nd year grantees receive up to \$15,000 with a 30% match

3rd year grantees receive up to \$10,000 with a 50% match

Examples of programs with sliding matching rates:

Higher Education Act:

Title I, Part A -- School, College and University Partnerships: Section 104(b)(5)(B)

Title VI, Part B -- Business and International Education Programs: Section 612(e)(2)

Title VII -- Cooperative Education: Section 803(c)(2)

Elementary and Secondary Education Act:

Title VI, Part A -- Assistance to Address School Dropout Problems: Section 6004(f)

PART I—GENERAL HIGHER EDUCATION PROGRAMS

Higher Education Act of 1965

(P.L. 89-329)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Higher Education Act of 1965".

TITLE I—PARTNERSHIPS FOR EDUCATIONAL EXCELLENCE

PART A—SCHOOL, COLLEGE, AND UNIVERSITY PARTNERSHIPS¹

SEC. 101. PURPOSE.

It is the purpose of this part to encourage partnerships between institutions of higher education or State higher education agencies and secondary schools serving low-income and disadvantaged students, to support programs that—

- (1) improve the retention and graduation rates at such secondary schools;
- (2) improve the academic skills of public and private non-profit secondary school students;
- (3) increase such students' opportunities to continue a program of education after secondary school; and
- (4) improve such students' prospects for employment after secondary school.

(20 U.S.C. 1001) Enacted July 23, 1992, P.L. 102-325, sec. 101, 106 Stat. 459.

SEC. 102. AGREEMENT.

(a) AGREEMENT.—To be eligible for a grant under this part, an institution of higher education, a State higher education agency, or a consortium consisting of any of the preceding entities thereof shall enter into a written partnership agreement with a local educational agency. Such partnership may include businesses, labor organizations, professional associations, community-based organizations, public television stations or other telecommunications entities, or other public or private agencies or organizations. Each entity participating in the partnership shall sign the agreement.

(b) CONTENTS OF AGREEMENT.—The agreement shall include—

¹ This program was originally enacted as part B of title V of this Act (P.L. 99-498, sec. 501(a), 100 Stat. 1498).

(1) a listing of all participants in the partnership, including a designation of the official representatives of each entity participating in the partnership;

(2) a description of the responsibilities of each participant in the partnership; and

(3) a listing of the resources to be contributed by each participant in the partnership.

(20 U.S.C. 1002) Enacted July 23, 1992, P.L. 102-325, sec. 101, 106 Stat. 459.

SEC. 103. GRANTS.

(a) **DIVISION BETWEEN SCHOOL-YEAR AND SUMMER PROGRAMS.**—From the funds appropriated to carry out this part pursuant to section 106, the Secretary shall reserve 65 percent of such funds to carry out programs operating during the regular school year and 35 percent of such funds to carry out programs operating during the summer.

(b) **AMOUNT AND USE OF GRANTS.**—

(1) **AMOUNT.**—The Secretary shall make grants under this part in amounts which are not less than \$250,000 and not more than \$1,000,000.

(2) **PERMITTED USES OF FUNDS.**—Grants under this part may be used by the partnership for programs that—

(A)¹ use college students to tutor secondary school students and improve their basic academic skills or to involve secondary school students in community service-learning projects;

(B) are designed to improve the basic academic skills of secondary school students;

(C) are designed to increase the understanding of specific subjects of secondary school students;

(D) are designed to improve the opportunity to continue a program of education after graduation for secondary school students; and

(E) are designed to increase the prospects for employment after graduation of secondary school students.

(c) **PREFERENCES.**—In making grants under this part, the Secretary shall give a preference to—

(1) programs which will serve predominantly low-income communities;

(2) partnerships which will run programs during the regular school year and summer;

(3) programs which will serve educationally disadvantaged students; students with disabilities; potential dropouts; pregnant adolescents and teenage parents; children of migratory agricultural workers or of migratory fishermen; or students whose native language is other than English; and

(4) programs designed to encourage women and minorities who are underrepresented in the fields of science and mathematics to pursue these fields.

(d) **DURATION.**—Each grant awarded under this part may be awarded for a period not to exceed 5 years.

(e) **EQUITABLE GEOGRAPHIC DISTRIBUTION.**—The Secretary shall award grants under this part in a manner that achieves an equitable geographic distribution of such grants.

(20 U.S.C. 1003) Enacted July 23, 1992, P.L. 102-325, sec. 101, 106 Stat. 459.

SEC. 104. GRANT APPLICATION.

(a) **APPLICATION REQUIRED.**—A partnership desiring to receive a grant under this part shall submit an application to the Secretary, in such form and providing such information as the Secretary, by regulation, shall require.

(b) **CONTENTS OF APPLICATION.**—The application shall include—

(1) the partnership agreement described in section 102;

(2) a listing of the public and private nonprofit secondary school or schools to be involved in the program;

(3) a description of the activities and services for which assistance is sought;

(4) a description of the programs to be developed and operated by the partnership; and

(5) assurances to the Secretary that—

(A) the partnership will establish a governing body including one representative of each participant in the partnership;

(B) Federal funds will provide no more than 70 percent of the cost of the project in the first year, 60 percent of such costs in the second year, and 50 percent of such costs in the third year and any subsequent year;

(C) a local educational agency or institution of higher education receiving funds under this subpart shall not reduce its combined fiscal effort per student or its aggregate expenditure on education;

(D) a local educational agency or institution of higher education participating in this partnership shall utilize any Federal funds it shall receive from a grant under this part to supplement, and, to the extent practicable, increase the resources that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of students described in this part; and

(E) in no case shall funds under such a grant be used to supplant non-Federal funds already available.

(c) **SPECIAL RULE.**—The non-Federal share of grants awarded under this part may be in cash or in kind fairly evaluated, including services, supplies or equipment.

(d) **WAIVER.**—The Secretary may waive the matching requirement described in paragraph (5)(B) for any eligible partnership that demonstrates to the satisfaction of the Secretary a unique hardship that prevents compliance with such matching requirement.

(20 U.S.C. 1004) Enacted July 23, 1992, P.L. 102-325, sec. 101, 106 Stat. 460.

SEC. 105. PEER REVIEW.

The Secretary shall designate a peer review panel to review applications submitted under this part and make recommendations for funding to the Secretary. In selecting the peer review panel, the Secretary shall consult with officials of the other Federal agencies

¹ So in law. Subparagraphs (A) through (E) should be indented two ems to the right.

PART B—BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS

SEC. 611. AUTHORIZATION OF APPROPRIATIONS.

(a) **FINDINGS.**—The Congress finds that—

(1) the future economic welfare of the United States will depend substantially on increasing international skills in the business and educational community and creating an awareness among the American public of the internationalization of our economy;

(2) concerted efforts are necessary to engage business schools, language and area study programs, professional international affairs education programs, public and private sector organizations, and United States business in a mutually productive relationship which benefits the Nation's future economic interests;

(3) few linkages presently exist between the manpower and information needs of United States business and the international education, language training and research capacities of institutions of higher education in the United States, and public and private organizations; and

(4) organizations such as world trade councils, world trade clubs, chambers of commerce and State departments of commerce are not adequately used to link universities and business for joint venture exploration and program development.

(b) **PURPOSES.**—It is the purpose of this part—

(1) to enhance the broad objective of this Act by increasing and promoting the Nation's capacity for international understanding and economic enterprise through the provision of suitable international education and training for business personnel in various stages of professional development; and

(2) to promote institutional and noninstitutional educational and training activities that will contribute to the ability of United States business to prosper in an international economy.

(20 U.S.C. 1130) Enacted October 3, 1980, P.L. 96-374, sec. 601, 94 Stat. 1467; amended October 17, 1986, P.L. 99-498, sec. 610, 100 Stat. 1519; amended July 23, 1992, P.L. 102-325, sec. 601, 106 Stat. 728.

SEC. 612. CENTERS FOR INTERNATIONAL BUSINESS EDUCATION.

(a) **PROGRAM AUTHORIZED.**—

(1) **IN GENERAL.**—The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, to pay the Federal share of the cost of planning, establishing and operating centers for international business education which—

(A) will be national resources for the teaching of improved business techniques, strategies, and methodologies which emphasize the international context in which business is transacted;

(B) will provide instruction in critical foreign languages and international fields needed to provide understanding of the cultures and customs of United States trading partners; and

(C) will provide research and training in the international aspects of trade, commerce, and other fields of study.

(2) **SPECIAL RULE.**—In addition to providing training to students enrolled in the institution of higher education in which a center is located, such centers shall serve as regional resources to businesses proximately located by offering programs and providing research designed to meet the international training needs of such businesses. Such centers shall also serve other faculty, students, and institutions of higher education located within their region.

(b) **AUTHORIZED EXPENDITURES.**—Each grant made under this section may be used to pay the Federal share of the cost of planning, establishing or operating a center, including the cost of—

(1) faculty and staff travel in foreign areas, regions, or countries;

(2) teaching and research materials;

(3) curriculum planning and development;

(4) bringing visiting scholars and faculty to the center to teach or to conduct research; and

(5) training and improvement of the staff, for the purpose of, and subject to such conditions as the Secretary finds necessary for, carrying out the objectives of this section.

(c) **AUTHORIZED ACTIVITIES.**—

(1) **MANDATORY ACTIVITIES.**—Programs and activities to be conducted by centers assisted under this section shall include—

(A) interdisciplinary programs which incorporate foreign language and international studies training into business, finance, management, communications systems, and other professional curricula;

(B) interdisciplinary programs which provide business, finance, management, communications systems, and other professional training for foreign language and international studies faculty and advanced degree candidates;

(C) evening or summer programs, such as intensive language programs, available to members of the business community and other professionals which are designed to develop or enhance their international skills, awareness, and expertise;

(D) collaborative programs, activities, or research involving other institutions of higher education, local educational agencies, professional associations, businesses, firms, or combinations thereof, to promote the development of international skills, awareness, and expertise among current and prospective members of the business community and other professionals;

(E) research designed to strengthen and improve the international aspects of business and professional education and to promote integrated curricula; and

(F) research designed to promote the international competitiveness of American businesses and firms, including those not currently active in international trade.

(2) **PERMISSIBLE ACTIVITIES.**—Programs and activities to be conducted by centers assisted under this section may include—

(A) the establishment of overseas internship programs for students and faculty designed to provide training and experience in international business activities, except that no Federal funds provided under this section may be used to pay wages or stipends to any participant who is engaged in compensated employment as part of an internship program;

(B) the establishment of linkages overseas with institutions of higher education and other organizations that contribute to the educational objectives of this section;

(C) summer institutes in international business, foreign area studies, and other international studies designed to carry out the purposes of subparagraph (A) of this paragraph;

(D) the development of opportunities for business students to study abroad in locations which are important to the existing and future economic well-being of the United States;

(E) outreach activities or consortia with business programs located at other institutions of higher education for the purpose of providing expertise regarding the internationalization of such programs, such as assistance in research, curriculum development, faculty development, or educational exchange programs; and

(F) other eligible activities prescribed by the Secretary.

(d) **ADVISORY COUNCIL.**—

(1) **ESTABLISHMENT.**—In order to be eligible for assistance under this section, an institution of higher education, or combination of such institutions, shall establish a center advisory council which will conduct extensive planning prior to the establishment of a center concerning the scope of the center's activities and the design of its programs.

(2) **MEMBERSHIP ON ADVISORY COUNCIL.**—The center advisory council shall include—

(A) one representative of an administrative department or office of the institution of higher education;

(B) one faculty representative of the business or management school or department of such institution;

(C) one faculty representative of the international studies or foreign language school or department of such institution;

(D) one faculty representative of another professional school or department of such institution, as appropriate;

(E) one or more representatives of local or regional businesses or firms;

(F) one representative appointed by the Governor of the State in which the institution of higher education is located whose normal responsibilities include official oversight or involvement in State-sponsored trade-related activities or programs; and

(G) such other individuals as the institution of higher education deems appropriate.

(3) **MEETINGS.**—In addition to the initial planning activities required under subsection (d)(1), the center advisory council shall meet not less than once each year after the establishment of the center to assess and advise on the programs and activities conducted by the center.

(e) **GRANT DURATION; FEDERAL SHARE.**—

(1) **DURATION OF GRANTS.**—The Secretary shall make grants under this section for a minimum of 3 years unless the Secretary determines that the provision of grants of shorter duration is necessary to carry out the objectives of this section.

(2) **FEDERAL SHARE.**—The Federal share of the cost of planning, establishing and operating centers under this section shall be—

(A) not more than 90 percent for the first year in which Federal funds are received;

(B) not more than 70 percent for the second such year; and

(C) not more than 50 percent for the third such year and for each such year thereafter.

(3) **NON-FEDERAL SHARE.**—The non-Federal share of the cost of planning, establishing, and operating centers under this section may be provided either in cash or in-kind.

(4) **WAIVER OF NON-FEDERAL SHARE.**—In the case of an institution of higher education receiving a grant under this part and conducting outreach or consortia activities with another institution of higher education in accordance with section 612(c)(2)(E), the Secretary may waive a portion of the requirements for the non-Federal share required in paragraph (2) equal to the amount provided by the institution of higher education receiving such grant to such other institution of higher education for carrying out such outreach or consortia activities. Any such waiver shall be subject to such terms and conditions as the Secretary deems necessary for carrying out the purposes of this section.

(f) **GRANT CONDITIONS.**—Grants under this section shall be made on such conditions as the Secretary determines to be necessary to carry out the objectives of this section. Such conditions shall include—

(1) evidence that the institution of higher education, or combination of such institutions, will conduct extensive planning prior to the establishment of a center concerning the scope of the center's activities and the design of its programs in accordance with subsection (d)(1);

(2) assurance of ongoing collaboration in the establishment and operation of the center by faculty of the business, management, foreign language, international studies, professional international affairs, and other professional schools or departments, as appropriate;

(3) assurance that the education and training programs of the center will be open to students concentrating in each of these respective areas, as appropriate; and

(4) assurance that the institution of higher education, or combination of such institutions, will use the assistance provided under this section to supplement and not to supplant ac-

(b) DEFINITION.—For the purpose of this section the term "institution of higher education" includes a postsecondary educational institution.

(c) APPLICATION.—Each institution of higher education requiring forgiveness of any loan under this section shall submit an application to the Secretary at such time, in such manner and containing or accompanied by such information, as the Secretary may reasonably require.

(20 U.S.C. 1132i-2) Enacted October 17, 1986, P.L. 99-498, sec. 701, 100 Stat. 1545; amended December 22, 1987, P.L. 100-203, sec. 3101, 101 Stat. 1330-2; amended July 23, 1992, P.L. 102-325, sec. 708(d), 106 Stat. 754.

TITLE VIII—COOPERATIVE EDUCATION

SEC. 801. STATEMENT OF PURPOSE; DEFINITION.

(a) PURPOSE.—It is the purpose of this title to award grants to institutions of higher education or combinations of such institutions to encourage such institutions to develop and make available to as many of their students as possible work experience that will aid such students in future careers and will enable such students to support themselves financially while in school.

(b) DEFINITION.—For the purpose of this title the term "cooperative education" means the provision of alternating or parallel periods of academic study and public or private employment in order to give students work experiences related to their academic or occupational objectives and an opportunity to earn the funds necessary for continuing and completing their education.

(20 U.S.C. 1133) Enacted October 16, 1968, P.L. 90-575, sec. 251, 82 Stat. 1042; amended June 23, 1972, P.L. 92-318, sec. 172, 86 Stat. 304; amended October 12, 1976, P.L. 94-482, sec. 129(b), 90 Stat. 2144, 2145; amended October 3, 1980, P.L. 96-374, secs. 801(a), (b), 1391, 94 Stat. 1481, 1482, 1503; amended October 17, 1986, P.L. 99-498, sec. 801, 100 Stat. 1546; amended July 23, 1992, P.L. 102-325, sec. 801, 106 Stat. 755.

SEC. 802. AUTHORIZATION OF APPROPRIATIONS; RESERVATIONS.

(a) APPROPRIATIONS AUTHORIZED.—There are authorized to be appropriated to carry out this title \$30,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(b) RESERVATIONS.—Of the amounts appropriated in each fiscal year—

(1) not less than 50 percent shall be available for carrying out grants to institutions of higher education and combinations of such institutions described in section 803(a)(1)(A) for cooperative education under section 803;

(2) not less than 25 percent shall be available for carrying out grants to institutions of higher education described in section 803(a)(1)(B) for cooperative education under section 803;

(3) not to exceed 11 percent shall be available for demonstration projects under paragraph (1) of section 804(a);

(4) not to exceed 11 percent shall be available for training and resource centers under paragraph (2) of section 804(a); and

(5) not to exceed 3 percent shall be available for research under paragraph (3) of section 804(a).

(c) AVAILABILITY OF APPROPRIATIONS.—Appropriations under this title shall not be available for the payment of compensation of students for employment by employers under arrangements pursuant to this title.

(20 U.S.C. 1133a) Enacted Oct. 16, 1968, P.L. 90-575, sec. 251, 82 Stat. 1043; amended June 23, 1972, P.L. 92-318, sec. 171, 86 Stat. 304; amended October 12, 1976, P.L. 94-482, sec. 129(b), 90 Stat. 2145, 2146; amended October 3, 1980, P.L. 96-374, secs. 801(c), (d), 1391, 94 Stat. 1482, 1503; amended October 17, 1986, P.L. 99-498, sec. 801, 100 Stat. 1546; amended July 23, 1992, P.L. 102-325, sec. 801, 106 Stat. 755.

SEC. 803. GRANTS FOR COOPERATIVE EDUCATION.

(a) GRANTS AUTHORIZED.—

(1) IN GENERAL.—The Secretary is authorized—

(A) from the amount available under section 802(b)(1) in each fiscal year and in accordance with the provisions of this title, to make grants to institutions of higher education or combinations of such institutions that have not received a grant under this paragraph in the 10-year period preceding the date for which a grant under this section is requested to pay the Federal share of the cost of planning, establishing, expanding, or carrying out programs of cooperative education by such institutions or combinations of institutions; and

(B) from the amount available under section 802(b)(2) in each fiscal year and in accordance with the provisions of this title, to make grants to institutions of higher education that are operating an existing cooperative education program as determined by the Secretary to pay the cost of planning, establishing, expanding, or carrying out programs of cooperative education by such institutions.

(2) PROGRAM REQUIREMENT.—Cooperative education programs assisted under this section shall provide alternating or parallel periods of academic study and of public or private employment, giving students work experience related to their academic or occupational objectives and the opportunity to earn the funds necessary for continuing and completing their education.

(3) AMOUNT OF GRANTS.—(A) The amount of each grant awarded pursuant to paragraph (1)(A) to any institution of higher education or combination of such institutions in any fiscal year shall not exceed \$500,000.

(B)(i) Except as provided in clauses (ii) and (iii), the Secretary shall award grants in each fiscal year to each institution of higher education described in paragraph (1)(B) that has an application approved under subsection (b) in an amount which bears the same ratio to the amount reserved pursuant to section 802(b)(2) for such fiscal year as the number of unduplicated students placed in cooperative education jobs during the preceding fiscal year (other than cooperative education jobs under section 804 and as determined by the Secretary) by such institution of higher education bears to the total number of all such students placed in such jobs during the preceding fiscal year by all such institutions.

(ii) No institution of higher education shall receive a grant pursuant to paragraph (1)(B) in any fiscal year in an amount which exceeds 25 percent of such institution's cooperative education program's personnel and operating budget for the preceding fiscal year.

(iii) The minimum annual grant amount which an institution of higher education is eligible to receive under paragraph (1)(B) is \$1,000 and the maximum annual grant amount is \$75,000.

(4) LIMITATION.—The Secretary shall not award grants pursuant to paragraphs (1)(A) and (1)(B) to the same institution of higher education or combination of such institution in any one fiscal year.

(5) USES.—Grants under paragraph (1)(B) shall be used exclusively—

(A) to expand the quality and participation of a cooperative education program;

(B) for outreach in new curricular areas; and

(C) for outreach to potential participants including underrepresented and nontraditional populations.

(b) APPLICATIONS.—Each institution of higher education or combination of such institutions desiring to receive a grant under this section shall submit an application to the Secretary at such time and in such manner as the Secretary shall prescribe. Each such application shall—

(1) set forth the program or activities for which a grant is authorized under this section;

(2) specify each portion of such program or activities which will be performed by a nonprofit organization or institution other than the applicant and the compensation to be paid for such performance;

(3) provide that the applicant will expend during such fiscal year for the purpose of such program or activities not less than the amount expended for such purpose during the previous fiscal year;

(4) describe the plans which the applicant will carry out to assure, and contain a formal statement of the institution's commitment which assures, that the applicant will continue the cooperative education program beyond the 5-year period of Federal assistance described in subsection (c)(1) at a level which is not less than the total amount expended for such program during the first year such program was assisted under this section;

(5) provide that, in the case of an institution of higher education that provides a 2-year program which is acceptable for full credit toward a bachelor's degree, the cooperative education program will be available to students who are certificate or associate degree candidates and who carry at least one-half the normal full-time academic workload;

(6) provide that the applicant will—

(A) make such reports as may be essential to ensure that the applicant is complying with the provisions of this section, including the reports for the second and each succeeding fiscal year for which the applicant receives a grant

data with respect to the impact of the cooperative education program in the previous fiscal year, including—

(i) the number of unduplicated student applicants in the cooperative education program;

(ii) the number of unduplicated students placed in cooperative education jobs;

(iii) the number of employers who have hired cooperative education students;

(iv) the income for students derived from working in cooperative education jobs; and

(v) the increase or decrease in the number of unduplicated students placed in cooperative education jobs in each fiscal year compared to the previous fiscal year; and

(B) keep such records as are essential to ensure that the applicant is complying with the provisions of this title, including the notation of cooperative education employment on the student's transcript;

(7) describe the extent to which programs in the academic discipline for which the application is made have had a favorable reception by public and private sector employers;

(8) describe the extent to which the institution is committed to extending cooperative education on an institution-wide basis for all students who can benefit;

(9) describe the plans that the applicant will carry out to evaluate the applicant's cooperative education program at the end of the grant period;

(10) provide for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid to the applicant under this title;

(11) demonstrate a commitment to serving special populations such as women, individuals with disabilities, and African American, Mexican-American, Puerto Rican, Cuban, other Hispanic, American Indian, Alaska Native, Aleut, Native Hawaiian, American Samoan, Micronesian, Guamanian (Chamorro), and Northern Marianian students; and

(12) include such other information as is essential to carry out the provisions of this title.

(c) DURATION OF GRANTS; FEDERAL SHARE.—

(1) DURATION OF GRANTS.—No individual institution of higher education may receive, individually or as a participant in a combination of such institutions—

(A) a grant pursuant to subsection (a)(1)(A) for more than 5 fiscal years; or

(B) a grant pursuant to subsection (a)(1)(B) for more than 5 fiscal years.

(2) FEDERAL SHARE.—The Federal share of a grant under section 803(a)(1)(A) may not exceed—

(A) 85 percent of the cost of carrying out the program or activities described in the application in the first year the applicant receives a grant under this section;

(B) 70 percent of such cost in the second such year;

(C) 55 percent of such cost in the third such year;

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(D) 40 percent of such cost in the fourth such year, and

(E) 25 percent of such cost in the fifth such year.

(3) SPECIAL RULE.—Any provision of law to the contrary notwithstanding, the Secretary shall not waive the provisions of this subsection.

(d) MAINTENANCE OF EFFORT.—If the Secretary determines that a recipient of funds under this section has failed to maintain the fiscal effort described in subsection (b)(3), then the Secretary may elect not to make grant payments under this section to such recipient.

(e) FACTORS FOR SPECIAL CONSIDERATION OF APPLICATIONS.—

(1) IN GENERAL.—In approving applications under this section, the Secretary shall give special consideration to applications from institutions of higher education or combinations of such institutions for programs which show the greatest promise of success because of—

(A) the extent to which programs in the academic discipline with respect to which the application is made have had a favorable reception by public and private sector employers;

(B) the strength of the commitment of the institution of higher education or combination of such institutions to cooperative education as demonstrated by the plans and formalized institutional commitment statement which such institution or combination has made to continue the program after the termination of Federal financial assistance,

(C) the extent to which the institution or combination is committed to extending cooperative education for all students who can benefit, and

(D) such other factors as are consistent with the purposes of this section.

(2) ADDITIONAL SPECIAL CONSIDERATION.—The Secretary shall also give special consideration to applications from institutions of higher education or combinations of such institutions which demonstrate a commitment to serving special populations such as women, individuals with disabilities, and African American, Mexican American, Puerto Rican, Cuban, other Hispanic, American Indian, Alaska Native, Aleut, Native Hawaiian, American Samoan, Micronesian, Guamanian (Chamorro), and Northern Mariana students.

(20 U.S.C. 1133b) Enacted Oct. 16, 1968, P.L. 90-575, sec. 251, 82 Stat. 1043; amended October 12, 1976, P.L. 94-482, sec. 129(b), 90 Stat. 2146; amended October 3, 1980, P.L. 96-374, sec. 1391, 94 Stat. 1503; amended October 17, 1986, P.L. 99-498, sec. 801, 100 Stat. 1548; amended July 23, 1992, P.L. 102-325, sec. 801, 106 Stat. 756.

SEC. 804. DEMONSTRATION AND INNOVATION PROJECTS; TRAINING AND RESOURCE CENTERS; AND RESEARCH.

(a) AUTHORIZATION.—The Secretary is authorized, in accordance with the provisions of this section, to make grants and enter into contracts for—

(1) the conduct of demonstration projects designed to demonstrate or determine the feasibility or value of innovative

methods of cooperative education from the amounts available in each fiscal year under section 802(b)(3);

(2) the conduct of training and resource centers designed to—

(A) train personnel in the field of cooperative education;

(B) improve materials used in cooperative education programs if such improvement is conducted in conjunction with other activities described in this paragraph;

(C) furnish technical assistance to institutions of higher education to increase the potential of the institution to continue to conduct a cooperative education program without Federal assistance;

(D) encourage model cooperative education programs which furnish education and training in occupations in which there is a national need;

(E) support partnerships under which an institution carrying out a comprehensive cooperative education program joins with one or more institutions of higher education in order to (i) assist the institution other than the comprehensive cooperative education institution to develop and expand an existing program of cooperative education, or (ii) establish and improve or expand comprehensive cooperative education programs; and

(F) encourage model cooperative education programs in the fields of science and mathematics for women and minorities who are underrepresented in such fields from the amounts available in each fiscal year under section 802(b)(4); and

(3) the conduct of research relating to cooperative education, from the amounts available in each fiscal year under section 802(b)(5).

(b) ADMINISTRATIVE PROVISION.—

(1) IN GENERAL.—To carry out this section, the Secretary may—

(A) make grants to or contracts with institutions of higher education, or combinations of such institutions; and

(B) make grants to or contracts with other public or private nonprofit agencies or organizations, whenever such grants or contracts will make an especially significant contribution to attaining the objectives of this section.

(2) LIMITATION.—(A) The Secretary may not use more than 3 percent of the amount appropriated to carry out this section in each fiscal year to enter into contracts described in paragraph (1)(A).

(B) The Secretary may use not more than 3 percent of the amount appropriated to carry out this section in each fiscal year to enter into contracts described in paragraph (1)(B).

(c) SUPPLEMENT NOT SUPPLANT.—A recipient of a grant or contract under this section may use the funds provided only so as to supplement and, to the extent possible, increase the level of funds that would, in the absence of such funds, be made available from non-Federal sources to carry out the activities supported by such

20 USC 3223.

"SEC. 5143. PARTICIPATION OF CHILDREN AND TEACHERS FROM PRIVATE NONPROFIT SCHOOLS.

"(a) **PARTICIPATION OF PRIVATE SCHOOL CHILDREN.**—To the extent consistent with the number of school-age children in the State or the school attendance area of a local or intermediate educational agency or consortium receiving financial assistance under part I who are enrolled in private nonprofit elementary and secondary schools, such State, agency, or consortium shall, after consultation with appropriate private school representatives, make provision for including services and arrangements for the benefit of such children as will assure the equitable participation of such children in the purposes and benefits of this title.

"(b) **PARTICIPATION OF PRIVATE SCHOOL TEACHERS.**—To the extent consistent with the number of school-age children in the State or the school attendance area of a local or intermediate educational agency or consortium receiving financial assistance under part I who are enrolled in private nonprofit elementary and secondary schools, such State, agency, or consortium shall, after consultation with appropriate private school representatives, make provision for the benefit of such teachers in such schools, for such teacher training as will assure equitable participation of such teachers in the purposes and benefits of this title.

"(c) **WAIVER; PROVISION OF SERVICES BY SECRETARY.**—If by reason of any provision of law a State, local, or intermediate educational agency or consortium is prohibited from providing for the participation of children or teachers from private nonprofit schools as required by subsections (a) and (b) or, if the Secretary determines that a State, local, or intermediate educational agency or consortium has substantially failed or is unwilling to provide for such participation on an equitable basis, the Secretary shall waive such requirements and shall arrange for the provision of services to such children or teachers which shall be subject to the requirements of this section. Such waivers shall be subject to consultation, withholding, notice, and judicial review requirements in accordance with section 1017 of this Act.

20 USC 3224.

"SEC. 5144. MATERIALS.

"Any materials produced or distributed with funds made available under this title shall reflect the message that illicit drug use is wrong and harmful. The Secretary shall not review curricula and shall not promulgate regulations to carry out this subsection or subparagraph (1) or (4) of section 5125(a).

"PART E—MISCELLANEOUS PROVISIONS

20 USC 3231.

"SEC. 5191. INDIAN EDUCATION PROGRAMS.

"(a) **PILOT PROGRAMS.**—The Assistant Secretary of Indian Affairs shall develop and implement pilot programs in selected schools funded by the Bureau of Indian Affairs (subject to the approval of the local school board or contract school board) to determine the effectiveness of summer youth programs in furthering the purposes and goals of the Indian Alcohol and Substance Abuse Prevention Act of 1986. The Assistant Secretary shall defray all costs associated with the actual operation and support of the pilot programs in the school from funds appropriated for this section. For the pilot pro-

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authorization.

grams there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 1987, 1988, and 1989.

"(b) **USE OF FUNDS.**—Federal financial assistance made available to public or private schools because of the enrollment of Indian children pursuant to—

"(1) the Act of April 16, 1934, as amended by the Indian Education Assistance Act (25 U.S.C. 452 et seq.),

"(2) the Indian Elementary and Secondary School Assistance Act (20 U.S.C. 241aa et seq.), and

"(3) the Indian Education Act (20 U.S.C. 3385), may be used to support a program of instruction relating to alcohol and substance abuse prevention and treatment.

"SEC. 5192. TRANSITION.

"Notwithstanding section 1003 of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988, a State educational agency may allot funds for each of the fiscal years 1987 and 1988 to local and intermediate educational agencies and consortia under section 4124 of the Drug-Free Schools and Communities Act of 1986 on the basis of their relative numbers of children in the school-age population.

"TITLE VI—PROJECTS AND PROGRAMS DESIGNED TO ADDRESS SCHOOL DROP- OUT PROBLEMS AND TO STRENGTHEN BASIC SKILLS INSTRUCTION

"PART A—ASSISTANCE TO ADDRESS SCHOOL DROPOUT PROBLEMS

"SEC. 6001. SHORT TITLE.

"This part may be cited as the 'School Dropout Demonstration Assistance Act of 1988'.

"SEC. 6002. PURPOSE.

"The purpose of this part is to reduce the number of children who do not complete their elementary and secondary education by providing grants to local educational agencies to establish and demonstrate—

"(1) effective programs to identify potential student dropouts and prevent them from dropping out;

"(2) effective programs to identify and encourage children who have already dropped out to reenter school and complete their elementary and secondary education;

"(3) effective early intervention programs designed to identify at-risk students in elementary and secondary schools; and

"(4) model systems for collecting and reporting information to local school officials on the number, ages, and grade levels of the children not completing their elementary and secondary education and the reasons why such children have dropped out of school.

"SEC. 6003. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part \$50,000,000 for the fiscal year 1989.

20 USC 3232.

School Dropout
Demonstration
Assistance Act
of 1988.
20 USC 3241.

20 USC 3242.

20 USC 3243.

Hawkins-Robert T. Stafford 1988

"SEC. 6004. GRANTS TO LOCAL EDUCATIONAL AGENCIES.

"(a) ALLOTMENT TO CATEGORIES OF LOCAL EDUCATIONAL AGENCIES.—From the amount appropriated under section 6003 for any fiscal year, the Secretary shall allot the following percentages to each of the following categories of local educational agencies:

"(1) Local educational agencies administering schools with a total enrollment of 100,000 or more elementary and secondary school students shall be allotted 25 percent of the amount appropriated.

"(2) Local educational agencies administering schools with a total enrollment of at least 20,000 but less than 100,000 elementary and secondary school students shall be allotted 40 percent of the amount appropriated.

"(3) Local educational agencies administering schools with a total enrollment of less than 20,000 elementary and secondary school students shall be allotted 30 percent of the amount appropriated. Grants may be made under this paragraph to intermediate educational units and consortia of not more than 5 local educational agencies in any case in which the total enrollment of the largest such local educational agency is less than 20,000 elementary and secondary students. Such units and consortia may also apply in conjunction with the State educational agency. Not less than 20 percent of funds available under this paragraph shall be awarded to local educational agencies administering schools with a total enrollment of less than 2,000 elementary and secondary school students.

"(4) Community-based organizations shall be allotted 5 percent of the amount appropriated. Grants under this category shall be made after consultation between the community-based organization and the local educational agency that is to benefit from such a grant.

"(b) SPECIAL TREATMENT OF EDUCATIONAL PARTNERSHIPS.—(1) The Secretary shall allot 25 percent of the funds available for each category described in paragraphs (1), (2), and (3) of subsection (a) of this section to educational partnerships.

"(2) Educational partnerships under this subsection shall include—

"(A) a local educational agency; and

"(B) a business concern or business organization, or, if an appropriate business concern or business organization is not available, one of the following: any community-based organization, nonprofit private organization, institution of higher education, State educational agency, State or local public agency, private industry council (established under the Job Training Partnership Act), museum, library, or educational television or broadcasting station.

"(c) AWARD OF GRANT.—From the amount allotted for any fiscal year to a category of local educational agencies under subsection (a), the Secretary shall award as many grants as practicable within each such category to local educational agencies and educational partnerships whose applications have been approved by the Secretary for such fiscal year under section 6005 and whose applications propose a program of sufficient size and scope to be of value as a demonstration. The grants shall be made under such terms and conditions as the Secretary shall prescribe consistent with the provisions of this part.

"(d) USE OF FUNDS WHEN NOT FULLY NEEDED FOR EDUCATIONAL PARTNERSHIPS.—(1) Whenever the Secretary determines that the full amount of the sums made available under subsection (b) in each category for educational partnerships will not be required for applications of educational partnerships, the Secretary shall make the amount not so required available to local educational agencies in the same category in which the funds are made available.

"(2) In order to transfer funds under this subsection, the Secretary shall use a peer review process to determine that such excess funds are not needed to fund educational partnerships and shall prepare a list of the categories in which additional funds are available, and the reasons therefor, and make such list available to local educational agencies upon request. The Secretary may use the peer review process to determine grant recipients of funds transferred in accordance with this subsection.

"(e) USE OF FUNDS WHEN NOT FULLY ALLOTTED TO CATEGORIES UNDER SUBSECTION (a).—(1) Whenever the Secretary determines that the full amount of the sums allotted under any category set forth under subsection (a) will not be required for applications of the local educational agencies in the case of categories (1) through (3), the Secretary shall make the amount not so required available to another category under subsection (a). In carrying out the provisions of this subsection, the Secretary shall assure that the transfer of amounts from one category to another is made to a category in which there is the greatest need for funds.

"(2) In order to transfer funds under this subsection, the Secretary shall use a peer review process to determine that such excess funds are not needed to fund projects in particular categories and shall prepare a list of the categories in which funds were not fully expended and the reasons therefor, and make such list available to local educational agencies and educational partnerships, upon request. The Secretary may use the peer review process to determine grant recipients of funds transferred in accordance with this subsection.

"(f) FEDERAL SHARE.—(1) The Federal share of a grant under this part may not exceed—

"(A) 90 percent of the total cost of a project for the first year for which the project receives assistance under this part, and

"(B) 75 percent of such cost for the second such year.

"(2) The remaining cost of a project that receives assistance under this part may be paid from any source other than funds made available under this part, except that not more than 10 percent of the remaining cost in any fiscal year may be provided from Federal sources other than this part.

"(3) The share of payments from sources other than funds made available under this part may be in cash or in kind fairly evaluated, including plant, equipment or services.

"SEC. 6005. APPLICATION.

"(a) IN GENERAL.—(1) A grant under this part may be made only to a local educational agency or an educational partnership which submits an application to the Secretary containing such information as may be required by the Secretary by regulation.

"(2) Applications shall be for a 1-year period.

"(b) CONTENTS OF APPLICATION.—Each such application shall—

"(1) provide documentation of—

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from payments made to a contractor. The Comptroller General concluded that, if the contractor had not objected to the deduction within two years, the funds could be treated as unobligated balances available for expenditure in the same manner as other funds in the account, assuming the no-year account contained a sufficient balance for the discharge of unanticipated claims. 23 Comp. Gen. 365 (1943). There was nothing magic about the suggested two-year period. It was simply GAO's estimate of a point beyond which the likelihood of a claim by the contractor would be sufficiently remote. *Id.* at 367.

No-year appropriations have advantages and disadvantages. The advantages to the spending agency are obvious. From the legislative perspective, a key disadvantage is a loss of congressional control over actual program levels from year to year. GAO has expressed the position that no-year appropriations should not be made in the absence of compelling programmatic or budgetary reasons. See GAO report entitled No-Year Appropriations in the Department of Agriculture, PAD-78-74 (September 19, 1978).

* 3. Permissible Actions
Prior to Start of Fiscal
Year

In considering what may and may not be done before the start of a fiscal year, it is necessary to keep in mind the Antideficiency Act, 31 U.S.C. § 1341(a), which prohibits obligations or expenditures in advance of appropriations. By virtue of this law, certainly no obligations may be incurred before the appropriation act is enacted, unless specifically authorized by law.

If the appropriation act is enacted prior to the start of the fiscal year for which the appropriation is being made, contracts may be entered into upon enactment and before the start of the fiscal year, provided that no payments or expenditures may be made under them until the start of the fiscal year. Any such contract should make this limitation clear. 20 Comp. Gen. 868 (1941); 16 Comp. Gen. 1007 (1937); 4 Comp. Gen. 887 (1925); 2 Comp. Gen. 739 (1923); B-20670, October 18, 1941; A-19524, August 26, 1927; B-213141-O.M., March 29, 1984; 11 Comp. Dec. 186 (1904); 4 Lawrence, First Comp. Dec. 132 (1883). The contract is not regarded as an obligation in violation of the Antideficiency Act since, even though the time period covered by the appropriation to be charged has not yet started, the appropriation has already been enacted into law.

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Of course, Congress may by statute authorize the actual expenditure of appropriations prior to the beginning of the fiscal year, in which event the above rule does not apply. 4 Comp. Gen. 918 (1925). This result may also follow if an appropriation is made to carry out the provisions of another law which clearly by its terms requires immediate action. *E.g.*, 1 Comp. Dec. 329 (1895). However, the general rule remains that (a) expenditures prior to the beginning of the fiscal year(s) covered by the appropriation are unauthorized; and (b) obligations prior to the start of the fiscal year are permissible only if the relevant appropriation act has already been enacted and only where actual disbursements are deferred until after the start of the new fiscal year.

The Comptroller General has also held that the awarding of a "conditional contract" prior to the enactment of the relevant appropriation act does not violate statutory funding restrictions. A "conditional contract" must expressly provide that the government's liability is contingent upon the future availability of appropriations. Under this arrangement, performance cannot begin prior to the date of enactment of the appropriation, although it may begin after the enactment of the appropriation but before the start of the fiscal year. The contract must also provide that the government is under no obligation to make any contract payments until the start of the fiscal year. 39 Comp. Gen. 776 (1960); 39 Comp. Gen. 340 (1959); 21 Comp. Gen. 864 (1942); B-171798(1), August 18, 1971, at 11-12.

B. The Bona Fide Needs Rule

1. The Concept

One of the fundamental principles of appropriations law is the so-called bona fide needs rule: A fiscal year appropriation may be obligated only to meet a legitimate, or bona fide, need arising in, or in some cases arising prior to but continuing to exist in, the fiscal year for which the appropriation was made. Citations to this principle are numerous. See, e.g., 68 Comp. Gen. 170, 171 (1989); 58 Comp. Gen. 471, 473 (1979); 54 Comp. Gen. 962, 966 (1975); 33 Comp. Gen. 57, 61 (1953); B-183184, May 30, 1975.

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of repeal by implication in Chapter 2 points out, mention of the prohibited item in a lump-sum appropriation's legislative history is similarly insufficient to authorize the expenditure.

Finally, there is a middle-ground in limited circumstances. If an item is questionable but not clearly prohibited, and legislative history indicates that Congress intended to include that item in a lump-sum appropriation, GAO will regard the appropriation as available for the expenditure. E.g., A-30714, March 1, 1930. See also "Ratification by Appropriation" in Chapter 2.



3. New or Additional Duties

Appropriation acts tend to be bunched at certain times of the year while substantive legislation may be enacted any time. A frequently recurring situation is where a statute is passed imposing new duties on an agency but not providing any additional appropriations. The question is whether implementation of the new statute must wait until additional funds are appropriated, or whether the agency can use its existing appropriations to carry out the new function, either pending receipt of further funding through the normal budget process or in the absence of additional appropriations (assuming in either case the absence of contrary congressional intent).

The rule is that existing agency appropriations which generally cover the type of expenditures involved are available to defray the expenses of new or additional duties imposed by proper legal authority. The test for availability is whether the duties imposed by the new law bear a sufficient relationship to the purposes for which the previously-enacted appropriation was made so as to justify the use of that appropriation for the new duties.

For example, in the earliest published decision cited for the rule, the Comptroller General held that the Securities and Exchange Commission could use its general operating appropriation for fiscal year 1936 to perform additional duties imposed on it by the later-enacted Public Utility Holding Company Act of 1935. 15 Comp. Gen. 167 (1935).

Similarly, the Interior Department could use its 1979 "Departmental Management" appropriation to begin performing duties imposed by the Public Utilities Regulatory Policies Act of 1978, and to provide reimbursable support costs for the Endangered Species

Chapter 4
Availability of Appropriations Purpose

Committee and Review Board created by the Endangered Species Act Amendments of 1978. Both statutes were enacted after Interior's 1979 appropriation. B-195007, July 15, 1980.

The rule has also been applied to additional duties imposed by Executive Order. 32 Comp. Gen. 347 (1953); 30 Comp. Gen. 258 (1951).

Additional cases are 30 Comp. Gen. 205 (1950); B-211306, June 6, 1983; B-153694, October 23, 1964.

A variation occurred in 54 Comp. Gen. 1093 (1975). The unexpended balance of a Commerce Department appropriation, which had been used to administer a loan guarantee program and to make collateral protection payments under the Trade Expansion Act of 1962, was transferred to a similar but new program by the Trade Act of 1974. The 1974 statute repealed the earlier provisions. This meant that the transferred funds could no longer be used for expenses under the 1962 act—including payments on guarantee commitments—even though that was the purpose for which they were originally appropriated, unless the expenditures could also be viewed as relating to the Department's functions under the 1974 act. Applying the rationale of the later-imposed duty cases, the Comptroller General concluded that the purposes of the two programs were sufficiently related so that the Department could continue to use the transferred funds to make collateral protection payments and to honor guarantees made under the 1962 act.

A related question is the extent to which an agency may use current appropriations for preliminary administrative expenses in preparation for implementing a new law, prior to the receipt of substantive appropriations for the new program. Again, the appropriation is available provided it is sufficiently broad to embrace expenditures of the type contemplated. Thus, the National Science Foundation could use its fiscal year 1967 appropriations for preliminary expenses of implementing the National Sea Grant College and Program Act of 1966, enacted after the appropriation, since the purposes of the new act were basically similar to the purposes of the appropriation. 46 Comp. Gen. 604 (1967). The preliminary tasks in that case included such things as development of policies and plans, issuance of internal instructions, and the establishment of organizational units to administer the new program.

Chapter 4
Availability of Appropriations: Purpose

Similarly, the Bureau of Land Management could use current appropriations to determine fair market value and to initiate negotiations with owners in connection with the acquisition of mineral interests under the Cranberry Wilderness Act, even though actual acquisitions could not be made until funding was provided in appropriation acts. B-211306, June 6, 1983. See also B-153694, October 23, 1984; B-153694, September 2, 1984.

4. Termination of Program

If Congress appropriates money to implement a program, can the agency use that money to terminate the program? (Expenses of terminating a program could include such things as contract termination costs and personnel reduction-in-force expenses.)

If implementation of the program is mandatory, the answer is no. In 1973, for example, the administration attempted to terminate certain programs funded by the Office of Economic Opportunity, relying in part on the fact that it had not requested any funds for OEO for 1974. The programs in question were funded under a multiple-year authorization which directed that the programs be carried out during the fiscal years covered by the authorization. The United States District Court for the District of Columbia held that funds appropriated to carry out the programs could not be used to terminate them. Local 2677, American Federation of Government Employees v. Phillips, 358 F. Supp. 60 (D.D.C. 1973). The court cited 31 U.S.C. § 1301(a) as one basis for its holding. Id. at 76 n.17. See also 63 Comp. Gen. 75, 78 (1983).

Where the program is nonmandatory, the agency has more discretion, but there are still limits. In B-115398, August 1, 1977, the Comptroller General advised that the Air Force could terminate B-1 bomber production, which had been funded under a lump-sum appropriation and was not mandated by any statute. Later cases have stated the rule that an agency may use funds appropriated for a program to terminate that program where (1) the program is nonmandatory, and (2) the termination would not result in curtailment of the overall program to such an extent that it would no longer be consistent with the scheme of applicable program legislation. 61 Comp. Gen. 482 (1982) (Department of Energy could use funds appropriated for fossil energy research and development to terminate certain fossil energy programs); B-203074, August 6, 1981. Several years earlier, GAO had held that the closing of all Public

THE WHITE HOUSE

WASHINGTON

FAX COVER SHEET

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(202) 456-6444 Phone

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ORGANIZATION: _____

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FROM: Jack Lew

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4

COMMENTS: Please let me know if we need to

do anything to move this along. Eli & I are

meeting with Kevin Kelly this afternoon at 5:00

and will probably be asked whether the letter is coming

soon. Thanks.

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Dear Senator Mikulski,

I understand that you are concerned about the impact of an amendment to H.R. 2010, the National Service Trust Act of 1993, stating that funding for national service programs falls within budget function 500.

The statement of managers accompanying the conference report on H.R. 2010 correctly notes that the Office of Management and Budget has displayed spending for the national service initiative within budget function 500 since the Administration submitted its initial budget request in February. As you know, past and future decisions regarding Appropriations subcommittee are made by the House and Senate Appropriations Committees. As the statement of managers further notes, the decision of the Appropriations Committees, and not budget function, is both controlling and unaffected by this amendment.

I hope that this letter addresses your concerns regarding the amendment to H.R. 2010.

Sincerely,

✓ Sent out —

Received

10:20 AM

8/10/93

- Chris

1994, \$500,000,000 for fiscal year 1995, and \$700,000,000 for fiscal year 1996.

"(B) PROGRAMS.—Of the amount appropriated under subparagraph (A) for a fiscal year, up to 15 percent shall be made available to provide financial assistance under section 125, under subsections (b) and (c) of section 126, and under subtitle H of title I.

"(3) SUBTITLE E.—There are authorized to be appropriated to provide financial assistance under subtitle E of title I, such sums as may be necessary for each of the fiscal years 1995 through 1996.

"(4) ADMINISTRATION.—

"(A) IN GENERAL.—There are authorized to be appropriated for the administration of this Act \$40,000,000 for fiscal year 1994, \$60,000,000 for fiscal year 1995, and \$70,000,000 for fiscal year 1996.

"(B) CORPORATION.—Of the amounts appropriated under subparagraph (A) for a fiscal year—

"(i) up to 60 percent shall be made available to the Corporation for the administration of this Act; and

"(ii) the remainder shall be available to provide financial assistance under section 126(a).

"(b) TITLE III.—There are authorized to be appropriated to carry out title III \$5,000,000 for each of the fiscal years 1994 through 1996.

"(c) AVAILABILITY OF APPROPRIATIONS.—Funds appropriated under this section shall remain available until expended.

"(d) SPECIFICATION OF BUDGET FUNCTION.—The authorizations of appropriations contained in this section shall be considered to be a component of budget function 500 as used by the Office of Management and Budget to cover education, training, employment, and social services, and, as such, shall be considered to be related to the programs of the Departments of Labor, Health and Human Services, and Education for budgetary purposes."

"(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1993.

Subtitle B—Domestic Volunteer Service Act of 1973

SEC. 311. SHORT TITLE; REFERENCES.

"(a) SHORT TITLE.—This subtitle may be cited as the "Domestic Volunteer Service Act Amendments of 1993".

"(b) REFERENCES.—Except as otherwise specifically provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4950 et seq.).

CHAPTER 1—VISTA AND OTHER ANTI-POVERTY PROGRAMS

SEC. 321. PURPOSE OF THE VISTA PROGRAM.

The last sentence of section 101 (42 U.S.C. 4951) is amended to read as follows: "In addition, the objectives of this part are to generate the commitment of private sector resources, to encourage volunteer service at the local level, and to strengthen local agencies and organizations to carry out the purpose of this part."

SEC. 322. ASSISTANT DIRECTOR FOR VISTA PROGRAM.

"(a) IN GENERAL.—Section 102 (42 U.S.C. 4952) is amended by striking "The Director" and inserting "This part shall be administered by one of the Assistant Directors appointed pursuant to section 194(d)(1)(A) of the National and Community Service Act of 1990. Such Director".

"(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the effective date of section 203(b).

SEC. 323. SELECTION AND ASSIGNMENT OF VISTA VOLUNTEERS.

"(a) VOLUNTEER ASSIGNMENTS.—Section 103(a) (42 U.S.C. 4953(a)) is amended—

"(1) in the matter preceding paragraph (1), by striking "a public" and inserting "public";

"(2) in paragraph (3), by striking "and" at the end;

"(3) in paragraph (3), by striking "illiterate or functionally illiterate youth and other individuals";

"(4) in paragraph (5), by striking "and" at the end;

"(5) in paragraph (6)—

"(A) by striking "or the Community Economic" and inserting "the Community Economic";

"(B) by inserting "or other similar Acts," after "1981"; and

"(C) by striking the period and inserting "and"; and

"(6) by adding at the end the following new paragraph:

"(7) in strengthening, supplementing, and expanding efforts to address the problem of illiteracy throughout the United States."

"(b) RECRUITMENT PROCEDURES.—Section 103(b) (42 U.S.C. 4953(b)) is amended—

"(1) in paragraph (2)—

"(A) by amending subparagraph (A) to read as follows:

"(2)(A) The Director shall establish and maintain within the national headquarters of the ACTION Agency (or any successor entity of such agency) a volunteer placement office which shall be responsible for all functions related to the recruitment and placement of volunteers under this part. Such functions and activities shall be carried out in coordination or in conjunction with recruitment and placement activities carried out under the National and Community Service Trust Act of 1993. Upon the transfer of the functions of the ACTION Agency to the Corporation for National and Community Service, the office established under this subparagraph shall be merged with the recruitment office of such Corporation. At no time after such transfer of functions shall more than one office responsible primarily for recruitment exist within the Corporation."

"(B) by striking subparagraph (C); and

"(C) by redesignating subparagraph (D) as subparagraph (C);

"(2) by striking paragraphs (4) and (6); and

"(3) by redesignating paragraphs (5) and (7) as paragraphs (4) and (6), respectively.

"(c) PUBLIC AWARENESS AND RECRUITMENT.—Subsection (c) of section 103 (42 U.S.C. 4953(c)) is amended—

"(1) in paragraph (1)—

"(A) in the 1st sentence by striking "regional or State employees designated in subparagraphs (C) and (D) of subsection (b)(2)" and inserting "personnel described in subsection (b)(2)(C)";

"(B) in the second sentence, by striking "shall include" and inserting "may include";

"(C) by redesignating subparagraphs (F) and (G) as subparagraphs (G) and (H), respectively; and

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

"(F) publicizing national service educational awards available under the National and Community Service Trust Act of 1993;"

"(2) by striking paragraphs (4) and (5); and

"(3) by redesignating paragraph (6) as paragraph (4).

"(d) COORDINATION WITH OTHER FEDERAL AGENCIES.—Section 103 (42 U.S.C. 4953) is amended by adding at the end the following new subsection:

"(h) The Director is encouraged to enter into agreements with other Federal agencies to use VISTA volunteers in furtherance of program objectives that are consistent with the purposes described in section 101."

SEC. 324. TERMS AND PERIODS OF SERVICE.

"(a) CLARIFICATION AND PERIODS OF SERVICE.—Subsection (b) of section 104 (42 U.S.C. 4954(b)) is amended to read as follows:

"(b)(1) Volunteers serving under this part may be enrolled initially for periods of service of not less than 1 year, nor more than 2 years, except as provided in paragraph (2) or subsection (e).

"(2) Volunteers serving under this part may be enrolled for periods of service of less than 1 year if the Director determines, on an individual basis, that a period of service of less than 1 year is necessary to meet a critical scarce skill need.

"(3) Volunteers serving under this part may be reenrolled for periods of service in a manner to be determined by the Director. No volunteer shall serve for more than a total of 5 years under this part."

"(b) SUMMER PROGRAM.—Section 104 (42 U.S.C. 4954) is amended by adding at the end the following new subsection:

"(e)(1) Notwithstanding any other provision of this part, the Director may enroll full-time VISTA summer associates in a program for the summer months only, under such terms and conditions as the Director shall determine to be appropriate. Such individuals shall be assigned to projects that meet the criteria set forth in section 103(a).

"(2) In preparing reports relating to programs under this Act, the Director shall report on participants, costs, and accomplishments under the summer program separately.

"(3) The limitation on funds appropriated for grants and contracts, as contained in section 108, shall not apply to the summer program."

SEC. 325. SUPPORT FOR VISTA VOLUNTEERS.

"(a) POSTSERVICE STIPEND.—Section 105(a)(1) (42 U.S.C. 4955(a)(1)) is amended—

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

"(2) by striking the second sentence and inserting the following:

"(B) Such stipend shall not exceed \$95 per month in fiscal year 1994, but shall be set at a minimum of \$100 per month, and a maximum of \$125 per month assuming the availability of funds to accomplish such maximum, during the service of the volunteer after October 1, 1994. The Director may provide a stipend of a maximum of \$200 per month in the case of persons who have served as volunteers under this part for at least 1 year and who, in accordance with standards established in such regulations as the Director shall prescribe, have been designated volunteer leaders on the basis of experience and special skills and a demonstrated leadership among volunteers.

"(C) The Director shall not provide a stipend under this subsection to an individual who elects to receive a national service educational award under subtitle D of title I of the National and Community Service Act of 1990."

"(b) SUBSISTENCE ALLOWANCE.—Section 105(b) (42 U.S.C. 4955(b)) is amended—

"(1) in paragraph (3)—

"(A) by striking subparagraph (A);

"(B) in subparagraph (B), by striking the subparagraph designation; and

"(C) by adding at the end the following new sentence: "The Director shall review such adjustments on an annual basis to ensure that the adjustments are current."; and

"(2) by striking paragraph (4).

"(c) CHILD CARE.—Section 105 (42 U.S.C. 4955) is amended by adding at the end the following:

"(c)(1) The Director shall—

"(A) make child care available for children of each volunteer enrolled under this part who need such child care in order to participate as volunteers; or

"(B) provide a child care allowance to each such volunteer who needs such assistance in order to participate as volunteers.

"(2) The Corporation shall establish guidelines regarding the circumstances under which child care shall be made available under this subsection and the value of any child care allowance to be provided."

SEC. 326. PARTICIPATION OF YOUNGER AND OLDER PERSONS.

Section 107 (42 U.S.C. 4957) is amended to read as follows:

"SEC. 107. PARTICIPATION OF YOUNGER AND OLDER PERSONS.

"In carrying out this part and part C, the Director shall take necessary steps, including the

August 5, 1993

CONGRESSIONAL RECORD—HOUSE

H6223

quires effective dissemination. The House recedes.

The Senate bill, but not the House bill, requires the Board to prepare recommendations to the Congress and President of the United States under section 193A(b)(10). The House recedes.

The House bill, but not the Senate bill, prescribes rules governing conflict of interest by Board members. The Senate recedes with an amendment conforming the rules to standard ethics provisions.

It is the intent of the Conferees that the Chairman of the Board shall receive the report of the Inspector General at the same time as such report is delivered to the Chief Executive of the Corporation.

The Senate bill, but not the House bill, exempts the Board from the Federal Advisory Committee Act. The House recedes.

The House bill, but not the Senate bill, requires the Corporation to coordinate its activities with those of Federal agencies dealing with communities participating in or benefiting from service programs. The Senate recedes.

The Senate bill, but not the House bill, requires the Senate to consolidate functions of the Corporation. The House recedes, with an amendment deleting specific instances of functions.

The House bill, but not the Senate bill, provides the Corporation with explicit authority to delegate functions. The House recedes.

The Senate bill, but not the House bill, requires the Director to consolidate the reports to Congress required under the Act. The House recedes.

The House bill, but not the Senate bill, authorizes the Corporation to spend funds for construction, without regard to other law, and to spend funds, without regard to other law, for rent or buildings. The House recedes.

The Senate bill, but not the House bill, requires a series of studies and demonstrations, concerning administration, priorities, educational awards, stipended service, and other matters. The House recedes with an amendment to include certain other reports within this section.

The House bill, but not the Senate bill, contains provisions relating to full funding of costs to State and local governments. The House recedes.

The House and Senate bills authorize managing directors with different responsibilities and establish corporation divisions with different authorities. The Conference Substitute allows the Corporation to determine the responsibilities of the directors and the authorities of the divisions.

The House bill makes the Inspector General subject to agency appointment, while the Senate bill makes the Inspector General subject to Presidential appointment and Senate confirmation. The House recedes.

The Senate bill, but not the House bill, amends the Inspector General Act. The House recedes.

The Senate bill, but not the House bill, specifies the access of the Chief Financial Officer to information available within the Corporation. The House recedes.

The House bill and the Senate bill contain different provisions concerning personnel, in particular with regard to the transfer of employees from the ACTION agency. The Senate recedes. It is the intent and expectation of the Committee that the bargaining unit shall be transferred substantially intact to the Corporation. It is also the Conferees' intent that these transferred employees be considered an appropriate unit for the purpose of collective bargaining. It is further the intent of the Conferees that none of the authorities conferred upon the Chief Executive Officer by this Act be used in a manner

that would adversely affect the bargaining rights of any employee transferred to the Corporation who, on the date of enactment, is covered by a collective bargaining agreement in a bargaining unit.

The Senate bill, but not the House bill, exempts the Corporation representative in each State from the provisions of title V of the United States Code. The Conference Report provides that individuals reported as Corporation representatives appointed under the Corporation's alternative personnel system not be paid more than the equivalent rate under GS-13. Individuals appointed under standard civil service rules will have their pay governed by the civil service classification system.

The Senate bill, but not the House bill, includes certain provisions governing the use of volunteers by the Corporation. The House recedes.

The Senate, but not the House, specifies that appropriate OMB Circulars apply to the Corporation. The House recedes. It is the intent of the Conference that this applies specifically to the Single Audit Act Circulars, and that the Corporation determine which OMB circulars are appropriate.

The House bill, but not the Senate bill, requires that the Corporation receive concurrence in certain building activities from certain congressional committees. The Senate recedes.

The Senate bill, but not the House bill, requires the Corporation to submit a business plan to Congress prior to the issue of any grants. The House recedes with minor amendments.

TITLE III—REAUTHORIZATION

The House bill, but not the Senate bill, specifies that authorizations are subject to the availability of appropriations. The Senate recedes.

The Senate bill authorizes \$300 million in fiscal year 1994, \$500 million in fiscal year 1995, and \$700 million in fiscal year 1996. The House bill authorizes \$394 million in fiscal year 1994 and such sums in fiscal years 1995 and 1996. The House recedes.

The Senate bill authorizes for administration 15 percent of appropriations for sub-titles B, C, D, and H in the first year and 10 percent in subsequent years, with 50 percent of such funds for the Corporation and 50 percent for State Commission. The House bill authorizes such sums for administration, with a limit of \$17.5 million for State Commissions (in section 129). The House recedes, with an amendment authorizing for administration \$40 million in 1994, \$50 million in 1995, and \$70 million in 1996, stating that not more than 60 percent of funds may be made available to the Corporation, with the remainder of State Commissions.

The House bill, but not the Senate bill, specifies that the authorizations of appropriations come under budget function 500 as used by the Office of Management and Budget to cover education, training, employment and social services. The Senate recedes. The Conferees note that since the initial submission of the Administration's budget request for a national service initiative, funding for the programs authorized by this bill have been classified by the Office of Management and Budget as being displayed within budget function 500—Education, Training, Employment and Social Services. The Conferees further note that the Committees on Appropriations determined that the appropriate jurisdiction for National Service Trust programs would be the VA/HUD Subcommittee, and that this controlling decision is unaffected by this amendment. The Conferees note that the ACTION programs are under the jurisdiction of the Labor/HHS Subcommittee.

The House bill, but not the Senate bill, a provision in section 321A that requires the Assistant Director of VISTA have authority to administer the VISTA provision. The Senate recedes.

The House bill, but not the Senate bill, retains a volunteer placement office for VISTA. The Senate recedes, with an amendment requiring that upon integration of ACTION into the Corporation, any placement office shall be merged into the Corporation.

The House bill, but not the Senate bill, maintains the minimum funding set-aside of 1.5% for recruitment. The Senate recedes.

The House bill, but not the Senate bill, requires publicity about education awards. The Senate recedes.

The Senate bill, but not the House bill, requires that service opportunities be provided for returned Peace Corps volunteers. The Senate recedes.

The House bill mandates a minimum monthly post-service stipend of \$100 for VISTA volunteers and a maximum of \$200 for VISTA leaders; the Senate provides for a minimum of \$125 for volunteers and \$300 for volunteer leaders. The Senate recedes, with an amendment allowing for a maximum stipend of \$125 for volunteers assuming the availability of funds to accomplish the increase.

Both the House bill and the Senate bill reduce the minimum age to 55. The House bill, but not the Senate bill, requires a priority in the Retired Senior Volunteer Program for individuals 60 years of age and older. The Senate recedes.

The Senate bill, but not the House bill, deletes a State Agency review provision. The Senate recedes.

The House bill, but not the Senate bill, requires consultation with states to consider the impact of stipend adjustments on non-Federally funded programs. The Senate recedes.

The Senate bill, but not the House bill, revises guidelines governing participation of non low-income persons. The Senate recedes.

The Senate bill, but not the House bill, removes certain State agency and community action agency project review authorities. The House recedes.

The House bill, but not the Senate bill, increases the minimum to be spent on promotion of Older Americans' programs from \$250,000 to \$500,000. The Committee substitute establishes a minimum of \$375,000.

The Senate bill, but not the House bill, deletes a requirement that one-third of new monies be devoted to programs of national significance. The Senate recedes.

The House bill, but not the Senate bill, adds to the list of programs of national significance programs providing certain services augmenting the activities of State and local activities in years when those agencies have limited funds. The Senate recedes.

The House bill, but not the Senate bill, permits programs assisted under DVSA to make voter registration applications and information available on the premises of such programs. The Senate recedes.

The Senate bill, but not the House bill, provides a specific authority for a center for research and training. The Senate recedes.

The House bill, but not the Senate bill, restores a civil service retirement credit for former Peace Corps volunteers. The Senate recedes.

The House bill authorizes, to carry out parts A and B of title I, excluding section 109, \$56,000,000 for 1994 and such sums for subsequent years. The Senate bill authorizes, to carry out part A of title I, excluding sections 104E and 109, \$45,800,000 for 1994 and such sums for subsequent years. The Senate recedes.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 18, 1993

Here's a copy
of the Mikulski
letter!
Ann

Honorable Barbara Mikulski
United States Senate
Washington D.C. 20510

Dear Senator Mikulski:

I understand that you are concerned about the impact of an amendment to H.R. 2010, the National Service Trust Act of 1993, stating that funding for national service programs falls within budget function 500.

The Statement of the Managers accompanying the Conference Report on H.R. 2010 correctly notes that the Office of Management and Budget has displayed spending for the national service initiative within budget function 500 since the Administration submitted its initial budget request in February. As you know, past and future decisions regarding appropriations subcommittee jurisdiction are made by the House and Senate Appropriations Committees. As the Statement of the Managers further notes, the decision of the Appropriations Committees, and not budget function, is both controlling and unaffected by this amendment.

I hope that this letter addresses your concerns regarding the amendment to H.R.2010.

Sincerely,

Isabel V. Sawhill
Associate Director
Human Resources Division



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

July 21, 1993

Honorable Edward M. Kennedy
United States Senate
Washington, D.C. 20510

Dear Senator Kennedy:

I am writing to you to clarify several issues regarding the Administration's national service initiative, introduced in the Senate as S. 919.

It has come to my attention that some members of the Senate consider the National Service Initiative to be an entitlement. There are many reasons why this program is not an entitlement and why it should not be viewed that way. Entitlements generally are benefits that do not have to be earned but that are required to be paid due to some event or individual status. National Service is not that kind of program. National Service volunteers must earn their benefits. Under the program, annual appropriations by Congress would be provided to finance the costs of volunteers entering the program that year and would include the educational benefit. No more than the amount appropriated may be spent, and it may be spent only on those who qualify for the program and complete their assignments. No one else has a claim on these resources. There is no general entitlement. By way of comparison, the benefit a National Service participant would receive is similar to the readjustment allowance that is paid to VISTA and Peace Corps volunteers after their service.

Funding for the national service initiative is subject to annual appropriations and must fall within the 602(b) limitation for the Appropriations subcommittee of jurisdiction. Neither the Administration bill nor the bill reported from the Committee on Labor and Human Resources proposes that national service should become an entitlement.

The Administration proposal, and the bill as reported from the Labor and Human Resources Committee, contain a specific authorization level for FY 1994. For the out-years, the authorization provides for such sums as may be appropriated. Budget requests and appropriations for years beyond FY 1994 are subject to annual decisions based on the quality of the program and the budget restraints in each year.

The Administration budget estimates for the out-years prepared this spring do not fully reflect the final policy contained in the Administration's national service initiative sent to Congress on May 6, 1993, or the provisions of S. 919 as

reported from Committee. The original budget estimate of \$3.4 billion BA in FY 1997 would support a significantly greater number of participants than originally projected.

I hope that this letter clarifies the nature and costs of the national service program.

Sincerely,

A handwritten signature in black ink, appearing to be "Leon E. Panetta", written over a horizontal line.

Leon E. Panetta
Director